



Doing Business in Iraq:

2012 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in Iraq

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Market Overview

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- The World Bank and the International Monetary Fund (IMF) predict GDP will grow by 12% in 2012 and 10% in 2013, driven primarily by rising oil production and higher oil prices over the forecast period. Economic growth will be buttressed by robust increases in government expenditures. Iraq's 2012 capital budget is up nearly 35% over the previous year, and with mounting pressure to provide basic services the government is expected to expend a larger proportion than this allocation.
- Iraq's transition from a centrally-run economy to a more market-oriented one has been slow and uneven.
- The World Bank's Doing Business survey ranks Iraq 164th of 182 economies evaluated.
- According to Iraq's 2010-2014 National Development Plan, Iraq must mobilize \$186 billion in investment, create 3.5 million new jobs, and cut unemployment by half from 15 percent. Priority sectors include oil, electricity, agriculture, transportation, telecom, education, health care, construction, and the industrial sector. Non-oil sector growth will be dependent on the reconstruction and development of decrepit infrastructure throughout the country. Improving electricity generation capacity, which currently stands at around 60% of estimated demand, is critical to non-oil sector growth.
- Iraq was the United States 58th largest export market in 2011 (up from 64th in 2010). Total two-way trade reached \$19.3 billion, a 40% increase from 2010. Total U.S. exports to Iraq rose to \$2.4 billion, up 48% from 2010. Total Iraqi exports to U.S. reached \$16.9 billion, up 39% from 2010 due to increased demand for oil and higher petroleum prices.

Market Challenges

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- **Business Visas:** US visitors must have a visa before travelling. They can apply for a visa at Embassies of Iraq overseas, including the Embassy of Iraq in Washington, DC: www.iraqiembassy.us. If the visit is only to the Kurdistan Region, a visa can be obtained upon arrival at the airport, but visitors cannot

travel outside of the Kurdistan Region in Iraq with that particular visa.

- **Corruption:** Iraq is ranked as the eighth most corrupt country in the world according to Transparency International. Problems in Iraq include bribery of public officials, kickbacks in public procurement, embezzlement of public funds, and the effectiveness of public sector anti-corruption efforts.
- **Security:** While the 2012 security environment is markedly better than previous years in Iraq, violent acts against Iraqi people and institutions occur regularly. This continued violence slows economic development and discourages U.S. corporate security offices from approving travel to Iraq.
- **Arab League Boycott (ALB):** In 2009, the Council of Ministers instructed ministries not to apply Saddam-era ALB laws, but the Ministry of Oil, Ministry of Health, and Ministry of Planning have often ignored the Council of Ministers' instruction and have inserted ALB-prescribed language into patent registration and procurement documents, which prevents American companies from bidding on these tenders or registering their patents. The primary boycott against Israeli companies and products still applies.
- **Government Procurement:** The government's ability to tender projects is fundamentally weak. Across the board, there are institutional capacity issues with regard to due diligence, project award, approvals, implementation, financing and payment.
- **Intellectual Property Protection:** IPR functions are spread across several ministries. For example, the patent registry and industrial design registry remain a part of the Ministry of Planning's Central Organization on Standards and Quality Control, copyrights are controlled by the Ministry of Culture and trademarks by the Ministry of Industry and Minerals. Iraq is a member of the Paris Convention for the Protection of Industrial Property, the World Intellectual Property Organizations Convention, the Arab Agreement for the Protection of Copyrights and the Arab Intellectual Property Rights Treaty. Enforcement of intellectual property rights is difficult to achieve, however. There is widespread availability of counterfeit products in consumer goods and electronics, among others. The Iraqi Government is committed to stopping counterfeit products due to consumer safety reasons. In July 2011, the government implemented a new precertification requirement for most imported product categories. Products arriving at Iraqi ports are required to have a certificate of conformity issued by Bureau Veritas at countries of origin.
- **Inflation** was not a major concern in Iraq in 2011, drifting slightly up to 5.5% in 2011 attributed to rising global commodity prices. The rate of inflation is not expected to change significantly in 2012.
- **Commercial Disputes Settlements:** The enforcement of foreign arbitration awards for private sector disputes does not meet international standards. The Iraqi government is currently drafting an arbitration law based on UN International Commission on International Trade law relating to international commercial arbitration.

- **Banking:** Iraq is developing the basic infrastructure needed for modern banking and financial markets. The Central Bank of Iraq (CBI) is the main financial regulatory agency for Iraq. There are 23 private sector banks, 11 Islamic Banks, and eight international banks operating in Iraq. Three state- owned banks, including the Rafidain, the Rasheed, and Trade Bank of Iraq (TBI), account for roughly 85 percent of Iraq's banking sector assets.
- **Standards and Labeling:** The Ministry of Planning's Central Organization for Standards and Quality Control (COSQC) is charged with enforcing standards for imported products and acts as a consultant on quality control and standardization issues for government ministries and state-owned companies.
- **Travel Advisories:** Americans visiting Iraq are advised to check the U.S. State Department's website at http://travel.state.gov/travel/cis_pa_tw/tw/tw_5653.html for the latest information on travel to Iraq. Travelers should check this link for any updates to the security situation before leaving the United States. The security situation in the Iraqi Kurdistan Region (IKR), which includes the provinces of Sulaimania, Erbil, and Dohuk, has been more stable relative to the rest of Iraq in recent years, though threats remain.

Market Opportunities

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- Iraq has vast infrastructure development needs. A Ministry of Planning study calls for \$186 billion on infrastructure, energy, education, health care, and agri-business projects for the five-year period from 2010 to 2014.
- A third of the country's budget expenditure is earmarked for capital projects
- The government has announced a national housing program to build one million new housing units. Agricultural development, education, and healthcare are also government priorities.
- The Ministry of Higher Education and Scientific Research announced a new initiative to fund 10,000 graduate scholarships over two years for students from all provinces in Iraq, including students in the Iraqi Kurdistan Region. In 2010-2011, 616 Iraqi students registered at U.S. educational institutions, up more than 45% from the previous academic school year.
- Over the next five to ten years, the total export value for the Iraqi defense market is estimated to be in the range of \$5 - \$10 billion. With the departure of the US military, Iraq urgently needs to close its gaps in Intelligence, Surveillance, and Reconnaissance (ISR) capabilities.
- The government's 2012 budget increases funding for the Ministry of Electricity (MOE) by 31%. Of the \$5.6 provided to the MOE, more than 70 percent is for capital investments. Iraq's goal is to increase power generation 33% by the end of 2012

- In the transport sector, the government has announced plans to develop several new railway lines by 2014 including cross-border links to Syria, Jordan, Kuwait, and Iran. The government also plans to double Baghdad's airport capacity and build a number of new facilities, such as the Middle-Euphrates airport, to serve Karbala and Najaf. The government is planning to upgrade existing roads.

Market Entry Strategy

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- If you are a new-to-exporting company, first contact your local Export Assistance Center for free export counseling at www.export.gov/home/export.html
- The Commercial Section of the United States Embassy can give you a balanced assessment of your company's chances for success in Iraq. For more information, please visit www.export.gov/iraq and take the self-diagnostic, "Are you ready for Iraq?"
- Consult an attorney: Many U.S. companies advise that acquiring good legal representation is an important first step to entering the market. This helps you to establish and maintain good business relationships with Iraqi partners. Hiring a lawyer is especially important before concluding commercial agreements. The U.S. Embassy can provide you with a list of law firms currently operating in Iraq.
- Vet partners: The Commercial Section at the U.S. Embassy offers several services to help you thoroughly vet prospective Iraqi business partners and determine which Iraqi companies would be best to work with. These services include the *International Company Profile*, the *International Partner Search*, and the *Gold Key Service*. These services are described in more detail by visiting: www.export.gov/iraq
- If a U.S. manufacturer wishes to distribute its products in Iraq (without forming a legal entity in the country), it will need to appoint one or more commercial agents to do so.
- While it is not a requirement of Iraqi law that an overseas entity must appoint a commercial agent for the import of goods in Iraq, new-to-market U.S. companies may consider partnering with a local company.
- Although the Iraqi Government encourages foreign investment, a U.S. firm is strongly encouraged to seek in-country legal counsel on the best approach. The U.S. Commercial Service can assist by providing a list of local attorneys, which may be associated with American law firms.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/6804.htm>

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Using an Agent or Distributor

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Many U.S. companies choose to enter the Iraqi market with the assistance of a local Iraqi partner. As the country continues to refine its commercial laws and bring stability to its political, security and economic activities, local partners serve as a good option to expedite and navigate the legal, regulatory, and political landscapes of Iraq.

Local partners can access vital market knowledge; navigate regulatory requirements; provide labor and other inputs at competitive rates; utilize pre-established sales networks; and maintain other necessary business relationships (banking, legal, and distribution, for example), which are critical to the success of an operation.

The U.S. Commercial Service in Iraq has offices in Baghdad and Erbil and can assist U.S. companies interested in the Iraqi market to find potential local partners. For more information on the International Partner Search service (IPS) please see: <http://export.gov/iraq/>.

There are other organizations in Iraq that claim to help local Iraqi firms match with foreign firms and provide other business services. These include the [Baghdad Business Center](#), the [Kirkuk Business Center](#), the [Ninevah \(Mosul\) Business Center](#), the Iraqi Business Council and the [Basra Business Center](#). The Baghdad-based [National Investment Commission](#) and the Provincial Investment Commissions are also interested in assisting foreign companies interested in operating in Iraq.

A commercial agent in Iraq may be a contract agent, broker, distributor, or any other type of representative for an overseas person or entity. There is no difference in treatment under Iraqi law between an agent (who acts as intermediary between its

principal and end customers in exchange for a commission, but where the principal remains liable to the end customer) and a distributor (who acts on its own account and bears its own liability to the end customer and who charges a mark-up on the principal's price).

Iraqi law does not require that an overseas entity appoint a commercial agent for the import of goods in Iraq. Consequently, it is currently possible for a foreign manufacturer to make its own arrangements to bring its products into Iraq, including employing a non-Iraqi to do so. This position differs from other Middle East countries where the importation of goods must be done through a local commercial agent.

If a foreign manufacturer wishes to distribute its products in Iraq (without forming a legal entity in the country), it will need to appoint one or more commercial agents to do so. As noted below, those commercial agents must be Iraqi nationals but there are no restrictions on the appointment of those agents in terms of number, geographic exclusivity or term of appointment, other than as set out in the contract between the parties.

Registration

It is a requirement of the Iraqi Commercial Agencies Law (Law No. 51 of 2000) that a commercial agent is:

- an Iraqi national;
- resident in Iraq;
- at least 25 years of age; and
- a member of the Chamber of Commerce.

A commercial agent must not be a government official or any person employed in public service. Commercial agents must be licensed by the Ministry of Trade (with the licence being renewed every two years) and the agency agreements to which he is a party should be registered.

Protections for the commercial agent

The Commercial Agencies Law does not afford any substantive protections for commercial agents. This position differs from many other Middle East countries where the law provides significant protections for agents, including exclusivity and prescribed circumstances in which the principal must pay compensation to the commercial agent, often including non-renewal of an agreement upon its expiry.

Generally, Iraqi law leaves the terms of the commercial agency to be agreed between the principal and commercial agent. There are no implied terms providing exclusivity to a commercial agent and there are no requirements on the amount of commission to which a commercial agent is entitled. In addition, there are no provisions for compensation on termination set out in the Iraqi Commercial Agencies Law. In relation to the payment of compensation to the agent, the Iraqi Civil Code (Law No. 40 of 1951, as amended) only states that an agent has the right to claim compensation from the principal as a result of termination of the agency agreement "at an inopportune moment" and without just cause.

Companies interested in establishing an office in Iraq or bidding on a GOI tender are required to register as a foreign business. This requirement also covers U.S. companies working on USG contracts. The process differs depending on where you intend to do business. If you are interested in doing business in the Kurdish Region of Iraq, you will need to register with the Kurdistan Regional Government (KRG). If you are interested in any or all of Iraq, including the KRG you must register with the GOI Ministry of Trade. You can find detailed information on how to register your company in Iraq [here](#).

Establishing a Representative Office (“For business development and market research only”)

Foreign companies can establish and register a “representative office” as the first step to enter the Iraqi market. The documentary requirements are similar to those required to establish a branch as listed below. The representative office allows the foreign company to conduct business development, market research, marketing, and set up, but does not allow to enter into any contracts or conduct any business.

Establishing a local company

In order to establish a company in Iraq, the following documents should be submitted to the Iraq Companies Registry:

- an application form;
- the Company Contract;
- a statement from an Iraqi bank to show the deposit of the initial share capital; and
- in the case of a joint stock company, a subscription document signed by the JSC's founders, and a technical and economic feasibility study.

Documents must be filed in Arabic.

Establishing a branch of a foreign company

For the establishment of a branch or representative office, further documents must be filed in relation to the parent company, including:

- the parent company's certificate of incorporation/establishment, legalised in the home country of the parent, and notarised;
- a legalized and notarized copy of the parent company's articles of incorporation, which applies to all company forms;
- a letter on parent company letterhead:
 - authorizing the establishment of the branch or office;
 - consenting to service of process in Iraq in relation to the new establishment; and
 - naming (i) the senior manager of the establishment in Iraq, (ii) the contact for service of process in Iraq and (iii) the person responsible for the filing of documents with the Companies Registry, all of whom must be resident in Iraq;

- financial statements of the parent company for the previous accounting/tax year; and
- a copy of the passport for the person responsible for filing documents with the Companies Registry.
- Other industry-specific documentary requirements from other government agencies.

Role of the Companies Registry

The Companies Registry plays a significant role in the establishment and ongoing monitoring of companies and branches in Iraq. Its role is not simply that of a registry of information but rather its approval is required for various company secretarial acts before it will issue certified copies of the key corporate documents and resolutions needed to conduct business in Iraq.

Deposit of capital

In order to incorporate a company in Iraq, a statement needs to be obtained from an Iraqi bank to show the deposit of the share capital. In the case of a retail business, a minimum deposit of US\$100,000 is required. The process for opening an Iraqi bank account may be time consuming.

Foreign investment license

A foreign investment license will enable the investor to take advantage of some of the key benefits conferred under the Foreign Investment Law, such as protection from expropriation and nationalization, easier repatriation of profits and investment capital, and tax exemptions. To receive a foreign investment licence, an advance application will need to be made to the National Commission for Investment.

The new company will need to register with the tax authorities and have its accounting records legalized by the General Commission of Taxation.

In addition to registration with the Ministry of Trade, investors are encouraged to apply for an investment license from the appropriate national, regional, or provincial investment commission. Visit the National Investment Commission [here](#).

Companies that provide security are also required to register with the Ministry of Interior (MOI). For additional information, the Private Security Company Association of Iraq has an excellent website that may be of interest to companies in the security field: www.psc.ai.org. It must be noted that Iraq has little desire to allow additional security companies to operate in Iraq.

Setting up a business in Iraq involves several steps and needs to be undertaken by an authorized attorney. The following steps provide a guide to establishing a Private Limited Liability Company. Please ensure you consult an attorney as requirements can change quickly.

- Step 1 – Search for a company name; obtain a name reservation letter from the local Chamber of Commerce
- Step 2 – Hire an attorney to draft articles of association and other required documentation
- Step 3 – Deposit initial capital at commercial bank and obtain confirmation receipt
- Step 4 – File for registration at the Commercial Registry
- Step 5 – Advertise incorporation notice in the newspaper
- Step 6 – Make a company seal
- Step 7 – Obtain registration certificate
- Step 8 – Report to tax authority to establish tax registration
- Step 9 – Legalize accounting books
- Step 10 – Register employees for social security (if applicable)
- Step 11 – Apply for a trade license

The Commercial Service in Iraq can help you through providing services including those listed below:

- Market analysis and research
- Strategic advice and realistic market intelligence
- Market risk analysis
- In-market support
- Excellent links with key Iraqi stakeholders, government and ministries
- Experienced advisory with key local contacts
- Identify the right potential partner/agent
- Keep you updated with leads and opportunities
- Network you with active regional players in Iraq
- Evaluate any local contact
- Suggest secure method of payments and commercial conditions

Franchising

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In many ways, Iraq is a greenfield market for franchising. The desire for consistent quality products and services is high. However, a poor distribution network, inconsistent electrical power, and inadequate water supply are challenges facing potential franchisors. In spite of these concerns, there is growing interest in Iraq to attract U.S. franchises. If you want to franchise your business to Iraq, keep in mind that an attorney with experience in Iraq is a must since Iraqi law does not specifically address franchising. With inadequate intellectual property enforcement, poor delivery of essential services, and difficulty with quality control, franchising in Iraq is difficult, but not impossible. Perhaps look to the Iraqi Kurdistan Region as a foothold before expanding to the rest of Iraq.

If you are interested in franchising in Iraq, you are encouraged to attend the annual International Franchising Expo in Washington D.C. There is typically an Iraqi delegation that attends the event. You may wish to contact the newly established franchises in the Kurdistan Region for tips and lessons learned.

Direct Marketing

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There is no prohibition on direct marketing to prospective clients. However, given the current fluid and tenuous situation in Iraq, direct marketing campaigns are not prevalent in Iraq, though catalogs and direct marketing can be used to reach individual buyers in certain provinces in Iraq. Contact the [Direct Marketing Association](#) for more information and information on direct marketing abroad.

Joint Ventures/Licensing

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Joint ventures are not legally recognized in Iraq. Instead, companies intending to enter into a joint venture must incorporate a domestic company (almost always a LLC) and assign the intended joint-venture applications shares in the company corollary to their intended investment.[plain English?] Any joint venture agreements between the parties are, therefore, treated as internal agreements between shareholders.

Businesses exploring joint venture opportunities in Iraq should seek the advice of a reliable and experienced Iraqi attorney.

Selling to the Government

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Most major business opportunities are found through GOI public and sole-source procurement. Companies interested in bidding on a tender must be registered with the Ministry of Trade.

There is no central website where tender notices can be found; however, the Commercial Office at the Iraq Embassy in the United States may provide useful leads information. Also contact the Department of Commerce's Iraq Investment and Reconstruction Task Force and sign up for "Tender Alerts" email service. Tenders are generally announced through a specific ministry's websites and offices. Often, notices are placed online, though other forms such as involuntary solicitation of bids and paper distribution have been cited. Tender notices are almost always published in Arabic and are rarely available in English.

Procurement requirements vary by ministry but often include requests for information covering years of operation, production capacity, financial strength, and any past commercial activity in Iraq. Some ministries require that bidders document any association with Israel, in keeping with the Arab League Boycott of Israel. It is illegal for U.S. companies to comply with such requests.

When bidding on a tender, consider whether to use the services of the Department of Commerce's Advocacy Center. Visit the website [here](#).

Distribution and Sales Channels

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The Iraqi market offers somewhat limited methods for companies to distribute products. Iraq's transportation infrastructure is in need of repair and expansion. The domestic trucking industry continues to advance farther into the provinces as demand for goods increases and security improves. The rail industry is also making headway. Several lines are providing regular freight? service and the government plans to repair other lines. Domestic air transportation is limited. While there is keen interest in the provinces to develop local airports, the focus is more on passenger services than cargo. Projects to

bring both Baghdad International Airport and the Port of Umm Qasr in Basra up to international standards are ongoing.

Selling Factors/Techniques

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The market still relies heavily on word-of-mouth and established buying patterns and personal relationships. Iraqi consumers are slowly becoming more discerning and sophisticated.

Even though business transactions can be handled electronically, there is no substitute for a face-to-face introduction or referral to an Iraqi by a known contact. Business cards are typically printed in Arabic.

Although the Government has liberalized the wholesale, retail and franchise sectors, the Government strongly suggests that foreign investors must establish joint ventures with Iraqi partners. All industrial enterprises are open to non-Iraqis, and they can also trade in the products they manufacture. Restrictions on individual professions are in force, such as who can practice law, medicine, accounting and financial services, architects and engineers. An Iraqi joint venture partner is a requirement for any entity or individual to practice the above mentioned professional services.

Many Iraqi companies handle several product lines. Iraqi agents typically expect the foreign supplier to assume some of the market development costs, such as hiring of dedicated sales staff, setting up workshops and repair facilities, and funding local advertising. Foreign suppliers should detail a sales person to the Iraqi distributor to provide marketing, training and technical support.

Electronic Commerce

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Iraq is a post-conflict society. There is wide usage of internet and mobile phone devices among younger generations in urban areas, but there is little penetration of these technologies into the greater economy.

Trade Promotion and Advertising

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Trade promotion is a developing industry. The local press and television networks are perhaps the two most effective tools for advertising and trade promotion. Billboards are also used as well as magazines. Iraq has about sixteen major newspapers that may serve as advertising media for various products.

Pricing

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There is some variety of local and foreign products in the Iraqi market. Local consumer decisions are responsive to personal relationships more than price. Local distributors of international products often engage in promotions in order to attract consumers and gain market share, but generally only the larger players do this. U.S. firms should work closely with their local distributor in order to determine appropriate pricing strategies.

There is no VAT or sales tax in Iraq. The average importer markup on food products is about 10-20 percent. Retail food prices are generally 25-30 percent above import prices.

Sales Service and Customer Support

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After sales service and customer support is considered to be the responsibility of the local distributor or agent. As a Iraqi entity must obtain a license for all imports, local firms generally maintain a supply of spare parts for distributed products. Local distributors may also establish workshops for after-sales support, as appropriate. Foreign principals often provide regional and international training for technical support staff

Protecting Your Intellectual Property

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Iraq offers the basic intellectual property protections but currently lacks a functional enforcement mechanism. Iraqi security forces and police have other priorities than IP enforcement. Therefore, it is imperative that the rights holder police their goods. Nevertheless, companies should seek advice from local attorneys or IP consultants regarding registration of copyrights, trademarks, and patents. The U.S. Commercial Service can provide a list of local attorneys upon request.

It is the responsibility of the rights holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. In many countries, rights holders who delay enforcing their rights in a mistaken belief that the U.S. government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. government advice be seen as a substitute for the obligation of a rights holder to promptly pursue their case.

The offices that register patents, trademarks, and copyrights are currently spread across several ministries. The Central Organization on Standards and Quality Control (COSQC), an agency within the Ministry of Planning, handles the patent registry and industrial design registry; the Ministry of Culture handles copyrights; and the Ministry of Industry and Minerals houses the office that deals with trademarks. There is a draft law in the works that would consolidate all the offices under a single Ministry, however, the draft will offer inadequate statutory IPR protections and has been stalled in the constitutional review process since mid-2007.

Iraq is a signatory to several international intellectual property conventions, and to regional or bilateral arrangements, which include:

-- Paris Convention for the Protection of Industrial Property (1967 Act) ratified by Law No. 212 of 1975.

-- World Intellectual Property Organizations (WIPO) Convention; ratified by Law No. 212 of 1975. Iraq became a member of the WIPO in January 1976.

-- Arab Agreement for the Protection of Copyrights; ratified by Law No. 41 of 1985.

-- Arab Intellectual Property Rights Treaty (Law No. 41 of 1985).

Due Diligence

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Due diligence must be undertaken by a knowledgeable and capable provider. However, it should be stressed that in Iraq, most local companies and targets of the due diligence will not fully understand the necessity to conduct the due diligence and will treat such with distrust. Moreover, there are no public databases which may be searched by an investigator. Instead, the target company must either turn over the required documentation or grant a power of attorney on behalf of the investigating company on the target company so that it may perform its searches.

When conducting the due diligence, the investigating company should, at a minimum, procure copies of the certificate of registration from the Ministry of Trade, Companies Registrar and the tax clearance certificate from the General Commission of Taxation (GCT).

It is essential to conduct thorough due diligence before considering entering into any type of business relationship in Iraq. Please investigate whether our International Company Profile or Partner Search is the service for you. More information can be found [here](#). CS Iraq can provide assistance but it is also strongly recommends that U.S. firms engage an Iraqi attorney to conduct thorough due diligence for any potential partner and to make certain that any contract adequately protects the U.S. company's interests.

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Business Service Provider Directory -

www.export.gov/iraq/businessserviceproviders/index.asp

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Baghdad Business Centre – www.baghdadbusinesscenter.org

Central Bank of Iraq – www.cbi.iq

Ministry of Oil – www.oil.gov.iq/

Trade Bank of Iraq – www.tbiraq.com

National Investment Commission - <http://www.investpromo.gov.iq/>

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Chapter 4: Leading Sectors for U.S. Export and Investment

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Oil and Gas Equipment & Services

Iraq is blessed with vast reserves of oil and natural gas, and is one of the most promising, still largely undeveloped sources of hydrocarbon resources in the world. After decades of underinvestment due to conflict and sanctions, Iraq is actively seeking international investment and expertise to help in the development of its oil and gas sectors. From efforts to harness associated gas from southern oil fields to the launching and negotiation of Iraq's first post-war oil and gas bid rounds, Iraq has begun the process of substantial reengagement with investors from around the world.

The GOI held two oil licensing ("bid") rounds in which 44 foreign firms were allowed to bid for technical-service contracts to develop a substantial portion of Iraq's oil resources (fields holding an estimated 62 billion barrels, or 54 percent of its proven reserves). The awarded contracts could increase Iraq's oil export capacity by 500 percent over seven years, although internal infrastructure limitations and other factors will likely limit realization of this export potential. Iraq's oil licensing rounds in 2009 may have been the world's largest ever and were widely regarded as open, equitable, transparent, competitive, and free from corruption. The oil contracts awarded are expected to bring billions of dollars in foreign direct investment in the coming years and spur the growth of the foreign and domestic private sector in Iraq.

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Iraq was the world's 12th largest oil producer in 2010, and has the world's third largest proven conventional petroleum reserves after Saudi Arabia and Iran. Just a fraction of Iraq's known fields are in development, and Iraq may be one of the few places left where vast reserves, proven and unknown, have barely been exploited. Iraq's energy sector is heavily based upon oil, with approximately 94 percent of its energy needs met with petroleum. In addition, crude oil export revenues accounted for over 60% of GDP in 2011.

According to the GOI, Iraq has proven oil reserves of 143 billion barrels and 126.7 trillion cubic feet of natural gas. Current oil production is about 3 million bpd and goals are to produce about 6 million bpd in 2014 and 10-12 million bpd by 2016-2017.

Iraq's three major refineries (Bayji, Basrah, and Doura) are fully operational.

Oil

Iraq's oil sector has suffered over the past several decades from sanctions and wars, and its oil infrastructure is in need of modernization and investment. As of June 30, 2010, the United States had allocated \$1.9 billion to the Iraqi oil and gas sector to begin this modernization, but ended its direct involvement as of the first quarter of 2008. According to reports by various U.S. government agencies, multilateral institutions and other international organizations, long-term Iraq reconstruction costs could reach \$100 billion or higher. The proposed Oil and Gas Framework Law, which governs oil contracting and regulation, is part of a package of four hydrocarbons laws, has been under review in the Council of Ministers since October 26, 2008, but has not received final passage.

Reserves

According to the GOI, Iraq has proven oil reserves of 143 billion barrels. The majority of the known oil and gas reserves in Iraq form a belt that runs along the eastern edge of the country. Iraq has 9 fields that are considered super giants (over 5 billion barrels) as well as 22 known giant fields (over 1 billion barrels). According to independent consultants, the cluster of super-giant fields of southeastern Iraq forms the largest known concentration of such fields in the world and accounts for 70 to 80 percent of the country's proven oil reserves. An estimated 20 percent of oil reserves are in the north of Iraq, near Kirkuk, Mosul and Khanaqin. Control over rights to reserves is a source of controversy between the ethnic Kurds and other groups in the area.

Production

In 2011, Iraq's crude oil production averaged 2.7 million barrels per day (bpd), just below its estimated pre-war production capacity level of 2.8 million bpd in 2003. The GOI's goals are to produce about 6 million bpd in 2014 and 10-12 million bpd by 2016-2017. About two-thirds of current production comes from the southern fields, with the remainder from the north-central fields near Kirkuk. At present, the majority of Iraqi oil production comes from just three giant fields: North and South Rumaila in southern Iraq, and Kirkuk.

Currently, the Ministry of Oil (MOO) has central control over oil and gas production and development in all but the Kurdish territory through its three operating entities, the North Oil Company (NOC), the South Oil Company (SOC), and the Missan Oil Company (MOC), which was split off from the South Oil Company in 2008. According to the NOC's website, their concession and jurisdiction extends from the Turkish borders in the north to 32.5 degrees latitude (about 100 miles south of Baghdad), and from Iranian borders in the east to Syrian and Jordanian borders in the west. The company's geographical operation area spans the following governorates: Tamim (Kirkuk), Nineveh, Irbil, Baghdad, Diyala and part of Babil to Hilla and Wasit to Kut. The remainder falls under the jurisdiction of the SOC and MOC, and though smaller in geographical size, includes the majority of proven reserves. MOC's oil fields hold an estimated 30 billion barrels of reserves. They include Amara, Halfaya, Huwaiza, Noor, Rifaee, Dijala, Kumait and East Rafidain.

Kurdistan Regional Government Issues

The Kurdistan Regional Government (KRG), the official ruling body of a federated region in northern Iraq that is predominantly Kurdish, passed its own hydrocarbons law in 2007. Despite the lack of a national Iraqi law governing investment in hydrocarbons, the KRG has signed oil production sharing, development and exploration contracts with several foreign firms, and began exporting its own oil briefly. Norway's DNO and Sinopec/Addax are currently producing, and volumes could be ramped up to 100,000 bpd and reach 200,000 bpd within a year, according to the KRG natural resources ministry. The Iraqi Oil Ministry has been adamant that oil produced in the KRG will have to be exported by the State Oil Marketing Organization (SOMO), Iraq's oil exporting arm.

Development Plans

Iraq has begun an ambitious expansion program to develop its oil fields and to increase its oil production. Passage of the proposed hydrocarbon legislations laws, which would provide a legal framework for investment in the hydrocarbon sector, remains a main policy objective. Despite the absence of hydrocarbons laws, the Iraqi Ministry of Oil signed 12 long-term contracts between November 2008 and May 2010 with international oil companies to develop 14 oil fields. Under the first phase, companies bid to further develop six giant oil fields that were already producing with proven oil reserves of over 43 billion barrels. Phase two contracts were signed to develop oil fields that were already explored but not fully developed or producing commercially. Together, these contracts cover oil fields with proven reserves of over 60 billion barrels, or more than half of Iraq's current proven oil reserves.

As a result of these contract awards, Iraq boosted production by 200,000 bpd by the end of 2010, and increased production capacity by an additional 500,000 bpd by the end of 2011. When these fields are fully developed, they will increase total Iraqi production capacity to almost 12 million bpd, or 9.6 million bpd above current production levels. The contracts call for Iraq to reach this production target by 2017.

Iraq has announced the fourth tender round which is an exploratory round for both oil and gas. The MOO prequalified 46 companies for this bid round, including American companies: ExxonMobil, Occidental, and Chevron. The MOO's stated goal for the bid round is to build up Iraq's proven oil and gas reserves and to expand the availability of non-associated gas for power generation.

Infrastructure Constraints

Iraq faces many challenges in meeting this timetable. One of the most significant is the lack of an outlet for significant increases in crude oil exports. Both Iraqi refining and export infrastructure currently are old, have suffered from decades of war, neglect, sanctions, and civil strife, and need to be upgraded to process much more crude oil. Iraqi oil exports are currently running at near full capacity in the south, while export capacity in the north needs to be expanded to export significantly higher volumes.

Production increases of the scale planned will also require substantial increases in natural gas and/or water injection to maintain oil reservoir pressure and boost oil production. Iraq has associated gas that could be used, but it is currently being flared. Iraq has recently embarked on plans to utilize the flared gas for power generation and other value-added purposes. Another option is to use water for re-injection, and locally available water is currently being used in the south of Iraq. However, fresh water is an important commodity in the Middle East, and large amounts of seawater will likely have to be pumped in via pipelines that have yet to be built. According to some estimates, 10-15 million bpd of seawater could be necessary for Iraq's expansion plans, at a cost of over \$12 billion.

Furthermore, Iraq's oil and gas industry is the largest industrial customer of electricity, with over 10 percent of total demand. Large-scale increases in oil production would also require large increases in power generation. However, Iraq has struggled to keep up with the demand for power, with shortages common across Iraq. Significant upgrades to the electricity sector are underway to supply additional power with more projects slated for the future.

Iraq also plans to sign delineation agreements on shared oil fields with Kuwait and Iran. Iraq would like to set up joint committees with its neighbors on how to share the oil.

Refining

Estimates of Iraqi nameplate refining capacity vary, from 637,500 bpd according to the *Oil and Gas Journal* to 790,000 bpd according to the Special Inspector General for Iraqi Reconstruction. Iraqi refineries have antiquated infrastructure and only operate at efficiency rates of 50 percent or more. Despite improvements in recent years, refineries produce too much heavy fuel oil and not enough refined products. As a result, Iraq relies on imports for 30 percent of its gasoline and 17 percent of its liquefied petroleum gas (LPG). In December 2011, the GOI released a tender to import 3.400 tons of diesel per day in 2012.

To alleviate product shortages, Iraq's 10-year strategic plan for 2008-2017 set a goal of increasing refining capacity to 1.5 million bpd, and is seeking \$20 billion in investments to achieve this target. Iraq has plans for 4 new refineries, as well as plans for expanding the existing Doura and Basrah refineries.

Major Export Pipelines

To the North: Iraq has one major crude oil export pipeline, the Kirkuk-Ceyhan (Iraq-Turkey) pipeline, which transports oil from the north of Iraq to the Turkish Mediterranean port of Ceyhan. This pipeline has been subject to repeated disruptions this decade, limiting exports from the northern fields. Iraq has plans to expand the Iraq-Turkey pipeline from its current effective capacity of 600,000 bpd to 1 million bpd (original nameplate capacity was 1.6 million bpd) as well as to build a new pipeline with capacity of 1 million bpd.

In order for this pipeline to reach its design capacity, Iraq would need to receive oil from the south via the Strategic Pipeline, which was designed to allow flows of crude oil from the south of Iraq to go north via Turkey, and vice-versa. The existing pipeline, which is not fully operational, requires major upgrades after decades of underinvestment due to conflict and sanctions. Iraq has proposed building a new strategic line from Basrah to the northern city of Kirkuk, with the line consisting of two additional crude oil pipelines.

To the West: The Iraq-Syria-Lebanon Pipeline has been closed and the Iraqi portion reported unusable since the 2003 war in Iraq. Discussions were held between Iraqi and Syrian government officials to re-open the pipeline, which had a design capacity of 700,000 bpd, although actual volumes never reached this level. The Russian company Stroytransgaz accepted an offer to fix the pipeline in December 2007, but no follow-up was made. Iraq has since repaired the line from Haditha to the Syrian border. Iraq and Syria have discussed building several new pipelines, including a main 2.25 million bpd crude oil pipeline project (to include pumping stations and storage tanks) as well as additional gas and refined product pipelines.

To the South: The 1.65 million bpd Iraq Pipeline to Saudi Arabia (IPSA) has been closed since 1991 following the Gulf War. The Kingdom of Saudi Arabia has nationalized IPSA on its territory and currently uses it for its own crude oil industry.

Iraq has also held discussions to build a crude oil pipeline from Haditha to Jordan's port of Aqaba.

Ports

The Al Basrah Oil Terminal (ABOT) on the Persian Gulf has an effective capacity to load 1.3 million bpd and support Very Large Crude Carriers. A second export terminal, Khor Al Amaya Oil Terminal (KAAOT) is only partially operational with export capacity of 400,000 bpd. In February 2009, the South Oil Company commissioned Foster Wheeler to carry out the basic engineering design to rehabilitate and expand capacity of the terminal by building four single point mooring systems with a capacity of 900,000 bpd each. The four single-point moorings (SPMs) are expected to be operational by 2013. Additional projects planned for completion in later years will boost total southern export off-take capacity above 8 million bpd. This includes 1.25 million bpd of export capacity from the JICA Sealine Program through a fifth SPM, due for completion in 2014, and 1.4 mbpd additional export capacity from an as-of-yet unapproved Export Assurance Project, which could revitalize ABOT and KAAOT.

There are four smaller ports on the Arabian Gulf, all functioning at less than full capacity.

Overland Export Routes

Overland routes have been used to export limited amounts of crude from small fields bordering Syria. Iraq current ships oil to Jordan's Zarqa refinery by road tankers at a rate of 10,000 bpd, though this amount could increase to 15,000 bpd.

Natural Gas

Reserves

According to the Government of Iraq, Iraq's proven natural gas reserves are 126.7 trillion cubic feet (Tcf), the tenth largest in the world. An estimated 70 percent of these lie in Basrah governorate (province) in the south of Iraq. Probable Iraqi reserves have been estimated at 275-300 Tcf, and work is currently underway by several IOCs and independents to accurately update hydrocarbon reserve numbers. Two-thirds of Iraq's natural gas resources are associated with oil fields including, Kirkuk, as well as the southern Nahr (Bin) Umar, Majnoon, Halfaya, Nassiriya, the Rumaila fields, West Qurna, and Zubair. Just under 20 percent of known gas reserves are non-associated; around 10 percent is salt dome gas. The majority of non-associated reserves are concentrated in several fields in the North including: Ajil, Bai Hassan, Jambur, Chemchemical, Kor Mor, Khashem al-Ahmar, and al-Mansuriyah.

Iraq conducted an upstream bidding round in late 2010 for three non-associated natural gas fields with combined reserves of over 7.5 Tcf. This third hydrocarbon bidding round was conducted by Iraq, following two earlier rounds that were held to develop Iraq's oil fields. All of the companies that prequalified to bid in the two earlier rounds were invited. Iraq has committed to purchasing 100 percent of the gas.

The GOI has announced a fourth tender round. This round is an exploratory round for both oil and gas. The MOO's stated goal for the bid round is to build up Iraq's proven oil and gas reserves and to expand the availability of non-associated gas for power

generation. Seven of the 12 blocks are focused on gas. The MOO prequalified 46 companies to participate in the fourth bid round.

Production

Iraqi natural gas production rose from 81 billion cubic feet (Bcf) in 2003 to 522 Bcf in 2008. Some is used as fuel for power generation, and some is re-injected to enhance oil recovery. Approximately 86 percent of gas production in 2010 percent of the production in 2008 was flared due to a lack of sufficient infrastructure to utilize it for consumption and export, although Royal Dutch Shell estimated that flaring losses were even greater at 1 Bcf per day. As a result, Iraq's five natural gas processing plants, which can process over 773 billion cubic feet per year, sit mostly idle.

To reduce flaring, Iraq entered into an agreement with Royal Dutch Shell in November 2011 to implement a 25-year project to capture flared gas and provide it for domestic use. The \$17 billion deal covers development of 25 – 30 Tcf of associated natural gas reserves in Basrah province through a new joint venture, Basrah Gas Company. The agreement, which originally was to cover all of Basrah province, has been modified to include only a portion of associated gas produced from the Rumaila, Zubair, and West Qurna Phase I projects.

Export Plans

Plans to export natural gas remain controversial due to the amount of idle and sub-optimally-fired electricity generation capacity in Iraq - much a result of a lack of adequate gas feedstock. Prior to the 1990-1991 Gulf War, Iraq exported natural gas to Kuwait. The gas came from Rumaila through a 105-mile, 400 million cubic feet per day (Mmcf/d) pipeline to Kuwait's central processing center at Ahmadi. In 2007, the Ministry of Oil announced an agreement to fund a feasibility study on the revival of the mothballed pipeline, though current relations may inhibit such a project.

Iraq has eyed northern export routes such as the proposed Nabucco pipeline through Turkey to Europe, and in July 2009 Prime Minister Nouri al-Maliki suggested that Iraq could be exporting 530 Bcf per year to Europe by 2015. Other proposals have included building liquefied natural gas (LNG) exporting facilities in the Basrah region.

Sub-Sector Best Prospects

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Major sub-sectors in Iraq's oil and gas sector include: drilling and equipment; liquid natural gas equipment; storage and pipelines; chemicals; instrumentation; petrochemical equipment; and oil and gas services.

Oil sector expansion is estimated to total \$300-\$500 billion through 2020. With unprecedented expansion planned for Iraq's oil sector over the next eight years, while not quantified, this represents tremendous potential.

The recent \$17 billion Shell gas deal provides opportunities for pipes, pumps, storage, degassing stations and inputs for the petrochemical industry.

Opportunities

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According to Iraq's National Investment Commission (NIC), Iraq needs significant investments in pipelines, export infrastructure, and refineries.

The Government of Iraq has announced ambitious plans to boost its oil production and exports over the next decade. The Ministry of Oil aims to increase production to 4.1 million bpd by 2012 and to 6 million bpd by 2018 and is counting on international investment as the main driver of this increased production. The main avenue for international investors seeking to enter Iraq's oil and gas market is through the MOO's bid rounds.

The first round offered up six oil fields including the supergiant Rumaila field, Iraq's largest, and two gas fields. The round was completed in late June 2009 with the awarding of several 20 year technical-services contracts for four fields: Rumaila (BP and CNPC); West Qurna I (ExxonMobil and Shell); Zubair (ENI and Occidental); Maysan (CNOOC and TPAO). The expected production increase from the Rumaila field is expected to yield a boost in Iraq's total production of more than 70% over current levels.

The second bid round, in 2009, included several oil and gas fields, including four super giants: East Baghdad, Halfaya, Majnoon, and West Qurna. The southern field of Majnoon was the largest of the new oil fields earmarked for development, with proven reserves of 12 billion barrels. The second bid round was completed in December 2009 with the awarding of several 20-year technical-services contracts for seven fields: Majnoon (Shell and Petronas); Halfaya (CNPC and Petronas); Qaiyarah (Sonangol); West Qurna II (Lukoil and Statoil); Garraf (Petronas and JAPEX); Badra (Gazprom, TPAO, KOTGAS, Petronas); Najmah (Sonangol).

The third bid round, completed in October 2010, awarded technical-service agreements on three gas fields: Akkas (KOGAS); Siba (Kuwati Energy, TPAO); Mansuriyah (TPAO, Kuwati Energy, KOGAS).

The GOI has announced a fourth tender round for 2012. This round is an exploratory round for both oil and gas. The MOO's stated goal for the bid round is to build up Iraq's proven oil and gas reserves and to expand the availability of non-associated gas for power generation. Seven of the 12 blocks are focused on gas and the remainder on crude.

Iraq also has vast amounts of unproven reserves throughout the country with estimates ranging between 45 and 215 Bbl. To date, only about 10% of the country has been surveyed for gas and oil deposits, creating a considerable opportunity for investors.

Although less publicized, Iraq's gas is highly coveted, and there remains significant debate over the future of its gas reserves. The desire of European markets and the Nabucco gas pipeline's promoters to secure supply alternatives to Russian gas have made Iraq an attractive target for those promoting rapid development of the country's export potential. Prime Minister Maliki signed an MOU with the EU to look at the possibility of supplying Iraqi gas to Europe. Other Iraqi officials have expressed the country's willingness and desire to help meet growing global demand for natural gas. However, aggressive export plans will have to compete with domestic demand of gas for electricity production. Although the GOI has consistently stated that its first priority for gas is focused on meeting domestic needs, exports are seen as an eventual long-term objective. In both scenarios, strong markets exist for Iraq's natural gas.

Iraq's oil and gas is also easily extractable. The cost of bringing oil and gas production on line in Iraq is among the lowest in the world. The country's oil lies in enormous fields that can be tapped by relatively shallow wells. Iraqi oil rises rapidly to the surface because of high pressure on the oil reservoirs from water and associated natural gas deposits. More than a third of Iraq's reserves lie just 600 meters below the earth's surface, and some of Iraq's fields are among the world's largest. A barrel of Iraqi oil can be produced for less than \$1.50 USD. This is similar to production costs in Saudi Arabia and lower than virtually any other country.

As Iraq improves its existing infrastructure and new production comes online, the country will need massive investments in the mid and downstream petroleum sector. To substantially increase production, significant investments will be required along the country's export routes, particularly in the Basrah port area and along the northern pipeline between Kirkuk and Ceyhan. In the south, the needs are broad including new pipeline to connect existing supplies to refineries, the construction of storage facilities, and port expansion. In the north, pipelines will require significant repair, and border stations will require new or renovated pumping and metering facilities. Iraq also once exported natural gas to Kuwait, and there has been much discussion of developing the infrastructure to allow Iraq to again become a natural gas exporter. In the long-term, a more extensive gas infrastructure will be required in order for Iraq to tap into gas pipeline routes in Turkey that feed European markets.

Iraq is also committed to making massive improvements in its refining capacity over the next decade. Currently, the country's refinery network is outdated and incapable of meeting growing domestic demand. Despite its massive resource base, Iraq relies on imports for a quarter of its refined product demand. However, the MOO's 10-year plan calls for a 150% increase in refining capacity by 2017. To achieve this increase, Iraq is seeking \$15-\$20 billion in investments for the construction of four new refineries and sizeable expansions to the existing Doura and Basrah facilities.

The projects below are mostly infrastructure opportunities identified by the Government of Iraq. These projects will help revitalize the oil and gas sector, but also have a multiplier effect on the economy, providing a supply chain of opportunities for the private sector.

Project Type	Number of Projects	Location
Construction of a crude oil refinery	1 (300,000 bpd)	Nasiriya
Construction of a crude oil refinery	1 (150,000 bpd)	Kirkuk
Construction of a crude oil refinery	1 (140,000 bpd)	Kerbala
Construction of a crude oil refinery	1 (150000 bpd)	Misan
Various Plant Rehabilitation and Construction	6	Multiple

Web Resources

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[Iraq Ministry of Oil](#)
[Ministry of Oil Companies](#)
[Baghdad Oil Training Institute](#)
[Gas Filling Company](#)

[Heavy Engineering Equipment State Company](#)
[Iraq Drilling Company](#)
[Iraqi Exploration Company](#)
[Maysan Oil Company](#)
[Midland Refineries Company](#)
[North Gas Company](#)
[North Oil Company](#)
[Oil Marketing Company - SOMO](#)
[Oil Pipelines Company](#)
[Oil Products Distribution Company](#)
[Oil Projects Company](#)
[Oil Tank Company](#)
[Petroleum Research & Development Center](#)
[South Gas Company](#)
[South Oil Company](#)
[South Refineries Co.](#)
[State Company for Oil Projects](#)

EIA Links

[EIA – Iraq Country Energy Profile](#)
[EIA – OPEC Revenues Fact Sheet](#)

U.S. Government

[CIA World Factbook - Iraq](#)
[Library of Congress Country Study on Iraq \(1998\)](#)
[Special Inspector General for Iraq Reconstruction](#)
[U.S. Aid for International Development – Iraq \(USAID\)](#)
[U.S. Army Corps of Engineers – Gulf Regional Division](#)
[U.S Commercial Service – Iraq](#)
[U.S. Department of Commerce Iraq Reconstruction](#)
[U.S. Government Accountability Office: Iraq Reconstruction](#)
[U.S. Embassy in Baghdad](#)
[U.S. State Department Iraq Status Report](#)
[U.S. State Department's Background Note- Iraq](#)
[U.S. State Department Consular Information Sheet – Iraq](#)
[U.S State Department Travel Information Sheet – Iraq](#)

Other Links

[AcademicInfo – US Government Resources on Iraq](#)
[BBC: Iraq Country Profile](#)
[BBC: The Struggle for Iraq \(News, Special Report\)](#)
[The Economist: Iraq](#)
[Government of Iraq](#)
[IMF Country Information Page – Iraq](#)
[Information on Iraq from ArabNet](#)
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[Washington Institute \(Oil Fields\)](#)

Military Equipment and Systems

Overview

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The U.S. Military strategic partnership in Iraq is in a transitional phase as the military to military relationship normalizes. The U.S. military commitment and relationship to Iraq is strong, even with the withdrawal of U.S. military forces at the end of 2011. At the request of the Government of Iraq, the U.S. Department of Defense is here managing programs in excess of \$5 billion USD -- and growing.

The Government of Iraq is pursuing an active modernization program to account for years of neglect and focus on internal security concerns. The recent Foreign Military Sales cases Iraq signed with the United States include the purchase of equipment to strengthen internal defense by re-equipping the Army, Army Aviation, Air Force and Navy. In addition, there is strong demand for U.S. military training, education, logistics and maintenance services. In the medium term, the total U.S. export value for the Iraq defense market is estimated to in the range of \$5 - \$10 billion and is dependent on increasing government revenues fueled by increasing oil revenues.

Sub-Sector Best Prospects

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Based on our market expertise, we estimate that the best export opportunities for U.S. defense equipment manufacturers and contractors are the in the following product and service categories:

- intelligence, surveillance and reconnaissance systems,
- tactical and non-tactical vehicles,
- rotary wing aircraft for internal security and self defense capability,
- air defense and command systems,
- patrol assets for protecting critical infrastructure,
- military training and education services,
- contractor engineering and technical support services

Opportunities

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1. Intelligence Surveillance and Reconnaissance (ISR)

With the departure of United States Forces – Iraq (USF-I), the Government of Iraq (GoI) is experiencing a significant gap in Intelligence, Surveillance, and Reconnaissance (ISR) capabilities. USF-I provided the GoI with an enormous amount of ISR coverage with the assets it employed including Unmanned Aerial Vehicles (UAVs), dirigibles, persistent observation towers like RAID BETSS-C, as well as analytical support. The GoI is now interested in replicating this capability for its security needs.

Best Prospects

- Unmanned Aerial Vehicles
- Persistent Unmanned Dirigibles
- Automated Observation Towers with Cameras
- Advanced Software Solutions for Integration and Surveillance Processing
- Exportable High Resolution Cameras

- ISR Integration and Command and Control Software
- ISR Analysis Training

2. Army Modernization

The Iraqi Army continues to embark on a campaign to re-equip and modernize to provide a credible defense capability. The recent Foreign Military Sales cases the United States has signed with Iraq include 144 towed and self propelled Howitzers, 140 tanks, equipment for eight Brigades, and a wide variety of both tactical and non-tactical vehicles. In addition to the hardware, there will be a continuing requirement for logistics support, maintenance, and training. Future plans include an Integrated Air Defense System, expanded communications network, and developing intelligence support capabilities. Expanded infrastructure and revitalized facilities will be needed to support the Army's modernization efforts.

Best Prospects

- Armored Vehicles
- Tactical Vehicles
- Small Arms
- Training and Maintenance Support
- Basic Equipment Loads for Soldiers
- Technology Based Solutions for Communications and Intelligence Support
- Training programs to support operation and maintenance of all vehicles
- Infrastructure construction and support including operating bases and ranges for Army unit operations.

3. Army Aviation Upgrades

The Government of Iraq has identified a robust Army Aviation capability, specifically rotary wing aircraft, as one of the keys to their internal security and self defense capability. This resulted in numerous Foreign Military Sales cases with the United States. Examples include: Over 40 attack, utility, and support helicopters, 8 tactical refueling trucks to support the operation, in-country and out of country training, maintenance support, night vision devices, and infrastructure improvements. The Army Aviation sub-sector will continue to expand in Iraq and presents many business opportunities.

Best Prospects

- Light and Medium Rotary Wing Aircraft
- Maintenance and Spares Programs for Rotary Wing Aircraft
- Night Vision Devices
- Infrastructure for Rotary Wing Operations
- Pilot and maintenance training programs
- Infrastructure construction and support including operating bases and ranges for helicopter operations.

4. Air Force Modernization

The Government of Iraq is pursuing an active modernization program for the Air Force to account for years of neglect and focus on internal security concerns. The recent Foreign Military Sales cases Iraq signed with the United States include: 36 F-16s; 9 C-130 transport aircraft, 23 light aircraft for training and surveillance, air traffic control systems, requests for advanced target acquisition radars; a request for an integrated air defense system package, all indicating a positive future for U.S. defense sales. In addition, there

is strong demand for U.S. military training, education, logistics and maintenance services.

Best Prospects

- Light and Medium Transport Aircraft
- Air Defense Aircraft
- Ground Attack Aircraft
- Training for Pilots, Air Traffic Control, and Maintenance Personnel
- Infrastructure Improvements to Support these Programs
- Air traffic control systems
- Airfield infrastructure to include navigational aids and airfield lighting
- Maintenance and spares programs for aircraft and air traffic control systems
- Training programs for pilots, maintainers, and air traffic controllers

5. Naval Capabilities Upgrade

Offshore oil production is a major source of oil revenue for Iraq. Providing for the defense of these assets as well as the ports for shipping oil and other domestic goods and receiving goods from other nations is a key factor in Iraq's economic development. Recent Foreign Military Sales cases with the United States to support the Navy include 2 60m Offshore Support Vessels, 12 35m Patrol Boats, Simulators to Support Training, Infrastructure for both a Training Academy and Headquarters, a Ship Repair Facility, and logistics support for maintenance and spares.

Best Prospects

- Littoral and Patrol Class Vessels
- Infrastructure to support both a Naval Training Center and a Naval Headquarters
- Maintenance and spares program for Iraqi Navy vessels
- Training programs for both operations and maintenance Navy assets

6. Air Defense Command

As it rebuilds its self defense capability, Iraq has established an Air Defense Command to ensure air sovereignty in its skies. This is an emerging requirement with the basis of the system currently being established. Examples of Foreign Military Sales cases with the United States to support the Air Defense Command include Avenger Missile Batteries for point defense and long range radars for early warning. The medium to long term goal is to establish a robust Integrated Air Defense System.

Best Prospects

- Anti-Aircraft Artillery and Missile Systems
- Maintenance and Spares
- Infrastructure to support an Integrated Air Defense System
- Air Defense Radar Systems
- Electronic and Technology Solutions to Integrate the System
- Training Programs for Operations and Maintenance

7. Counter Terrorism Service

A Counter Terrorism Service has been established within Iraq. It consists of specially trained commando units tasked to interdict and preempt terrorist activities and organizations. This service is able to independently develop, plan and execute counterterrorism operations using both ground and helicopter assaults. Examples of Foreign Military Sales cases with the United States supporting the Counter Terrorism

Service include small arms and heavy weapons, night vision devices, 8 up-armored vehicles, vehicle maintenance support and spares, and training for special operations type forces.

Best Prospects

- Small Arms
- Heavy and Crew Served Weapons
- Armored and Tactical Vehicles
- Basic Equipment for Special Operations type forces
- Tactical Communications Equipment
- Training for Special Operations type forces
- Night Vision Devices
- Infrastructure and ranges to support special operations type forces
- Secure communications network technology solutions
- Advanced equipment for small units

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Contact the Office of Security Cooperation of the U.S. Embassy in Baghdad.

Health Care, Medical Equipment & Supplies

Once considered the best in the region, Iraq's healthcare system has suffered from years of neglect and war. In 2006, the World Health Organization's Iraq Regional Health Systems Observatory (IRHSO) issued a report stating that "health outcomes are now among the poorest in the region."

The rise of treatable conditions coupled with Iraq's once prominent role in regional healthcare has prompted the Government of Iraq (GOI) to take action with a renewed commitment to improving the sustainability and quality of the medical sector.

Overview

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There are two main players within the Iraqi health industry: the public sector, which covers roughly 75% of all health facilities, and the private sector, which represents the remaining 25%.

According to the constitution, the Iraqi Government is responsible for providing free health care through public clinics and hospitals to all the people of Iraq. Nevertheless, a significant number of government physicians also maintain private practices and it is estimated that 50 percent of the Iraqi population use private sector health providers for initial treatment. However, there is no health insurance and patients must pay in full for private health care. Many Iraqis believe that the quality of private health care is superior to that available publicly. Private health care is also a popular alternative due to scheduling issues. Public health care is usually only available during the morning hours. Further complicating both public and private health care is the nationwide lack of malpractice insurance.

The 2010-2014 Iraqi National Development Plan (NDP) highlights the Ministry of Health (MOH)'s adoption of a health system dependant on "primary health care as a foundation that includes providing quality health services as the primary service level; guaranteeing the integration of those services with the second level (public hospitals) and third level, specialized centers."

In December 2010, Dr. Ali Abdul Hussein Al Alwachi, MOH director of planning and resource development, stated that the government was planning to carry out major improvements in the sector and had pledged to increase the health budget to \$4 billion primarily through investments in hospitals and clinics. The health budget for 2012, however, remained roughly the same as 2011.

Healthcare expenditures grew 2.5% between 2009 and 2010, to US\$3.85B, with a further estimated growth to US\$4.12B in 2011. Projections suggest that US\$1.5B in medicines and medical equipment would be imported in 2011.

Market Data

There are 229 state-owned, government-run hospitals, with 46 situated in Baghdad. The Basrah Children's Hospital opened in October 2010 with full surgical and outpatient services available. There are also approximately 2,730 Primary Health Clinics (PHCs) providing a limited range of service scattered throughout Iraq. Generally, all primary

care and preventive medicine is provided for free. Power outages are frequent and can last for many hours, with diagnostic equipment or well trained staff generally unavailable. A significant portion of the MOH budget has been allocated to construction and rebuilding of facilities in the last few years. Tenders have been announced for the construction of five general hospitals and ten each of teaching, maternity and pediatric hospitals.

	2008	2011
Civil Hospitals	62	100
Government Hospitals	159	229
Total Hospitals	221	339
Public Clinics	334	2,331
Total Number of Beds	31,794	41,600
Number Admitted to Hospitals	2,027,537	3,000,000
Number of Patients	18,215,749	80,000,000
Total Doctors	16,721	26,250
Total Dentists	3,859	6,000
Total Pharmacists	4,399	7,000
Total Medical Professionals	24,979	51,200
Total Nurses	7,307	14,800
Total Nursing Professionals	34,823	55,000
Total in Health Professions	74,081	106,200
Number of Pharmacies		6,000
Number of Laboratories	634	66-
Number of Ambulances	1,759	2,130
Physicians per 1000 persons	0.6	0.8
Nurses per 1000 persons	1.2	1.6
Population to Hospitals	125,324	140,000
Population to Clinics	82,924	28,000
Bed Occupancy Rate	47.5	64

**Only includes data through 2011.*

The MOH has acknowledged the need to create jobs for support personnel instead of the current overreliance on physicians. This need for skilled professionals also highlights the demand for advanced education opportunities and access to medical resources. The MOH has imported new and modern equipment and standard contracting language for new equipment now includes staff training.

Very few professionals and specialists are trained in English-speaking countries, although some Iraqi physicians speak English and have shown a willingness to engage in continued education and the implementation of new practices. Further, few of the

professionals trained abroad return to share their experience, or bridge the gap as educational programs are implemented across the country. In 2010, the government announced an initiative to increase physician compensation, raising the monthly \$3 salary from the Saddam Hussein era, to nearly \$1,600 per month (in 2010). However, this has not happened to date.

In 2011, only roughly 20 Iraqi medical colleges were accepting students. Future staffing will depend on continued security improvements, as well as the MOH's commitment to compensation for medical professionals.

The MOH has identified a series of actions the GOI plans to take in order to achieve healthcare objectives, including the improving infrastructure and services; considering reforms to the pharmaceutical sector; strengthening capabilities of health care practitioners, including doctors, assistants and managers; and developing and implementing a master plan for the rebuilding of the healthcare delivery system. To date, however, reforms have not taken place and capacity in general is low. A repeated request of MOH is for additional training and technical assistance, for which it is willing to pay.

Market Issues & Obstacles

Registration requirements for public and private sector sales vary. Foreign companies selling medical or health-related goods are required to complete standard business registration requirements with the GOI as well as several additional steps, including:

1. Registration of the foreign supplier at the MOH Registration Board.
2. For each consignment to the private sector, documents must be presented before an import license will be issued by the MOH.
3. For sales under KIMADIA tenders, a complete set of documents must be presented before an import license will be issued by the MOH.

To identify the current required list of documents referenced above, visit the KIMADIA website www.kimadia-iraq.com, scroll through the list of tenders and view any specific supplies tender. Within the tender document, a list of required documents will be provided.

MOH registration forms for the following list entities and products are [available online](#):

1. Pharmaceutical companies
2. Pharmaceutical products
3. Medical appliances, lab diagnostic kits
4. Drug registration
5. Bioavailability or bioequivalent

Sub-Sector Best Prospects

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The public and private healthcare markets in Iraq drive demand in four broad lines of products:

- Technical training in all health care disciplines
- Medical appliances and equipment
- Laboratory equipment and consumables

- Hospital management
- Pharmaceuticals

Larger opportunities may exist in all the above product lines, for example in the newly-tendered projects in Karbala (a US\$152M teaching hospital awarded to Turkish company Universal Acarsan); in Nasiriyah (a 400-bed hospital, also slated to be built by Acarsan); or in any of the additional hospitals slated for Qadissiya, Basrah, Al Hillah, and Missan provinces. These public hospitals were supposed to be completed and delivered to the MOH by March 2012. The optimistic delivery date is now 2014. The MOH and local authorities indicate that they want to build new smaller (200 bed) hospitals but currently many Iraqis are still travelling abroad for quality health care services.

Pharmaceuticals: Roughly 160 registered “scientific offices”, which are legally required to be headed by a registered pharmacist, are the only authorized dealers for the pharmaceuticals and drugs sold to private pharmacies, hospitals, and clinics. These offices typically represent a number of multinational firms. Iraq, through the World Health Organization, developed a drug policy in 2008 which, if ever implemented, would make it easier for foreign direct investment. The most likely point of entry into the Iraqi drug market currently appears to be via joint venture.

Medical Appliances and Equipment: There are no formal controls on the importation of medical appliances and equipment. Dealers without specific qualification are allowed to deal in this equipment. Some “scientific offices”, private physicians and dentists also participate in this market sector.

A market exists for second hand medical equipment.

Laboratory Equipment and Consumables

Hospital Management: Within the NDP, improved hospital management is highlighted, but it is presently unclear how the MOH will move forward on this objective.

Best Prospects - Investment

The GOI is actively looking for investment in the following sectors and sub-sectors:

- Nursing
- Healthcare Professionals (Hospital staff)
- Medical Device Procurement
- Proper maintaining of medical devices
- Hazardous waste disposal systems
- Disposable medical supplies (sterile needles, tubing, gloves, masks, etc.)
- Pharmaceuticals
- Access to Information (Medical Journals/Internet)
- Dental Equipment and Services

The GOI has drafted a National Development Strategy to establish a pro-business investment climate by implementing commercial and regulatory reforms and the Iraqi National Investment Commission (NIC) has been given the task of attracting investment as well as simplifying and streamlining procedures for doing business.

In 2009, the NIC promoted several investment opportunities to the international community, including three opportunities in the medical sector, featured in the [Investment Overview to Iraq: Health](#). These opportunities included the development of “Najaf Medical City”, the re-development of the “State Company for Drugs Industry and Medical Appliances (SDI)” plant, and the construction and operation of the “Tikrit Medical Laboratory”.

Opportunities

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Prospective Buyers

There are two main players within the Iraqi health industry: the public sector, which covers roughly 75 % of all health facilities, and the private sector, which represents the remaining 25%.

According to the constitution, the Iraqi Government is responsible for providing free health care through public clinics and hospitals to all the people of Iraq. The State Company for Marketing Drugs and Medical Appliances (KIMADIA), the government-owned public company managed by MOH, is responsible for the importation and distribution of all pharmaceuticals, medical appliances, laboratory equipment, laboratory consumables, and medical equipment for all public health care facilities in Iraq.

KIMADIA operates under a tender procurement system, with tenders appearing almost daily at www.kimadia-iraq.com. It is very important that the Iraqi representative have a thorough understanding of the product line and actively pursued participation in these MOH tenders released through KIMADIA. Detailed information on MOH registration of foreign companies is provided online as well as later in this report. While it is not absolutely necessary to have a local agent or representative to participate in the tenders, KIMADIA practices tend to favor companies with local representatives or who sell through a scientific office.

Local private companies also have the right to import and sell pharmaceuticals and medical appliances and equipment to the private clinics and privately owned hospitals. However, private purchases are largely on a clinic-by-clinic basis, without the aggregated demand of the public network. If you wish to promote your products to the private practitioners, ensure that your Iraqi representative has an extensive knowledge of the private healthcare sector.

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[Iraq Ministry of Health](#)

[KIMADIA](#)

[Investment Overview to Iraq: Health](#)

[USAID Health Assistance for Iraq](#)

[Iraqi Commercial Office in the U.S. – Business Registration](#)

Construction and Engineering Services

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Iraq's reconstruction has resulted in significant contract awards worth billions in the pipeline.

There is further upside to this figure if the cabinet's US \$15 billion infrastructure investment fund pending approval in the parliament. Rising population growth, a shortage of new housing, and decrepit housing have contributed to the pressing need to bring more housing on-line for the Iraqi population.

Under Iraq's National Housing Plan, there are robust housing goals for building new homes. Given the nascent stage of Iraq's construction sector and paucity of large-scale developers, there are commercial opportunities for international firms.

According to Iraq's National Development Plan (NDP) for 2010-14, the government has allocated \$31 billion to improve housing and derelict buildings. According to the Ministry of Construction and Housing, there are roughly 670,000 new units needed countrywide, and 112,000 units to be upgraded.

Over the medium term, growth will remain strong, although slowing slightly as industry value grows. The industry will be driven primarily by multi-billion dollar investments into the housing sector with around \$85 billion in low income and general housing projects having been recorded as underway or in the pipeline in Iraq.

Sub-Sector Best Prospects

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Iraq is expected to need construction and engineering firms of international standard to reconstruct the residential and commercial sector. Best prospects in this sector include:

- Consultancy and supervision of contracts;
- Master planning;
- Engineering and architectural services;
- Program management;
- Construction management;

Opportunities

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- Iraq's National Investment Commission (NIC) is trying to procure private investment in several key infrastructure schemes and housing projects. The NIC has pledged to oversee a program to build one million units across Iraq, including the Kurdistan region.
- In Basra, the NIC has given a project to Trac Development Group for the construction of 500,000 homes. Hill International won contracts from the NIC worth \$1.5 billion, and is to provide project management services for the first phase the development.
- The central government is decentralizing power and allowing each governorate to undertake large housing projects.
- Projects mentioned in the transportation sector.

National Investment Commission -- <http://www.investpromo.gov.iq/>
US Commercial Service in Iraq-- <http://www.export.gov/iraq>

Education and Training Services

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The Government of Iraq (GOI) in Baghdad and the Kurdistan Regional Government (KRG) in Erbil each operate ministries to oversee primary/secondary and post-secondary education in Iraq. The Ministry of Education in Baghdad manages all primary, secondary, and vocational institutes in most of Iraq, while the Kurdistan Regional Government's Ministry of Education oversees similar schools in the Iraqi Kurdistan Region. Colleges and universities in the Iraqi Kurdistan Region are administered by the Ministry of Higher Education and Scientific Research (MHE) in Erbil, while universities in the rest of Iraq are under the control of the Ministry of Higher Education and Scientific Research (MoHESR) in Baghdad. Each ministry is led by a minister.

The two ministries of higher education and scientific research have a cooperative relationship that allows students from the IKR to study at universities in the south, transfer credits, and receive scholarships from the central government programs. Universities in the IKR must meet standards set by both the KRG MHE as well as the GOI MOHESR to be fully accredited and recognized.

Post-Secondary Education: There are 11 public universities, 2 public technical institutes, and 8 approved private universities in the IKR, with a total of approximately 40,000 students enrolled in undergraduate and graduate programs. The Kurdistan Regional Government's Ministry of Higher Education and Scientific Research in Erbil directly controls the publicly-funded universities and provides oversight for private universities.

In the rest of Iraq, there are 22 public universities, with six more under construction, and 28 private universities. About 500,000 students are enrolled in undergraduate and graduate programs in Iraq (not including the IKR). The GOI's Ministry of Higher Education and Scientific Research also has 118 medical, engineering, agricultural, veterinary, and informatics consulting centers. The MoHESR in Baghdad directly controls the publicly-funded universities, and provides oversight for private universities. It also has 25 cultural offices located in Iraqi embassies overseas, including the Iraqi Cultural Office in Washington, D.C.

There is great diversity across Iraq. This diversity makes a significant impact on higher education facilities and challenges. Universities located in the IKR generally have better facilities, laboratories, libraries, and IT infrastructure compared to universities in other parts of Iraq. IKR universities also receive international experts and academics, host international higher educational conferences, and frequently participate in faculty and student exchange programs. Universities in other parts of Iraq have limited access to these types of activities because the security situation prevents foreign experts and students from visiting, teaching, or studying at these institutions. IKR universities have also benefitted from a significant number of highly educated members of the diaspora who have returned to the IKR in the last decade.

Demand outstrips supply for post-secondary education, and Iraqi universities are constructing new buildings and even new campuses to meet the growing need for higher

education. Infrastructure for IT services remains underdeveloped in most parts of the country. Universities have limited Internet capacity, most university faculty does not have regular access to computers at work; computer labs for student use are inadequate and often non-functional. Many university faculty and staff lack basic computer skills and Internet experience. Outside of major urban centers, many academics and students do not have email addresses.

Younger students are more tech-savvy and a larger percentage of them are on the Internet. Some have access to the Internet and personal computers at home. However, poor English language skills limit their access to English-language Internet sites and services.

The GOI MoHESR has gradually implemented requirements that all students must complete the IC3 course on basic computer skills and the Institutional Testing Programme (ITP) TOEFL test before they can continue with graduate education. The KRG MhE does not have these same requirements.

As IT access is limited and uneven, education remains highly dependent on printed materials. Books, periodicals, and magazines are highly prized and respected. Each college at a university has its own library for students in that discipline. Lending libraries do not exist, and most students cannot easily access the resources available on campus, most of which are old and outdated.

The level of English language skills overall is low, even amongst educated professionals and academics. Young people show a strong desire to learn English and access the western world, both online and in person. The quality of English language teaching in primary and secondary school is slightly improving, but it remains poor overall. English language teaching and training at the university level is also improving, but it is hindered by inadequate training, large class sizes, outdated teaching methodologies, and lack of proficiency amongst teaching professionals.

EducationUSA Iraq works with Iraqi students who would like to study at U.S. universities, with one education adviser at U.S. Embassy Baghdad and another at U.S. Consulate General Erbil. Together they assist students across Iraq through workshops and presentations, individual consultations, social media such as Facebook, online resources like websites and emails, and telephone. EducationUSA is a global network of more than 400 advising centers supported by the U.S. Department of State.

In October 2011, EducationUSA hosted its first U.S. university fair in Iraq, with 21 universities and more than 1,000 students participating in the two-day event. A similar event is planned for the Fall of 2012. Iraqi students show a strong interest in studying at U.S. universities for master's and doctorate studies, though generally they lack adequate test scores on TOEFL and GRE to be accepted into competitive academic programs. They are more familiar with the UK application process than the American system.

Sub-Sector Best Prospects

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- Undergraduate degrees
- Graduate degrees
- Vocational training Services

- Corporate training Services
- English educational multi-media products

Opportunities

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Scholarship Programs: There are three official government scholarship programs in Iraq that fund thousands of top students to study abroad for master's and doctorate studies every year. Each scholarship includes funding for intensive English language study, as well as full funding for graduate programs in all fields of study, with each scholarship valued at approximately \$50,000 per student per year.

The scholarships are funded through two national programs and one regional program. The GOI MoHESR in Baghdad recently announced a new initiative to fund 10,000 graduate scholarships over two years for students from all provinces in Iraq, including students in the IKR. The Higher Committee for Education Development in Iraq (HCED) has been selecting and placing scholarship students at U.S. and UK universities since 2009; this national program is funded through the GOI's Office of the Prime Minister. The KRG has awarded about 4,500 scholarships since August 2010 to students living in the Iraqi Kurdistan Region and Kurds living in other parts of Iraq.

As of January 2012, the number of Iraqi scholarship students from these organizations studying in the United States is estimated as follows:

GoI MoHESR	200
HCED	550
KRG	100

Financial Products: Most U.S. universities charge an application fee that must be submitted online with a credit card. Credit and debit cards are not common in Iraq. Most Iraqi students cannot easily purchase a pre-paid card that can be used online for international transactions like paying the application fee to a U.S. university. This makes it difficult for Iraqi students to successfully apply and get accepted at U.S. universities, even though they have a scholarship to study abroad.

English Language Learning: There is strong demand throughout the country for learning English. The need is especially acute for students (16-24) and young professionals (25-45). There are few native, English-speaking teachers in Iraq, with the exception of the IKR. Schools or companies that teach English exist, but they are few in number and they provide inconsistent quality and results. There is a growing demand for private schools and for private after-school programs that focus on teaching English to children. English teaching and English learning materials available on the local market are dated and of poor quality. A high-quality English learning package for use on TV is a constant request. The need for English teacher training in modern pedagogy and English speaking ability is very high. English learners and English teachers need training in technology and access to low-cost resources.

Standardized Test Preparation and Materials: There is growing demand for test preparation courses to help students study for standardized tests like TOEFL, GRE, GMAT, SAT, MCAT, USMLE, etc. The TOEFL Test of English language proficiency is given in testing centers throughout the country in both the Internet-based Test (iBT) and Paper-based Test (PBT) format. The IELTS test is offered in Baghdad and Erbil by the

British Council. Many testing centers are oversubscribed for English language testing, especially in the IKR, but other locations are expected to feel the increase because of the new MoHESR scholarship program. The TOEFL PBT will be discontinued in 2012, which will further strain the system. The Graduate Record Examination (GRE) test is given three times per year in paper-based format in Baghdad and Erbil. The SAT is given several times per year in Baghdad and Erbil. GMAT, MCAT and USMLE tests are not given in Iraq. There is one ProMetric Center in Iraq, located in Sulaymaniyah. Black market copies of TOEFL preparation materials are readily available, but materials for other types of tests are difficult to find and expensive.

American Style Universities in Iraq: There is great interest in establishing American university campuses in Iraq, similar to activities like Georgetown University campus in UAE or Cornell Medical School in Qatar. The GOI Minister of Higher Education has interest in replicating these practices in Iraq through cooperation with U.S. higher education institutions and private investors.

Training and Capacity Building: Local contacts request short-term training programs that meet specific needs and close the gap on skill sets that are needed by government ministries, Iraqi universities, medical hospitals, and private organizations. These training programs could be conducted in Iraq (with translation) in several locations or in neighboring countries in the region.

Low-cost, high context academic connections: Iraqi universities request assistance to link or twin with U.S. universities to build connections on a wide range of topics, such as connecting Iraqi and American students online, virtually attending lectures and presentations at U.S. campuses, improving teaching methodologies, supervising split-site research for Iraqi students, and developing joint research projects.

Web Resources

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GOI Ministry of Higher Education and Scientific Research: <http://www.mohehr.gov.iq>
KRG Ministry of Higher Education and Scientific Research: <http://www.mhe-krq.org>
The Higher Committee for Education Development (HCED): <http://www.hcediraq.org>
Iraqi Cultural Office - <http://iraqiculture-usa.com>
The Kurdistan Regional Government in the United States: <http://knowkurdistan.com/>
EducationUSA Iraq: <http://www.educationusa.info/USEmbassy-Iraq>
StudyUSAIraq (Facebook page): <http://www.facebook.com/StudyUSAIraq>
U.S. Embassy Baghdad Study in the USA:
<http://iraq.usembassy.gov/studyintheusa.html>
U.S. Commercial Service in Iraq: <http://www.export.gov/iraq>

Telecoms

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Iraqis have enthusiastically embraced wireless telecommunications technology, with the number of mobile phone subscribers catapulting to 25 million as of 3Q-2011 from an estimated few hundred thousand in 2003. Iraq's three national mobile GSM operators grew by 5.5% in the first nine months of 2011 and grew by 15% in 2010. Mobile penetration, at roughly 78%, remains low compared to other oil-endowed states in the region but is expected to increase over the coming years as the mobile firms finish building out nation-wide networks and household incomes slowly increase. The mobile operators currently utilize slower 2G EDGE and GPRS technologies for data service but are planning to take advantage of faster technologies once the national independent regulator--the Communications and Media Commission--issues 3G licenses. All three of the mobile operators have benefited from significant foreign investments (Zain Kuwait with Zain Iraq, QTel with Asiacell, and most recently France Telecom and Agility with Korek) that are likely to increase once the firms list 25% of their shares on the Iraqi Stock Exchange as mandated by their licenses.

Iraq's three national and one regional wireless local loop firms have built CDMA networks in most of Iraq's major cities, providing wireless internet and voice access to consumers and businesses. A number of operators in the Iraqi Kurdistan Region run CDMA and WiMAX networks but do not have frequency licenses from the national independent regulator.

The number of internet users is estimated to be between 1 and 4 million. Most Iraqis access the internet via VSAT, either in cafes or through neighborhood providers, but bandwidth remains small. Businesses or those with higher incomes can subscribe to WLL, ADSL, and other solutions.

The Ministry of Communications' fixed-line telephone infrastructure remains dilapidated, with the number of subscribers estimated to be between 800,000 and 1,200,000.

A key limiting factor to deploying broadband in Iraq, especially through 3G and 4G technologies, is a weak national fiber optic infrastructure. Private investment and competition in fiber is extremely limited due to the Ministry's position that it has exclusive authority over fiber, keeping prices the highest in the region. The Ministry's two state companies, however, have contracted a number of private Iraqi firms to rebuild and expand the fiber backbone and remain focused on linking Iraq to the rest of the world--Iraq has terrestrial connections with each of its six neighbors and in late 2011 connected to the high-bandwidth Gulf Bridge International submarine cable. The upgrading of Iraq's fiber optic backbone is likely to continue to be a major problem, especially in advance of anticipated 3G licenses and the Ministry's ambitious plan for fiber to reach Iraqi homes.

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Iraq is expected to need a significant amount of technology, software, and hardware to create the new digital infrastructure that the government seeks to develop.

Best prospects in this sector include:

- Training and consulting services;
- Fiber-optic equipment;
- Public exchange upgrades;
- Wideband transceivers;
- Network protocol software and systems;
- Broadband wireless access systems;
- Wireless computing equipment and related accessories.

Opportunities

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American firms could participate in building-out Iraq's fiber optic sector through not just cable manufacturing but also the development and design of the electronic components, network architectures and system monitoring programs, and operating centers that allow such backbones to function. U.S. engineering and system design firms could take advantage of Iraq's need for the deployment and implementation of IP based communications applications--both business to business (B2B) and business to government (B2G)--that can take full advantage of expected increases in broadband access in the coming years. Plans for e-government, e-health, e-education and e-banking networks and associated programs, all based on the deployment of high speed data networks, are already in the budgets at several ministries. Training and consultation services almost certainly will be needed at both the MOC and CMC as they expand their work and plan for the future of Iraq's telecommunications sector.

The increased employment driven by improved B2B and B2G communications should raise per capita income in Iraq. Taken together with ability to access the Internet and applications on mobile devices via 3G, consumer spending on communications and communication related products and services should increase. The dominance of US-created smartphone operating systems should position well the American mobile application development community to create programs designed for the Iraq consumer (B2C) and personal entertainment/gaming (C2C) markets.

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Regulator:

Communications and Media Commission (CMC) <http://www.cmc.iq/en/index.html>

Ministry and State Companies

Ministry of Communications (MOC)

<http://iraqimoc.net/english/e-project.htm> (Primarily tenders for the Iraq Telephone and Post Company)

<http://www.iraqimoc.net/> (Arabic version but includes tenders from both the ITPC and also the State Company for Internet Services)

Mobile Operators

Zain Iraq

<http://www.iq.zain.com/iq/?lang=en>

Asiacell

<http://asiacell.com/>

Korek Telecom

<http://www.korektel.com/>

Wireless Local Loop Operators

Itisaluna Abr al Iraq

<http://etisaluna.com/home>

Kalimat Telecom

<http://www.kalimattelecom.com/en/index.aspx>

Transportation

Overview

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Iraq's untapped natural wealth, decades of under-investment, and a neglected infrastructure create numerous investment opportunities within the transportation industry. Areas of potential investment include:

Sub-Sector Best Prospects

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Highways:

As with most countries, roads and bridges are a primary lifeline for economic growth. Iraq has more than 44,000 km of paved highways, as well as an extensive rural unpaved road system. The highway and bridge system provides the primary surface transportation links connecting Iraq to its neighbours and serves as a catalyst for economic growth. An integrated road network supports tourism and connects the country's population centres to essential services, while promoting internal commerce. Many of the roads and bridges on the national highway system were paved and constructed in the late 1970s and early 1980s and were designed with a 20 year lifespan. Much of this infrastructure is in need of extensive rehabilitation and replacement. In addition, new population centres have emerged, creating the need for expansion of the highway system on a national level. With funding necessary to rehabilitate or replace paved roads estimated at \$1M USD per kilometre, current investment requirements in Iraq's road infrastructure for rehabilitation exceed \$40B USD.

Civil Aviation:

Iraq's civil aviation sector is moving toward compliance with International Civil Aviation Standards as Iraqi Airways continues to rehabilitate its aging fleet. The Iraqi Civil Aviation Authority (ICAA) seeks to transform Iraq's civil aviation system into a results-based, value-driven organization of aviation professionals dedicated to excellence on the ground and in the skies. The critical success factor for this excellence will be an environment that promotes compliance with International Civil Aviation Organization (ICAO) Standards and Recommended Practices (SARPS). The global economy is increasingly integrated. A robust civil aviation system would provide Iraq with increased access to world markets and links between businesses throughout the world. Aviation enables the movement of people and goods and functions as a cornerstone of economic growth. Whether it is employing people, moving goods, or moving people, aviation is critical to economic growth. According to the International Air Transport Association, "investment in air transport capacity in developing or transition countries, where connectivity is currently relatively low, will have a much larger impact on their productivity and economic success than a similar level of investment in a relatively developed country." As a developing country, Iraq's potential is bright in the aviation industry. Investment in Iraq's aviation system offers many opportunities, including airport operations and management, concessions, security, air traffic control and technical infrastructure.

Ports:

Maritime ports serve Iraq as the primary gateway for the import and export of goods and also provide an entry point for passengers. The ports of Iraq are owned and operated by the Government of Iraq. The MoT and the General Company for Ports (GCPI) of Iraq envision the ports of Iraq as the connection bridging the Far East and the West while serving as an economic catalyst and providing for the welfare of the people of Iraq. The ports of Iraq strive to operate efficiently and effectively, using sound business practices and meeting standards defined by the International Maritime Organization. Iraq's ports are strategic national assets that contribute to national security, economic development and political stability. GCPI owns and controls the Iraqi ports of Umm Qasr, Khor Al Zubair, Abu Fulus and Al-Maqal. The ports are spacious and adaptable to further expansion. GCPI has systems and procedures in place, though improvements in operational efficiency and infrastructure investment are needed. The Iraqi work force is able to handle current operational demands, but would benefit from additional training on modern port operating practices and procedures. Existing port infrastructure can be improved upon and modernized to handle the current and future work load. In addition, the Ministry of Transport is interested in developing new port infrastructure on the Al Faw peninsula, estimated to cost, if fully developed up to \$15 billion. Estimated current infrastructure investment needs in current port infrastructure range from \$250M USD to \$500M USD.

Railways:

The Iraqi Republic Railroad (IRR) is one of the main modes of surface transportation for the import and export of goods and efficient hauling of bulk commodities and passengers within the country. The IRR is owned and operated by the government. Iraq is focused on the safe transport of containers, bulk commodities and passengers in a cost efficient and safe environment while maintaining safety and operating standards defined by the International Union of Railways. The MoT and the IRR hope the railroad will serve as a primary surface transportation option, connecting customers in Europe, the Far East and the Gulf States while also serving as an economic growth catalyst. The IRR consists of 2,405 kilometres of track, 109 stations, 31 locomotives and 1,685 units of rolling stock. Recent investments (\$40M USD) in a state-of-the-art computer based train control and microwave communication system are the beginning of a broad modernization program for the rail system. Iraq continues intermittent negotiations concerning the establishment of rail links with Turkey, Kuwait and Saudi Arabia to complete a continuous Euro-Gulf rail route. Investment in supporting facilities such as inter-modal container terminals and corporatization of operations under a unified management contract continue to be areas of interest for Iraq's rail system.

Opportunities

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Best export opportunities for U.S. transportation-related manufacturers and contractors are the in the following product and service categories:

- maritime port management and ancillary facilities development
- dredging services
- training development
- air navigation systems
- radar and secure communication systems
- rail rolling stock
- aircraft maintenance and repair

- contractor engineering and technical support services

Web Resources

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Iraqi Ministry of Transport
Iraqi Civil Aviation Authority
Iraq Republic Railways
General Company Ports of Iraq
State Company for Maritime Transport
US Commercial Service in Iraq

www.motrans.gov.iq/english/
www.iraqcaa.com
www.iraqrailways.com
www.iraqports.com
www.scmt.gov.iq/english/
www.export.gov/iraq

Wheat

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The primary importer of wheat is the Ministry of Trade, which must supplement domestic production with imported wheat to meet the needs of the Public Distribution System. Private sector imports of wheat occur primarily as flour (milled wheat) and are counted as wheat equivalent. On average, 65 percent of wheat consumption is imported. Lower domestic wheat production is anticipated for the 2012 harvest, due to lack of rainfall at planting time. The need by the Ministry of Trade to maintain adequate wheat supplies should lead to increased wheat imports of 3.9 million metric tons during 2012/13. However, U.S. export prospects are not expected to return to the 2010/11 level of 1,237 TMT unless major production shortfalls occur in other key production areas.

Unit: Thousand Metric Tons

	2009/10	2010/11	2011/12 (estimated)	2012/13 (estimated)
Total Market Size	5,312	5,782	5,700	5,800
Total Local Production	1,407	2,350	2.0	1,900
Total Exports	0	0	0	0
Total Imports	3,905	3,632	3,700	3,900
Imports from the U.S.	307	1,237	600	400
Exchange Rate: 1 USD				

Data Sources: US Department of Agriculture/FAS and Post estimates

Sub-Sector Best Prospects

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- Center Pivot Irrigation Systems
- Farm machinery on farm grain storage

Opportunities

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- Establish dealerships with a local Iraqi partner
- Bid on Government of Iraq tenders

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Ministry of Agriculture -- <http://www.moagr.org/english/index.php>

US Department of Agriculture/FAS website - <http://www.fas.usda.gov/>

Rice

Overview

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The primary importer of rice in Iraq is the Ministry of Trade, which must supplement domestic production with imported rice to meet the needs of the Public Distribution System. On average, 90 percent of rice consumption is imported. During the past year, the Ministry has been purchasing lower quality rice, which has increased private sector imports from origins other than the United States. Demand for higher quality rice is increasing and private sector imports hold considerable potential for growth in coming years.

Unit: Thousand Metric Tons (Milled)

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	1,240	1,300	1,315	1,415
Total Local Production	115	110	110	110
Total Exports	0	0	0	0
Total Imports	1,060	1,150	1,200	1,300
Imports from the U.S.	121	208	41	200
Exchange Rate: 1 USD				

Data Sources: USDA/FAS and Post estimates

Sub-Sector Best Prospects

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- Water saving technologies
- Private-sector imports of U.S. rice

Opportunities

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- Market U.S. long grain rice at the whole and retail level

Web Resources

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Ministry of Agriculture - <http://www.moagr.org/english/index.php>

US Department of Agriculture/FAS website - <http://www.fas.usda.gov/>

Poultry

Overview

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Iraqi poultry production was expected to decline 6 percent during 2011 from the 2010 production level. Growth in the poultry sector was curtailed during the last half of 2010 by high feed prices and disease problems, both of which have carried over into 2011. Because of this, poultry imports are expected to remain strong during 2012, as Iraqi importers strive to meet consumer demand. To maintain per capita consumption levels at the 2010 level, with Iraq's rapid population growth, will require an annual increase in poultry supplies of approximately 13 thousand metric tons. Continued economic growth across Iraq should lead to continued gains in personal income, supporting poultry meat purchases by consumers. The outlook for continued high consumer prices in the red meat sector adds to a generally favorable outlook for both poultry production and imports. A new system of import precertification imposed in July 2011 has been an impediment to poultry imports, but major suppliers and importers have adjusted to this new requirement and trade has continued, although with problems.

Unit: Thousand Metric Tons

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	307	485	430	450
Total Local Production	95	110	150	160
Total Exports	0	0	0	0
Total Imports	212	375	280	290
Imports from the U.S.	101	85	103	110
Exchange Rate: 1 USD				

Data Sources: USDA/FAS (PSD) and Post estimates

Sub-Sector Best Prospects

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- Poultry equipment for modern production facilities

Opportunities

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- Contact the Iraqi Poultry Producers Association to explore opportunities
- State Company for Agricultural Supply tenders for poultry equipment

Web Resources

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Ministry of Agriculture - <http://www.moagr.org/english/index.php>

US Department of Agriculture/FAS website - <http://www.fas.usda.gov/>

State Company for Agricultural Supply - <http://www.iraqiscas.com/contacte.php>

Planting Seeds

Overview

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Demand for planting seeds, especially in the horticultural sector is increasing in Iraq. Government import controls and testing and certification requirements have limited the ability of private sector companies to import and sell new seed varieties for major crops, such as wheat, rice and barley. However, field testing and certification requirements by the Ministry of Agriculture have been reduced in some cases, leading to more prospects for these planting seeds. Fruit and vegetable seed imports are unrestricted encouraging considerable innovation and growth in seed imports. Import demand is expected to continue to grow, as the Iraqi agricultural sector recovers from years of disruption due to war.

Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	n/a	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a	n/a
Total Exports	0	0	0	0
Total Imports				
Imports from the U.S.	465	456	800	900
Exchange Rate: 1 USD				

Data Sources: US Department of Agriculture/FAS and Post estimates

Sub-Sector Best Prospects

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- Farm supply stores
- Form cooperative dealerships

Opportunities

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Make contact with the Iraqi Seed Traders Association to explore opportunities

Web Resources

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Ministry of Agriculture - <http://www.moagr.org/english/index.php>

US Department of Agriculture/FAS website - <http://www.fas.usda.gov/>

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Chapter 5: Trade Regulations, Customs and Standards

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- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
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Import Tariffs

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Iraq recently began imposing import tariffs based on the Harmonized Classification System ranging from zero to 80%. Iraqi Tariff law #22 (passed in 2020) is scheduled to go into effect in June 2012. For many products, the tariffs will be a big increase. Up to now, importers have been subject to a uniform tariff of only 5%, which covered everything except food, medicine, books, clothing and products related to humanitarian assistance or Iraq's reconstruction.

The tariff schedule can be found [here](#).

Trade Barriers

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In 2004, Iraq was granted observer status to the World Trade Organization (WTO). As part of Iraq's WTO accession bid, they committed to changing the country's trade regime, resulting in more transparency and to be more accommodating to non-Iraqi businesses. However, WTO accession has since stalled, and with it major reforms are also stalled.

Iraq has trade barriers, mainly regulatory and bureaucratic practices, which restrict the level of trade and investment. These include government procurement processes for several Iraqi ministries that contain language to enforce the Arab League Boycott of Israel (such procurements are required by U.S. law to be reported by U.S. firms to the Department of Commerce's Office of Antiboycott Compliance); increasingly stringent requirements on certificates of origin; a soon-to-be implemented requirement that all products will have import licenses (June 2012); pre-shipment inspection certification requirements on agricultural products; increased tariffs to go into effect in June 2012; and inadequate mechanisms in place to perform these processes or revise them to more progressive ones. Many of these issues can be traced to Iraq having been largely absent from the international trading stage for more than three decades, other than with regional trading partners, and having little experience with free trade as a result. The

U.S. Government and international organizations are working with Iraq to try to ameliorate these barriers, with mixed success.

Security:

Security remains a serious concern for both domestic and international businesses. Though violent acts have declined remarkably, security must still be factored into doing business in Iraq. Recent restrictions have been placed on security firms operating in Iraq limiting the services they provide. If you are planning on visiting Iraq, please be aware of the latest State Department travel warning, and register your presence with the U.S. Embassy in Baghdad through their on-line registration page.

Commercial Disputes Settlement:

There is not yet a transparent, comprehensive legal framework in place for resolving commercial disputes. Iraqi commercial law is still developing, but some progress has been made. There is a nascent system of specialized commercial courts who only hear commercial disputes. Though the court system is still being developed, it is uncertain whether judgments will be enforced in a timely manner. Iraq is not a signatory to the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. Domestic arbitration is fairly well defined and is provided for in Articles 251-276 of the Iraqi Civil Procedure Code, which require arbitration agreements to be in writing. Panels of arbitrators are available through the Iraqi Union of Engineers, the Iraqi Federation of Industries, and private arbitrators.

Entry and Visa Requirements:

To enter Iraq, passports, valid for at least six months, and visas are required of all U.S. citizens. An Iraqi visa may be obtained through the Iraqi Consulate in Washington, D.C. All visitors to Iraq must obtain a visa prior to travel. Business visitors can apply for a business visa at the Iraq Embassy in Washington. Foreign investors can request support from the National Investment Commission in expediting a visa. You are encouraged to submit your visa application as far in advance of travel as you can as the delay can be months. Once admitted to the country, visitors must obtain an arrival sticker and submit a blood sample taken by the Iraq Ministry of Health within 10 days of entry. Arriving passengers are reminded of this requirement upon admission. Iraq has imposed HIV/AIDS travel restrictions on all visitors. At this time, there is no waiver available for this ineligibility. Please verify this information with the [Embassy of Iraq](#) before you travel.

As of the date of this report, immigration officials in the Iraqi Kurdistan Region (IKR) routinely were allowing U.S. citizens to enter Iraq without a valid Iraqi visa; however, the airport-issued IKR visa is not valid outside the IKR, and U.S. citizens are not permitted to travel within the rest of Iraq with the IKR-issued visa. The IKR visa is valid for 10 days. U.S. citizens who plan to stay for longer than 10 days require an extension to their IKR visa; this can be obtained by visiting the local residency office. In addition, it is difficult for U.S. citizens to obtain residency authorization outside the IKR without first obtaining a valid Iraqi visa.

Visit the [Embassy of Iraq](#) for the most current visa information. The Embassy is located at 3421 Massachusetts Ave, NW, Washington, DC 20007; phone number is 202-742-1600; fax number is 202-333-1129.

Travel to all other areas of Iraq requires a visa. For directions on the current Iraqi visa registration process, go to www.iraqiembassy.us/consular-services/visas or call the Iraqi Embassy at (202) 483-7500.

Corruption:

Corruption in all areas remains a significant problem. The former regime's control of the economy left a legacy of heavy state procurement and subsidies distorting market prices. Unfortunately, undoing this legacy will be a long process, and businesspersons still may have to contend with requests for bribes or kickbacks from government officials at all levels. Under the U.S. Foreign Corrupt Practices Act, U.S. companies may not legally comply with such requests.

Transparency International, in its Corruption Perception Index (CPI), has consistently ranked Iraq at or near the bottom of their list. Corruption remains a major challenge that calls for substantial reform of Iraqi laws and implementing institutions designed to combat it.

Iraq signed and ratified the United Nations Convention against Corruption (UNCAC) in March 2008, and are evaluating changes that are required to come into compliance. Iraq has taken several steps to root out corruption. More than one high-profile GOI official has faced public arrest and trial on corruption charges; however, the prosecution and enforcement of corruption charges remains inconsistent. Iraq has also endorsed the Extractive Industry Transparency Initiative (EITI) and is seeking to become a full member.

Delayed Payments:

For large procurement, Iraq has had trouble in the past with budgeting for and executing payment. This issue is an important concern for affected American companies. Payment delay has forced some U.S. companies to renegotiate finance and delivery terms with the respective GOI Ministry. If you experience such problems, you should bring this issue to the attention of the U.S. Embassy in Baghdad.

Intellectual Property Protection:

Iraq offers the basic intellectual property protections but currently lacks a functional enforcement mechanism. Iraqi security forces and police have other priorities than IP enforcement. Therefore, it is imperative that rights holders police their goods. Companies should seek advice from local attorneys or IP consultants regarding registration of copyrights, trademarks, and patents. The U.S. Commercial Service can provide a list of local lawyers upon request.

It is the responsibility of the rights holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. In many countries, rights holders who delay enforcing their rights in a mistaken belief that the U.S. government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

The offices that register patents, trademarks, and copyrights, are currently spread across several ministries. The Central Organization on Standards and Quality Control

(COSQC), an agency within the Ministry of Planning, handles the patent registry and industrial design registry; the Ministry of Culture handles copyrights; and the Ministry of Industry and Minerals houses the office that deals with trademarks. There is a draft law in the works that would consolidate all the offices under a single Ministry; however, while the draft law will offer adequate statutory IPR protections, it has been stalled in the constitutional review process since mid-2007.

Iraq is a signatory to several international intellectual property conventions, and to regional or bilateral arrangements, which include:

-- Paris Convention for the Protection of Industrial Property (1967 Act) ratified by Law No. 212 of 1975.

-- World Intellectual Property Organizations (WIPO) Convention; ratified by Law No. 212 of 1975. Iraq became a member of the WIPO in January 1976.

-- Arab Agreement for the Protection of Copyrights; ratified by Law No. 41 of 1985.

-- Arab Intellectual Property Rights Treaty (Law No. 41 of 1985).

Arab League Boycott:

Certain Ministries and political trends still adhere to the Arab League Boycott of Israel. Despite a 2009 Council of Ministers decision directing GOI Ministries to not enforce the Arab League Boycott, the problem persists where. Notably, ALB requests are primarily seen in Ministry of Health, South Oil Company, and Patent Applications to the Ministry of Planning. Advice on boycott and anti-boycott related matters is available from the U.S. Embassy or from the Office of Anti-Boycott Compliance in Washington, D.C. at (202) 482-2381.

Import Requirements and Documentation

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U.S. firms seeking to export to Iraq must comply with Iraqi customs regulations. The following customs documents are required for imports under the Iraqi Law of Customs No. 23 (1984) and are outlined on the website of the Iraqi Trade Information Center (<http://www.iraqitic.com/>):

- Customs Declaration Form
- Commercial invoice approved by the Chamber of Commerce and Industry or any other authority accepted by the customs administration, and certified by the concerned authorities (documents must contain actual signatures, as digital signatures are not recognized by Iraqi Customs)
- Bill of Lading or similar document establishing a visible link between the cargo and the contract
- Certificate of Origin, certified by the Chamber of Commerce and Industry or similar body. Recently, the GOI implemented stipulations that Certificates of Origin must then be notarized by the Iraqi Embassy in the country of product origin. This is likely to result in further delay.

Certifying Documents for Iraqi Ministries:

Many Iraqi ministries require importers to provide authenticated/certified documents from their home governments. If such documents are requested, companies should get as much detail as possible about the certification requirements and be sure to follow those instructions closely.

The following guidelines outline the formal procedures required to authenticate documents in the United States and provide some guidance on other types of certification available:

- The State Department offers document authentication services for U.S. firms conducting business with a foreign government. This process is detailed on the State Department's website: <http://www.state.gov/m/a/auth/>
- When certification from a Chamber of Commerce is required, companies in the past have used the National U.S. Arab Chamber of Commerce (NUSACC). NUSACC states that certification can usually be given on the same day provided the documents are received before noon. Other bilateral chambers of commerce will also provide this service.
- If a company is asked for certification from the Iraqi Embassy, contact the Embassy of Iraq's Commercial Office. In the United States, the Iraqi Commercial Office is located at 1155 15th Street, Suite# 1100, **Washington, D.C. 20005** and can be reached at commercialattache@icous.org, (202) 822-2088 or can be visited online [here](#).

Iraqi Customs:

Pre-importation inspections of imported goods are required. In accordance with the Law No 54 of 1979 (Article 3/ Clause 8) authorizing the Central Organization for Standardization and Quality Control (COSQC) to conduct testing, analysis, inspection and quality control either directly or through accredited laboratories, COSQC had selected two companies that conduct such pre-importation inspection. The GOI since has terminated its contract with one of the two firms and has solicited applications.

The inspection program is launched by COSQC with the aim of protecting Iraqi consumers, producers, environment, public safety and national economy from using substandard products as well as to restrict the importation of inferior, debased and fake product.

The Process

The exporter will submit one of the two companies providing inspection services with the following documents to initiate the process:

- Request for Certification (indicating the Point of Entry in Iraq)
- Proforma invoice
- Letter of Credit (where applicable)
- Conformity documents (test reports, quality certificates, analysis reports, etc.)
- Company's Quality Management System documents (ISO 9000, ISO 22000, ISO/TS 16949, etc.)

One of the two companies will verify the conformity of the documents / goods to the applicable Iraqi Standards and Technical Requirements. The inspection company will

also organize, depending on the certification scheme, the physical inspection of the cargo and, if necessary, will take samples for testing.

After the verification process, including physical inspection, has been completed with satisfactory results, the exporter will supply the Final Invoice and the Transport Document (BL, AWB, etc.) to allow the issuance of the Certificate of Conformity (CoC). The Certificate of Conformity is a necessary document to import goods into Iraq and to clear goods through Customs. The inspection company will perform verification at the border point of entry in Iraq in order to authenticate the CoC, to check the condition of the shipment, the consistency between the CoC and import documentation and to visually check the packages or goods whenever customs open a container.

Business Registration in Iraq:

U.S. companies seeking to operate in Iraq, or to provide goods or services directly to the Iraqi government, are required to register with the Iraqi Ministry of Trade. U.S. companies engaged strictly in exporting to Iraq are not required to register.

For instructions on completing the business registration process, please visit the website of the Iraqi Commercial Office at the Embassy of Iraq in Washington, DC <http://www.ico-us.org/BusinessRegistrationInIraq/tabid/67/language/en-US/Default.aspx>. For questions regarding business registration in Iraq, U.S. companies should contact the Iraqi Commercial Office at **(202) 822-2088** or commercialattache@icous.org.

U.S. Export Controls

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Current U.S. export license requirements for Iraq are not that different from those that apply to many other foreign markets and are similar to those that apply to other foreign markets in the Middle East. To determine if an export license is needed, an exporter should consult the regulations regarding licensing requirements and procedures for exporting and re-exporting to Iraq, as described by the U.S. Department of Commerce's Bureau of Industry and Security (BIS) and available online [here](#). Firms may also wish to consult BIS's list of Frequently Asked Questions for Iraq [here](#). Finally, companies may contact the BIS Exporter Counseling Division at 202-482-4811 or online at its Contact BIS page [here](#).

The BIS controls on exports to Iraq are unique in some aspects, including the parameters of "end-use controls" and the licensing requirements for transfers within Iraq. The Department of Commerce advises companies to review BIS's posted guidance carefully and contact the BIS Exporter Counseling Division with any questions.

When working with BIS, an exporter should have the following information available: Export Control Classification Number (ECCN), description of export item, destination of export, who will receive the product(s), intended use of the export, and other activities the recipient of the export is involved in. The ECCN is an alpha-numeric code (e.g. 3A001) that describes a particular item or type of item, and shows the controls placed on that item. All ECCNs are listed in the Commerce Control List (CCL) (Supplement No. 1 to Part 774 of the Export Administration Regulations), which is available from the BIS website [<http://www.bis.doc.gov/>]. Items that are not specifically described on the CCL but that are still subject to the Export Administration Regulations are designated as

EAR99. BIS's Exporter Counseling Division can assist companies to determine their products' ECCN or EAR99 designation.

Prohibited Persons for Iraq:

Trade with certain persons in Iraq, associated with the former Saddam Hussein Regime or engaged in other illegal activity, continues to be prohibited. For more information on BIS export license requirements that apply to restricted end-users, consult part 744 of the Export Administration Regulations, Title 15 Code of Federal Regulations [here](#). You should also verify that the entity you are exporting to does not appear on the lists identified [here](#).

The [Office of Foreign Assets Control \(OFAC\)](#) of the U.S. Department of the Treasury also administers and enforces economic and trade sanctions. These prohibitions are based on U.S. foreign policy and national security goals against targeted foreign countries, terrorists, international narcotics traffickers, and those engaged in activities related to the proliferation of weapons of mass destruction. OFAC sanction lists can be found [here](#), and you should verify that the entity you are exporting to does not appear on an OFAC list.

Sale of arms and ammunitions is managed through a Foreign Military Sales (FMS) program of the U.S. Department of Defense.

Temporary Entry

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N/A

Labeling and Marking Requirements

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Please refer to [Standards](#) sub-section below.

Prohibited and Restricted Imports

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The importation of certain articles is either prohibited or requires special approval from Iraqi authorities. Importing the following products requires special approval: agriculture seeds, live animals, chemicals and harmful materials, pharmaceutical products, products containing alcohol, pornography, and archaeological artifacts.

The Ministry of Agriculture inspects all agricultural products and livestock, as well as issues health certificates for livestock. The Ministry of Health inspects and issues health certificates for manufactured food products. Details of these regulations may be found at the websites of each Ministry.

Customs Regulations and Contact Information

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Iraq recently began imposing import tariffs based on the Harmonized Classification System ranging from zero to 80%. For many products, this will be a big increase. Up to now, importers have been subject to a uniform tariff of only 5%, which covered

everything except food, medicine, books, clothing and products related to humanitarian assistance or Iraq's reconstruction.

Under the Investment Law, any projects initiated through NIC, or established in a Free Zone, will be exempt from this tariff for a period of time, as determined by import type.

Standards

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- [Standards Organizations](#)
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- [Publication of Technical Regulations](#)
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Overview

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Iraq is a member of the International Organization for Standardization. The Central Organization of Standardization and Quality Control (COSQC), housed within the Ministry of Planning, is responsible for monitoring product standards in Iraq. COSQC inspects local goods according to health and safety parameters.

The [National Center for Standards and Certification Information \(NCSCI\) at the National Institute of Standards and Technology \(NIST\)](#) in the U.S. Department of Commerce provides information on U.S. and foreign standards, technical regulations, and conformity assessment procedures for non-agricultural products. NCSCI staff responds to requests for information by identifying relevant standards and regulations, and by referral to the appropriate standards-developers or private-sector organizations. Under copyright restrictions, NCSCI cannot provide copies of standards, but NCSCI does provide sources for accessing standards.

U.S. companies can register for the [Notify U.S.](#) service to learn about and comment on proposed changes to foreign standards, technical regulations, and conformity assessment procedures that may affect U.S. access to global markets.

Standards Organizations

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Iraq is a member of the International Organization for Standardization. The Central Organization of Standardization and Quality Control (COSQC) is responsible for monitoring product standards in Iraq. COSQC inspects local goods according to health and safety parameters.

COSQC's contact information:

Tel: +964 1-776-1980
Fax: +964 1-776-1981
E-mail: cosqc@yahoo.com

Conformity Assessment

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COSQC Law No. 54 of 1979 (Article 3/Clause 8) lists the following products under COSQC's charge.

Bureau Veritas is currently operating in Iraq, and the GOI currently is reviewing the applications of other firms to determine which one(s) will be permitted to assist with inspections.

Product Certification

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Iraq applies product certification according to Iraqi standards. Iraq references other internationally recognized standards (i.e., ASTM, ISO, ANSI) for their national standards. However, officially the Iraqi government requires strict adherence to Iraq standards in the import inspection regime.

Product certification takes place through ICI GI. There is a Pre-Importation Inspection, Testing, and Certification of Goods into Iraq (ICIGI), relative to the COSQC Law No. 54 of 1979 (Article 3/Clause 8). Under this program, COSQC requires that regulated imported products whose standard specifications were declared compulsory under the provisions of COSQC Act 1983 are to be inspected for conformity to the relevant Iraqi standards and technical requirements."

Please contact Bureau of Veritas for more details regarding verification procedures and documentary requirements at iraq.conformity@bureauveritas.com or consult the process at www.bureauveritas.com/iraq-conformity.

Accreditation

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The Ministry of Planning is seeking to build five national laboratories and capacity within the COSQC for accreditation. A national labs accreditation body was established in 2003. Aside from that, there are no other accreditation bodies in Iraq.

Publication of Technical Regulations

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The Official Gazette of the Republic of Iraq is named "Alwaqai Aliraqiya," but COSQC does not publish reports of their technical committees in the national gazette with regularity.

The COSQC sends letters to domestic industry members notifying them of proposed standards, but does not notify foreign firms or association bodies. In discussions, they are open to the idea of sending notification to international bodies.

The COSQC intends to publish its current standards requirements, laws and regulations, but they are in the process of revising most of them.

The page on their website for “laws and regulations” is currently under construction.

Labeling and Marking

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Cargo moving to Iraq should be well stabilized, secured and preferably have the contents fully concealed.

Marking on boxes or crates should be directly on the box or crates in ink or paint rather than on removable tags or labels. Country of origin should be clearly marked and indicated.

The date of manufacture and expiration of canned and preserved food items has to be embossed or printed on the packaging.

The contents of pharmaceutical products must be clearly printed on the packaging. Pesticide labeling must be in Arabic and English.

Local business people may only import products that comply with the labeling and marking requirements issued by the Department of Standards and Specifications or the responsible government ministry.

Contacts

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COSQC's contact information:

Tel: +964 1-776-1980

Fax: +964 1-776-1981

E-mail: cosqc@yahoo.com

Trade Agreements

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Iraq signed a Trade and Investment Framework Agreement (TIFA) with the United States on August 11, 2008, designed to improve trade and investment flows between the two countries. However, Iraq has not yet ratified the treaty, something the Council of Representatives insists must happen before the TIFA enters into effect. Iraq is a party to the Multi Investment Guarantee Agreement (MIGA), and has observer status in the World Trade Organization (WTO) but is not yet a full member. . In addition, Iraq is currently party to nine separate multiparty agreements within the Arab League, as well as 32 other bilateral agreements worldwide.

Iraq has also concluded Free Trade Agreements with the following countries:

Algeria	Egypt
Jordan	Lebanon

Oman	Qatar
Syria	Sudan
Tunisia	UAE
Yemen	

Web Resources

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Baghdad Business Centre – www.baghdadbusinesscenter.org

Central Bank of Iraq – www.cbi.iq

Ministry of Oil – www.oil.gov.iq/

Trade Bank of Iraq – www.tbiraq.com

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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Investor interest in Iraq has risen strongly since 2008, following substantial improvements in the security situation. The [International Trade Centre \(ITC\)](#)—a joint venture of the United Nations and the WTO calculated more than \$1.4 billion of FDI inflows in 2010 (most recent statistics available), an approximate 45 percent increase per year since 2007. In 2010, private sources estimated over \$40 billion in new investments were in the planning stages, including private investment in some major infrastructure and housing construction projects.

Potential investors still are concerned about security, but now are more likely to cite regulatory hindrances and other practical barriers to doing business as their key issues. While the end of 2009 and early 2010 saw a series of high-profile bombings targeting hotels and government offices, the frequency of broader sectarian violence and acts of terrorism remained relatively low during 2011. Despite the prolonged political vacuum caused by the government formation process for most of 2010 and 2011, the Government of Iraq (GOI) and the Iraqi private sector continued to make incremental progress toward improving the business and investment climate. In particular, the GOI has created a special commercial court in Baghdad for disputes involving foreign investors, with plans to create three more in Basrah, Mosul, and Karbala; and the GOI issued regulations intended to ease access to land for foreign investors, which has been a significant bottleneck to new projects.

The GOI has held three oil and gas licensing (“bid”) rounds since 2009, in which 44 foreign firms were allowed to bid for contracts to develop a significant portion of Iraq’s oil and gas resources. A planned fourth bid round has been postponed twice already and will not be held until the end of May 2012 at the earliest. In 2010, the GOI held a symposium intended to attract investment into Iraq’s oil refineries, and auctioned rights to develop three natural gas fields. The awarded contracts could increase Iraqi production of crude oil five-fold over seven years, although internal infrastructure limitations and other factors will likely limit full realization of this potential. Iraq’s oil and gas licensing rounds in 2009 and 2010 were widely regarded as transparent and competitive. In addition, the oil and gas contracts awarded could bring billions of dollars in foreign direct investment in related industries in the coming years and spur the growth of the foreign and domestic private sector in Iraq.

Despite these positive developments, the overall investment climate remained challenging, especially for small and medium investors. Potential investors should prepare themselves for significant security costs; cumbersome and confusing procedures for business visas and new business registration; long payment delays on some Iraqi government contracts; and sometimes unreliable, non-transparent or even non-existent dispute resolution mechanisms. Allegations of corruption are still common, and the legacy of central planning and inefficient state owned enterprises continues to inhibit economic development. In *Doing Business 2011: Making a Difference for Entrepreneurs*, the World Bank ranked Iraq 164 out of 183 countries in its overall “ease of doing business” category.

The GOI has publicly stated its commitment to attracting foreign investment and took several steps in 2010 to improve its investment climate. The National Investment Law (NIL), originally passed in 2006, provides a baseline for a modern legal structure to protect foreign and domestic investors in addition to tax and other incentives. (A copy of the National Investment Law can be obtained from the U.S. Department of Commerce Iraq Task Force website – <http://www.export.gov/iraq/>.) An amendment to the NIL, passed in early 2010, allows for limited foreign ownership of land, albeit solely for the purpose of developing residential real estate projects. The amendment also sought to bring clarity to land allocation and use, a major inhibitor to investment. In December 2010, the GOI approved implementing regulations to the amendment, which are intended to specify the conditions not only for ownership of land for housing but also for long-term leasing of land for other types of investment projects. As of early 2012, Iraqi authorities still were in the process of interpreting these regulations and applying them to specific licensees. Many licensed investment projects remain stalled due to continuing confusion over land use at both the provincial and national levels.

Formed in accordance with the NIL of 2006, the National Investment Commission (NIC) and the Provincial Investment Commissions (PICs) are designed to be “one-stop shops” that can provide information, sign contracts, and facilitate registration for new foreign and domestic investors. The NIC and the PICs, however, are still works in progress. Investment Commissioners struggle with unclear lines of authority, budget restrictions, and the absence of regulations and standard operating procedures. An overall lack of legislative clarity regarding the NIL and the GOI’s relative lack of infrastructure coordination means that many of the investments that have received NIC approval have yet to break ground.

Under the U.S.-Iraq Strategic Framework Agreement, U.S. and Iraqi officials continue to work together to identify and alleviate problems in Iraq's business and investment climates. A Department of Commerce-led trade mission of U.S. businesses to Iraq in October 2010 opened new opportunities for U.S. firms in Iraq and underscored the desire of Iraqi firms to partner with U.S. companies. The State Department, Department of Commerce, and U.S. Chamber of Commerce sponsored a workshop, "Doing Business in Iraq," in March 2012 for U.S. companies. Individual governments and international organizations also manage numerous programs in support of private sector development in Iraq, which cumulatively are laying the foundation for future growth.

In November 2010, Iraq's Supreme Judicial Council established the First Commercial Court of Iraq, a court of specialized jurisdiction for disputes involving foreign investors that is part of a national strategy to improve Iraq's investment climate. This court began hearing cases in January 2011. It has jurisdiction only over cases involving a foreign party in Baghdad province; Iraqi judicial officials have expressed interest in opening similar courts in Basrah, Mosul and Babil.

Both the national government and the Kurdish Regional Government (KRG) have the right to regulate investment. The KRG has its own investment law (Law 89 of 2004) and its own Investment Commission. The most significant difference between the KRG investment law and the national law is that the regional law allows foreigners to own land. Under the Iraqi Constitution, when there is a contradiction between regional and national legislation in the area of land ownership, the regional law applies.

Currency Conversion and Transfer Policies

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The currency of Iraq is the Dinar (IQD - sometimes referred to as the New Iraqi Dinar). Iraqi authorities confirm that in practice there are no restrictions on current and capital transactions involving currency exchange as long as underlying transactions are supported by valid documentation. The International Monetary Fund's annual publication on Exchange Arrangements and Restrictions states that: "Restrictions on capital transactions are not enforced; however, documentation and reporting requirements apply." The National Investment Law contains provisions that, once implemented, would allow investors to maintain Iraqi bank accounts and transfer capital within Iraq and across its borders.

The Government of Iraq's monetary policy has focused on maintaining price stability while seeking to maintain exchange rate predictability by gradually appreciating the IQD against the US dollar. Banks may engage in spot transactions in any currency, but they are not allowed to engage in forward transactions in Iraqi Dinar for speculative purposes. There are no taxes or subsidies on purchases or sales of foreign exchange.

Improved security has allowed for an increased supply of goods and services which, along with the Central Bank's monetary and exchange rate policies, have continued to help temper inflation. The CBI has brought inflation down from a peak of more than 70 percent in 2006 to below 10 percent since early 2008, primarily through appreciating the currency. Year-on-year inflation stayed below 4 percent in 2011.

Expropriation and Compensation

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Article 23 of the Iraqi Constitution prohibits expropriation in Iraq, unless it is "for the purpose of public benefit in return for just compensation." The constitutional provision further stipulates that this provision shall be regulated by law, but the government has yet to pass such legislation. Article 12 of the National Investment Law (NIL) also guarantees "non-seizure or nationalization of the investment project covered by the provisions of this law in whole or in part, except for a project on which a final judicial judgment was issued." As a result, whether foreign investors will enjoy protection from expropriation that meets international standards will likely depend on domestic implementing legislation and/or future bilateral treaty obligations with investor states. The United States does not have a Bilateral Investment Treaty (BIT) with Iraq.

Dispute Settlement

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While the law of domestic arbitration is fairly well developed in Iraq, international arbitration is not sufficiently supported by Iraqi law. Iraq is a signatory to the League of Arab States Convention on Commercial Arbitration (1987) and the Riyadh Convention on Judicial Cooperation (1983), and is considering, but has not yet signed or adopted, the two most important legal instruments for international commercial arbitration: The United Nations New York Convention on Recognition and Enforcement of Foreign Arbitral Awards (1958 -- commonly called the New York Convention) and the attendant rules and procedures established by the UN Commission on International Trade Law (UNCITRAL). Article 27 of the NIL, which details the rights of Iraqis and foreigners with respect to Iraqi law, refers to dispute resolution. However, the absence of implementing regulation makes application of the law uncertain in practice.

Domestic arbitration is provided for in Articles 251-276 of the Iraqi Civil Procedure Code, which require arbitration agreements to be in writing. Panels of arbitrators are available through the Iraqi Union of Engineers, the Iraqi Federation of Industries, and private arbitrators.

Performance Requirements and Incentives

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The NIL offers equal incentive to both domestic and foreign investors. However, the lack of precedent or implementing regulations to the NIL continues to result in uncertainty regarding the application of the articles contained therein. The NIL allows for investors to take out capital brought into Iraq, and its proceeds, in accordance with the law. Foreign investors are able to trade in shares and securities listed on the Iraqi Stock Exchange. In principle, the law also allows investors who have obtained an investment license to enjoy exemptions from taxes and fees for a period of ten years. Hotels, tourist institutions, hospitals, health institutions, rehabilitation centers and scientific organizations also are granted additional exemptions from duties and taxes on their imports of furniture and other furnishings. The exemption increases to fifteen years if Iraqi investors own more than fifty percent of the project.

Right to Private Ownership and Establishment

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Foreign investors in Iraq are able to own enterprises as well as investment portfolios in shares and securities. Prior to the 2009 amendment to the National Investment Law, the NIL did not allow foreigners to own land. The amendment allows foreign interests to own land in Iraq for the express purpose of developing residential real estate projects. In addition, the amendment sought to clarify the land use aspect of the NIL, in which foreign investors are permitted to rent or lease land for up to fifty years (renewable).

In December 2010, the GOI approved implementing regulations to this amendment, in the form of a Prime Ministerial decree. The regulations allow investors to obtain land for residential housing projects with no initial down payment. The government instead is compensated by receiving a specified percentage of units built once the project is completed. The percentages are given in ranges that vary by location: urban center, provincial center, outside city limits, and so on.

For nonresidential, commercial investment projects--including agriculture, services, tourism, commercial, and industrial projects--the decree allows for leasing and allocation of government land but not ownership. The terms and duration of these leases will vary, depending on the type of project and negotiations between the parties. Land for nonresidential projects may be leased without an initial down payment, and compensation will be either a percentage of pre-tax revenue or a specified percentage of the "rent allowance" for the land--a figure determined by a formula specified in an earlier law. These smaller percentages of the "rent allowance" rate--ranging from 1 percent to 25 percent--amount to significant rent reductions for leased land, as specified by type of investment project in the decree. As of the end of 2011, Iraqi authorities were still in the process of interpreting these regulations and applying them to specific licensees.

Protection of Property Rights

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Iraq currently does not have adequate statutory protection for intellectual property rights (IPR). The Central Organization on Standards and Quality Control (COSQC), an agency within the Ministry of Planning, handles patent registry and the industrial design registry; the Ministry of Culture handles copyrights; and the Ministry of Industry and Minerals houses the office that registers trademarks. The GOI's ability to enforce IPR protections remains weak. USG efforts to bolster understanding of U.S. intellectual property rights are ongoing, with the Department of Commerce's Commercial Law Development Program planning training for Iraqi legislators, judges and attorneys in 2012.

Iraq is a signatory to several international intellectual property conventions and to regional or bilateral arrangements, which include: Paris Convention for the Protection of Industrial Property (1967 Act), ratified by Law No. 212 of 1975; World Intellectual Property Organizations (WIPO) Convention, ratified by Law No. 212 of 1975; Arab Agreement for the Protection of Copyrights, ratified by Law No. 41 of 1985; and Arab Intellectual Property Rights Treaty (Law No. 41 of 1985).

Transparency of Regulatory System

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The lack of clear and definitive implementing regulations for the National Investment Law and its amendment remain a source of delay and confusion in approving investment

projects. Once fully implemented, the law would establish a legal framework for investment. Potential investors, however, would likely still face laws, regulations, and administrative procedures. PICs have also been active in assisting regional investors. However, NIC and PIC Commissioners and their staff often lack training and expertise and are still building an effective “One-Stop Shop” for investors to ease their entrance into the Iraqi market.

The absence of other laws in areas of interest to foreign investors also creates ambiguity. Iraqi officials have stated their intent to seek membership in the World Trade Organization but they have yet to begin the accession process. Iraq passed a competition law and a consumer protection in 2010, but neither law has been implemented. In the interim, investors do not have recourse against unfair business practices such as price-fixing by competitors, bid rigging, and abuse of dominant position in the market.

The way in which the Iraqi government promulgates regulations can be opaque and lend itself to arbitrary use. Regulations imposing duties on citizens or private businesses are required to be published in the official government gazette. However, internal ministerial regulations are not. This loophole allows bureaucrats to create internal requirements, procedures, or other “turnstiles” with little or no oversight, which can result in additional burdens for investors and other businesspersons.

Efficient Capital Markets and Portfolio Investment

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The Central Bank of Iraq (CBI) is responsible for conducting monetary policy in Iraq. The CBI was reorganized by Coalition Provisional Authority (CPA) Order No. 56 as a legal public entity that has financial and administrative independence. The Iraqi banking system includes seven state-owned banks, with the three largest (Rafidain Bank, Rasheed Bank, and Trade Bank of Iraq) accounting for about 96 percent of banking sector assets. There are also 36 privately owned banks licensed by the CBI (see CBI's website – <http://www.cbi.iq>). Eleven foreign banks either have licensed branches in Iraq or have strategic investments in Iraqi banks.

Although the volume of lending by privately owned banks is growing, many privately owned banks do more business providing wire transfers and other fee-based transaction services than lending. Businesses, therefore, largely self-finance or obtain credit from individuals in private transactions. Financial transfers from the government to provincial authorities or individuals, rather than business loans, are the major activity of the state-owned banks. Iraq's economy remains primarily cash-based.

The Trade Bank of Iraq (TBI) was established as an independent government entity under CPA Order No. 20 in 2003. The TBI's main purpose is to provide financial and related services to facilitate import trade, particularly through letters of credit (LCs). In 2009, the Ministry of Finance (MOF) opened the government LC business by granting private banks permission to issue them for less than \$4 million; however, private banks report that they have yet to receive any LCs over \$2 million.

The National Investment Law allows for foreign investors to exchange shares and securities listed in the Iraq Stock Exchange (ISX) (Web: <http://www.isx-iq.net/isxportal/portal/homePage.html?currLanguage=en>.)

The NIL also allows foreign investors to form investment portfolios. Automation of the ISX was completed in 2009, and dematerialization of shares through the use of electronic bookkeeping instead of physical certificates is in progress.

Competition from State Owned Enterprises

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The Iraqi government currently operates over 176 state-owned enterprises (SOEs), a legacy of the central planning system of Iraq's former regime. These firms employ over 700,000 Iraqis, many of whom are underutilized. As a result of years of sanctions and war, most of these SOEs suffer from underinvestment or damage. Many of them are non-viable, although some have adapted and are producing goods—some with foreign partners. Many goods in Iraq, ranging from foodstuffs to apparel to light-industrial products, are imported—a result of both the poor state of Iraq's industrial base and the opening of Iraq's borders in 2003. The GOI proposed an increase in import tariffs in 2010, scheduled for June 1, 2012, that would provide tariff protection for some SOEs. In addition, the 2012 budget requires the government to purchase goods and services from SOEs even when imported goods or locally produced goods would be cheaper.

In 2010, Prime Minister Maliki approved a policy to corporatize Iraq's SOEs, based on a "Road Map" derived from international best-practices. This program, which is likely to unfold over a period of up to ten years, is designed to help SOEs develop business and investment plans and operate on a more commercial basis. In addition to being a significant economic reform, this program, over the long term, may open additional opportunities for foreign investors. A handful of Iraqi SOEs already have foreign investors as partners; this number is expected to grow in the coming years.

The degree to which SOEs compete with private companies depends on the sector. For example, the Ministry of Communications has sought for many years to create a fourth, state-owned mobile operating company, to compete with the three existing private mobile operators. However, the Ministry of Electricity, in response to Iraq's chronic power shortages, initiated in 2010 a policy of tendering independent power producer projects (IPPs), privately-owned power generating companies which will contribute to Iraq's electricity grid along with the existing state-owned companies. The IPP initiative has the potential to attract significant investment.

Corporate Social Responsibility

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Corporate social responsibility is a relatively unknown concept in Iraq. The international oil companies active in Iraq are required to observe international best practices in this area as part of their contracts with the GOI. As conditions improve, awareness of corporate social programs and responsibilities is likely to increase.

Political Violence

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Despite great improvements since 2008, Iraq still can be a dangerous place. Violence against both foreigners and Iraqis persists, and the threat of attacks against U.S. citizens and facilities remains high. In addition, roads and other public areas continue to be

dangerous for Iraqi or foreign travelers. Attacks against military and civilian targets throughout Iraq continue, including indirect fire attacks in the International Zone. In addition, planned and random killings have occurred, as well as extortions and kidnappings. U.S. citizens and other foreigners, as well as Iraqi officials and citizens, have been targeted by insurgent groups and opportunistic criminals for kidnapping and murder.

The U.S. Department of State issues up-to-date travel warnings for countries throughout the world, and U.S. companies and visitors are advised to assess carefully the situation in Iraq by consulting the Department's country-specific web page on Iraq at http://travel.state.gov/travel/cis_pa_tw/cis/cis_1144.html. The site contains essential security and safety information regarding travel to Iraq, including the ability to enroll in the State Department's Smart Traveler Enrollment Program (STEP).

In addition to violence, investors must be prepared to deal with unreliable delivery of essential sewer, water, and electrical services and the impact this has on travel, business development, and operating costs.

Corruption

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While significant investment opportunities exist, particularly for sophisticated investors, corruption remains a significant problem in Iraq. The country was tied with Haiti as the 8th most corrupt country in Transparency International's 2011 Corruption Perceptions Index, and ranked in the bottom fifth percentile in the World Bank's 2010 Control of Corruption Index. Notably, it ranked in last place among Middle East countries on both indices—below even Libya, Syria, and Yemen.

Investors may have to contend with corruption in many forms in the country. With respect to government procurement, there are widespread and credible reports of bribery, kickbacks and awards to companies connected to political leaders. In some areas, investors may come under pressure to take on well-connected local partners to avoid bureaucratic hurdles to doing business. Similarly, there are widespread reports of corruption involving government payrolls, ranging from “ghost” employees and salary skimming to nepotism and patronage in personnel decisions. Moving goods into and out of the country is difficult (Iraq ranks 180th out of 183 countries in “trading across borders” under the World Bank's 2011 *Doing Business: Making a Difference for Entrepreneurs*—down one place from the 2010 report); bribery to port officials to move goods appears to be common. In addition, Iraq needs to make major improvements in its anti-money laundering regime to meet the Middle East North Africa Financial Action Task Force (MENAFATF) standards. Having joined MENAFATF in 2005, Iraq will undergo its first mutual evaluation in May 2012 to determine the GOI's conformity with the 40-plus-9 recommendations issued by FATF to assess Iraq's existing Anti-Money Laundering/Counter Terrorism Financing (AML/CTF) regime.

There are three principal institutions that are working to address the problem of corruption in Iraq. The Commission of Integrity (COI), established under the Coalition Provisional Authority (CPA), is an independent government agency responsible for anti-corruption, law enforcement and crime prevention -- as well as public education on these topics. The COI investigates allegations of government corruption and refers cases to

the Iraqi judiciary. The Board of Supreme Audit (BSA), established in the 1920s, is an analogue to the U.S. Government's General Accountability Office (GAO), and is responsible for auditing government accounts and overseeing public contracts. In addition, CPA Order 57 established inspectors general (IGs) for each of Iraq's ministries. Similar to the role of IGs in the U.S. Government, these offices are responsible for inspections, audits and investigations within their ministries. Coordination among the three institutions is currently overseen by the Joint Anticorruption Council (JACC) which reports to the Council of Ministers, and a small office that advises the Prime Minister on anticorruption issues. Within the Council of Representatives, corruption issues are the primary responsibility of the Integrity Committee.

None of these institutions have effective jurisdiction in Iraq's Kurdistan Region (IKR). The Kurdistan Regional Government (KRG) is currently merging two regional offices of the BSA into a regional Bureau of Supreme Audit, and passed legislation in 2011 to establish a regional Commission of Public Integrity. The Kurdistan Regional Parliament has also established an integrity committee to promote anticorruption efforts in the region.

Iraq signed and ratified the United Nations Convention against Corruption in March 2008 and in March, 2010, unveiled a strategy to achieve compliance with the convention. The strategy, which is coordinated by the JACC, and under the supervising authority of the COI, includes a detailed 5-year action plan, addressing more than 200 specific areas. By the end of 2010, all Iraq's ministries had submitted their individual plans to carry out the strategy, and most had begun implementation. Iraq is also a candidate country under the Extractive Industry Transparency Initiative (EITI) (<http://eiti.org>) and has drafted an action plan towards fulfilling the criteria for full EITI membership. It has until August 9, 2012, to undergo EITI validation to determine whether the country is compliant, and either will get an extension of 1.5 years to comply, or will be suspended from the initiative. As of mid-January, Iraq appeared to be on-track to avoid suspension and receive the 1.5-year extension, but the country will have to do more to become compliant.

While their capabilities have improved significantly in recent years, Iraq's anti-corruption institutions are not yet powerful enough to fully address high level corruption in the country. The independence of the institutions has also been weakened by a failure of the government to seek COR confirmation of the appointment of key anti-corruption officials, which leaves many key officials in an acting capacity, and so subject to removal at any time by the Prime Minister. It remains to be seen how vigorously the new Iraqi Government will move to address these challenges.

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the

foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: <http://www.justice.gov/criminal/fraud/>

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of December 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. [Insert information as to whether your country is a party to the OECD Convention.]

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational

business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. [Insert information as to whether your country is a party to the UN Convention.]

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 33 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) [Insert information as to whether your country is a party to the OAS Convention.]

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 46 member States (45 European countries and the United States). As of December 2009, the Criminal Law Convention has 42 parties and the Civil Law Convention has 34 (see www.coe.int/greco.) [Insert information as to whether your country is a party to the Council of Europe Conventions.]

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. [Insert information as to whether your country has an FTA with the United States: Country [X] has a free trade agreement (FTA) in place with the United States, the [name of FTA], which came into force. Consult USTR Website for date: <http://www.ustr.gov/trade-agreements/free-trade-agreements>.]

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service in Iraq can provide services that may assist U.S. companies in conducting their due diligence as part of the company's overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service in Iraq can be reached directly through its website at <http://export.gov/iraq/usproducts/index.asp>

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Public sector corruption, including bribery of public officials, remains a major challenge for U.S. firms operating in Iraq. Despite progress toward fundamental reforms of the economy and legal system, the legacy of central planning also continues to inhibit economic diversification and development. Businesses and potential investors face cumbersome regulations; some Iraqi government contracts face payment delays; and corruption continues to hamper some trade and investment. However, the Iraqi government made serious efforts to address these challenges. In March 2010, Iraq launched a comprehensive national anti-corruption strategy in coordination with the United Nations Development Program (UNDP). UNDP is helping the Iraqi government implement the national anti-corruption strategy at both the central and provincial government levels. The National Investment Law, originally passed in 2006, provides a baseline for a modern legal structure to protect foreign and domestic investors

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See http://info.worldbank.org/governance/wgi/sc_country.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://go.worldbank.org/RQQXYJ6210>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm>.
- Additional country information related to corruption can be found in the U.S. State Department’s annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 92 countries with respect to governance and anti-corruption.

The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

Bilateral Investment Agreements

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Iraq is a signatory to some form of investor protection agreement or memorandum of understanding with thirty-five bilateral partners and nine multilateral groupings. However, none of the agreements is as all encompassing as a U.S. Bilateral Investment Treaty (BIT). The agreements include arrangements on Investments Promotion and Protection (IPPA) within the Arab League, as well as arrangements with Afghanistan, Bangladesh, India, Iran, Japan, Jordan, Kuwait, Germany, Mauritania, Republic of Korea, Sri Lanka, Syria, Tunisia, Turkey, the United Kingdom, Vietnam, and Yemen. In 2010, Iraq concluded BITs with France, Germany and Italy, although these treaties are still awaiting ratification by the Iraqi Council of Representatives. These agreements include general provisions on promoting and protecting investments, including clauses on profit repatriation, access to arbitration and dispute settlements, fair expropriation rules and compensation for losses. However, the Iraqi government's ability and willingness to enforce them remains unknown.

In addition, Iraq has bilateral free trade area (FTA) agreements with the following eleven countries: Algeria, Egypt, Jordan, Lebanon, Oman, Qatar, Sudan, Syria, Tunisia, Yemen, and the United Arab Emirates. Iraq is also a signatory to several multilateral agreements, including the "Taysir" agreement with Arab countries.

On July 11, 2005, Iraq and the United States signed a Trade and Investment Framework Agreement (TIFA) as a first step toward increasing trade and investment cooperation between the two countries. The Iraqi Parliament has yet to ratify this agreement.

OPIC and Other Investment Insurance Programs

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The Overseas Private Investment Corporation (OPIC; <http://www.opic.gov>) and the Government of Iraq executed an Investment Incentive Agreement (IIA) in 2005. However, the Iraqi Parliament has yet to ratify this agreement. Even without the IIA, OPIC has been able to offer limited programs in Iraq on a temporary basis and only through a congressional waiver of OPIC's statutory IIA requirement. Some of OPIC's basic programs include structured finance projects; political risk insurance; investment funds and financing for small and medium-sized enterprises; and a planned mortgage pilot program. In 2009, OPIC provided \$25 million in funding for an U.S.- investor-led hotel project in Baghdad's International Zone.

Labor

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Iraqi labor law remains weak in promoting a flexible, business-friendly employment environment. The existing Saddam-era law includes non-supportive benefit clauses, working conditions for foreign expatriate workers, and rules governing working hours. A more modern law drafted with the assistance of the International Labor Organization (ILO) cleared the Shura Council in 2010 and is now awaiting Council of Representatives action.

Iraq is a party to both International Labor Organization (ILO) conventions related to youth employment, including child labor abuse. The Ministry of Labor and Social Affairs (MOLSA) also sets a minimum monthly wage for unskilled workers. In addition, according to Iraqi law, all employers must provide some level of transport, accommodation, and food allowances for each employee. The law does not fix allowance amounts.

The National Investment Law states that priority in employment and recruitment shall be given to Iraqis. In addition, foreign investors are expected to help train Iraqi employees to raise their efficiency, skill, and capabilities. There are existing labor-related requirements for foreign companies employing Iraqi or foreign workers.

Foreign-Trade Zones/Free Ports

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The Free Zone Authority Law No. 3/1998 (FZL) permitted investment in Free Zones (FZ) through industrial, commercial, and service projects. This law operates under the Instructions for Free Zone Management and the Regulation of Investors' Business No. 4/1999 and is implemented by the Free Zones Commission in the Ministry of Finance. Under the law, capital, profits, and investment income from projects in an FZ are exempt from all taxes and fees throughout the life of the project, including in the foundation and construction phases. Goods entering into Iraqi commerce from FZs are subject to Iraq's five percent tariff; no duty is leveled on exports from FZs.

Activities permitted in Free Zones include: (a) industrial activities such as assembly, installation, sorting, and refilling processes; (b) storage, re-export and trading operations; (c) service and storage projects and transport of all kinds; (d) banking, insurance and reinsurance activities; and (e) supplementary and auxiliary professional and service activities. Prohibited activities include actions disallowed by other laws in force, such as weapons manufacture, environmentally polluting industries and those banned because of place of origin.

Four geographic areas are currently designated as Free Zones. The Basrah/Khor al-Zubair Free Zone is located 40 miles southwest of Basrah on the Arab Gulf at the Khor al-Zubair seaport. This area has been operational since June 2004. The Ninewa/Falafel Free Zone is located in the north, near roads and railways that reach Turkey, Syria, Jordan and the Basrah ports. The Al-Qa'im Free Zone is on the Iraqi-Syrian border. Although it is not currently operational, there is a project to rehabilitate it to its pre-2003 state. An undeveloped zone in Fallujah is in the planning stages. In the Kurdish area, a separate zone is being developed in Sulaymaniyah, to be led by private master developers. Two other zones are in the discussion stage in the region: Erbil and Zakho. However, none of these areas is operating as a significant focal point for investment or trade, and only the Ninewa/Falafel zone has businesses operating in it. The Free Zone Commission lacks capacity and is further inhibited by its being placed under the Ministry of Finance, which lacks specific focus on developing the FTZs.

Foreign Direct Investment Statistics

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Accurate 2011 FDI statistics were not available as of the time of this report. The International Trade Centre, or ITC—a joint venture of the United Nations and the WTO (<http://www.intracen.org/country/iraq>) calculated more than \$1.4 billion of FDI inflows in 2010 (most recent statistics available), an approximate 45 percent increase per year since 2007. In 2010, private sources estimated over \$40 billion in new investments were in the planning stages, including private investment in some major infrastructure and housing construction projects.

According to the National Investment Commission, over 350 firms have filed for investment licenses in Iraq, at both the national and provincial level. The NIC stated that there were 178 such filings in 2010 (most recent statistics available), excluding Iraqi Kurdistan. The total value for these 178 investment licenses was approximately \$10.5 billion; all but six were issued by PICs. These licenses were issued mainly to foreign companies, though in many cases there are Iraqi investors or capital along with the foreign partner. In the Kurdistan region, 107 licenses were granted in 2010 with a total potential value of \$4.7 billion. Most of these licenses were granted to domestic Iraqi investors, often outside the Kurdistan region. Of these 107, seven were issued to foreign partners, with a total value of about \$960 million. However, the granting of a license by the NIC or a PIC does not guarantee that the proposed investment will be implemented. In many cases, it takes months or years for projects to materialize, if they do at all. In addition, press announcements of investment projects are relatively meaningless as they almost invariably report the intended or proposed investment amount for a given project. Both these figures are unreliable in estimating actual monies brought into Iraq and put to work.

2010 saw the approval of several large infrastructure contracts, such as a \$4.6 billion contract to rehabilitate the port facility at Al Faw, and significant new contracts for residential housing construction—a sector in which foreign investment is actively sought and supported by the GOI. Real estate remains the single largest area of foreign participation in Iraq's economy, followed in differing degrees (depending on the region) by oil services, transportation infrastructure, electricity, and industry.

Web Resources

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U.S. Department of Commerce Iraq Task Force website – <http://www.export.gov/iraq/>

U.S. Department of State – Iraq travel information page:
http://travel.state.gov/travel/cis_pa_tw/cis/cis_1144.html.

Overseas Private Investment Corporation (OPIC) <http://www.opic.gov>

World Bank: *Doing Business 2011: Making a Difference for Entrepreneurs*
<http://www.doingbusiness.org/rankings>

Central Bank of Iraq: <http://www.cbi.iq>

Iraq Stock Exchange:
<http://www.isx-iq.net/isxportal/portal/homePage.html?currLanguage=en>

Extractive Industries Transparency Initiative (EITI): <http://eiti.org/>

International Labor Organization: <http://www.ilo.org>

International Trade Centre (ITC) —joint venture of the United Nations and the WTO
(<http://www.intracen.org/country/iraq>)

National Investment Commission (NIC) Iraq <http://www.nic.iq/>

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How Do I Get Paid (Methods of Payment)

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Many U.S. firms exporting to Iraq require cash payment in advance, made by wire transfer, before shipping to an Iraqi buyer. Currently, there are no international debt collection mechanisms for unpaid accounts in Iraq. Iraqi firms can secure Letters of Credit (L/Cs) through private banks, as well as the government owned [Trade Bank of Iraq](#) (TBI), to purchase foreign goods. Export Credit Insurance for political and commercial risk is available from the [U.S. Export-Import Bank](#) (Ex-Im) in Washington, D.C.

Foreign businesses dealing with Iraq should insist on confirmed, irrevocable L/Cs when initiating relationships with new importers and distributors. Iraqi companies often resist the use of confirmed L/Cs, because of the additional collateral required by Iraqi and international banks for confirmation. U.S. companies should still require these necessary financial protections. For Iraq, exporters often bear the cost of L/C confirmation.

Some U.S. firms have complained about difficulties getting Iraqi officials to give them cargo inspection certificates, or other forms of documentations, required to meet L/Cs documentation requirements. U.S. firms should be cautious about agreeing to L/Cs terms that require onsite inspection certificates as part of the documents needed for release of payment.

Due to potential instability in Iraq's political and financial institutions, U.S. exporters may choose to have an Iraqi L/C confirmed by an international bank outside of Iraq. When making this decision, the U.S. exporter should consider the credit risk of the confirming bank as the associated risks move from the country of the buyer (Iraq) to the country of the confirming bank.

How Does the Banking System Operate

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The opening of Iraq's economy has placed new demands on Iraq's financial sector. Between 1992 and 2003, Iraq's banking system operated in isolation from international financial standards and practices. Today, Iraq is developing the basic infrastructure needed for modern banking and financial markets. [The Central Bank of Iraq](#) (CBI) is the main financial regulatory agency for Iraq. CBI's website provides information about the

Iraq's financial sector. CBI [lists](#) 23 private sector banks, 11 Islamic Banks, and 8 International Banks as operating in Iraq.

Iraq remains a largely cashed based economy where most financial transactions take place outside of the banking system. Monies placed on deposit at Iraqi banks are not insured against theft. Generally, the Iraqi public does not entrust their savings to Iraq's banking system because money has been stolen and embezzled from Iraq's banks in the past.

Three state owned banks, including the [Rafidain](#), the [Rasheed](#), and TBI, account for roughly 85 percent of Iraq's banking sector assets. Rafidain and Rasheed offer standard banking products but primarily provide pension and government salary payments to individual Iraqis. (Rafidain and Rasheed are not yet able to provide the electronic financial services desired by most private sector Iraqi firms.)

Iraq's private sector banks also offer standard banking products including deposit accounts, lending, exchange and transfer facilities, as well as trade finance products such as L/Cs. Recently, private sector banks have worked to offer credit card services, though these services are not yet commonly accepted or used. Outside of Erbil, point of sale technology and credit card payment options are scarce. Private sector businesses are Iraq's private sector banks' main clientele, as they are the most in need of money transfer and payment services. U.S. firms can research Iraqi banks' international transaction capabilities online as many Iraqi banks have websites available in English and Arabic.

Foreign-Exchange Controls

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The Iraqi Dinar (ID) is Iraq's official currency. The CBI has allowed Iraq's exchange rate to gradually appreciate along a pre-determined path vis-avis the dollar. Within these set limits, the value of the dinar is determined by foreign exchange markets. In 2011, the CBI continued its policy of maintaining a stable exchange rate. Exchange controls imposed before March 1, 2004 were canceled as of September 3, 2007.

The CBI regularly holds uniform price [auctions](#) for dinars for eligible bidders. The CBI deals only with commercial banks. Banks are able to buy foreign currency for their clients but they must submit a list of transactions for which they are trying to buy foreign exchange.

According to the IMF, "restrictions on capital transactions are not enforced; however, documentation and reporting requirements apply." Additionally, "all obligations and debts to the government must be settled before the transfer of proceeds from investments."

Residents and nonresidents are allowed to open foreign currency accounts at commercial banks and to use the balances in these accounts for domestic and international payments, in accordance with banking procedures, provided the accounts were documented as being credited with foreign currency.

When converting ID to a foreign currency, transfers abroad in excess of 15 million ID require a tax clearance certificate. In addition, legal obligations of nonresidents with

respect to official entities must be settled before any transfer is allowable. Travelers may only take up to \$10,000 in banknotes out of Iraq.

U.S. Banks and Local Correspondent Banks

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There are no American financial institutions operating independently in Iraq. Iraq's state owned and private sector banks are in the process of developing international banking and correspondent relationships necessary for modern banking transactions. However, many Iraqi banks do not have these international correspondent capabilities.

Some Iraqi banks do have international correspondent relationships. Trade Bank of Iraq's [correspondent relationships](#) include: J.P. Morgan and Citibank among others. Bank of Baghdad reports having [correspondent relationships](#) with Citibank New York, JP Morgan Chase, and Standard Chartered Bank. [Dar Es Salaam Investment Bank](#) is partially owned, and has correspondent relationship, with HSBC.

International banks with branches open in Iraq include Bahrain based [Arab Bank Corp](#), and Turkish based [T.C. Ziraat Bank](#), [Is Bank](#), and [Vakif Bank](#). International banks with branches in Iraq and the U.S. include: [Arab Bank Corp](#), [T.C. Ziraat Bank](#), and [Vakif Bank](#). [Is Bank](#), has a branch office in the United Kingdom. These branches may be able to help U.S. firms facilitate transactions with Iraq.

Private sector Iraqi banks that have partial foreign ownership are more likely to offer international electronic payment options and have international correspondent relationships. Iraq's [National Investment Commission](#) provides a [list](#) of Iraqi banks with foreign ownership, electronic payment capabilities, and Visa and MasterCard services.

Project Financing

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The use of project finance within Iraq remains relatively limited. The Government of Iraq, as the primary commercial actor, continues to rely on cash allocations through budget provisions to fund projects at the ministerial level. Iraqi ministries have begun to consider the use of project financing for infrastructure development. However, the lack of prerequisites to financing, such as sovereign guarantees and security in collateral, continues to frustrate any attempts to negotiate agreements with private lenders, export credit agencies, and international financial institutions.

Despite these challenges, the prospects for financing of large projects in Iraq are improving. The Council of Representatives is expected to pass legislation to establish a \$15 billion project development fund that should include the legal prerequisites to allow for additional financing. Some construction companies are using alternative methods of payment security, such as standing letters of credit, for the engineering, procurement, construction (EPC) phases of large projects. Export credit agencies like the [Overseas Private Investment Corporation](#) (OPIC) and the Ex-Im are also working with the Ministry of Finance and other parts of the Iraqi government to put in place investor protections in order to increase the flow of credit for infrastructure projects.

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Export-Import Bank of the United States: <http://www.exim.gov>

Ex-Im Country Limitation Schedule:

http://www.exim.gov/tools/country/country_limits.html

Overseas Private Investment Corporation: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

Central Bank of Iraq: <http://www.cbi.iq/>

Iraq National Investment Commission: <http://www.investpromo.gov.iq/>

Arab Monetary Fund: <http://www.amf.org.ae/>

Bank of International Settlements (BIS): <http://www.bis.org/>

IMF & Iraq: <http://www.imf.org/external/country/IRQ/index.htm>

Islamic Development Bank (IDB): <http://www.isdb.org>

World Bank & Iraq:

[http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/MENAEXT/IRAQEXTN/0,,
menuPK:313111~pagePK:141159~piPK:141110~theSitePK:313105,00.html](http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/MENAEXT/IRAQEXTN/0,,menuPK:313111~pagePK:141159~piPK:141110~theSitePK:313105,00.html)

Union of Arab Banks: <http://www.uabonline.org/>

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Business Customs

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Most of the Iraqis, including the Kurds are keen to do business with US companies. They recognize the high quality of the US products and services and with the improvement of the living conditions people are willing to pay to buy high quality products. Iraqis has adopted numerous business methods and styles of the West but still some cultural differences remain, business will generally only be conducted after a degree of trust and familiarity has been established and several visits may be needed to establish a business relationship.

Only after the fall of the previous regime Iraqi businessmen had the chance to travel outside the country but there are a considerable number of Iraqis who fled the country during the previous era and now they came back to Iraq to do business, over all the Iraqis are sophisticated in dealing with Americans. For the most part, travelers can rely on western manners and standards of politeness to see them through, with a few additional rules that may be observed. One should avoid sitting at any time with the sole of the foot pointed at the host or other guest. Unless one is on familiar terms with an Iraqi, it may be discourteous to ask about a man's wife or daughters; ask instead about his family. If you are invited to the home of an Iraqi for a party or reception, a meal is normally served at the mid of the evening, and guests can linger long after finishing.

Dress is conservative for both men and women. Men should not wear shorts or tank tops, while women are advised to wear loose-fitting and concealing clothing with long skirts, elbow-length sleeves and modest necklines.

Local laws reflect that Iraq is a predominantly Islamic country. Attention and respect should be paid to local traditions, customs, laws and religious customs at all times, especially during the holy month of Ramadan or visits to places of religious significance.

Travel Advisory

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Current Travel Warnings and advisories can be found on the U.S. State Department's site: http://travel.state.gov/travel/cis_pa_tw/tw/tw_5653.html

Travelers should check this link for any updates to the security situation before leaving the United States. The security situation in the Iraqi Kurdistan Region (IKR), which includes the provinces of Sulaimania, Erbil, and Dohuk, has been more stable relative to the rest of Iraq in recent years, but threats remain.

Visa Requirements

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U.S. companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

US visitors must have a visa before travelling. They can apply for a visa at Iraqi missions overseas, including the Iraqi Embassy in Washington DC www.iraqembassy.us. If the visit is only to the Kurdistan Region, a visa can be obtained on arrival, but they cannot travel outside Kurdistan region to other parts of Iraq with the visa obtained at the airport.

Appropriate documentation should be presented at the airports. This includes, but is not limited to, a valid visa. The Department of Border Enforcement (DBE) has made a number of arrests, including of US nationals, for failure to provide the appropriate documentation when requested. For more details on required documentation, the [Iraqi Ministry of Foreign Affairs website](#) or the Iraq Embassy in Washington DC www.iraqembassy.us should provide enough information.

A valid passport is a necessity to enter Iraq. The passport must be valid for a minimum period of three months from the date of entry into Iraq.

Entry Requirements - Blood Test

All visitors to Iraq, with the exception of those travelling on a tourist visa, are required under Iraqi health regulations to submit to a blood test within ten days of arrival. The test is for HIV and hepatitis. Guidance on where to go for the blood test is available at your airport of arrival. In the Kurdistan Region, this is only required for those staying for more than ten days.

Telecommunications

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In Iraq, cell phone/mobile phone coverage began only within the current decade, but only in the Kurdistan Region. Coverage was initially limited to the area of one tower and a line was very expensive (\$400). Very rapid progress has since been made. Now there are three main cell phone companies operating in Iraq: Asia Cell, Zen and Korek Tel, two of those three (Asia Cell and Korek Tel are located in and operating from Kurdistan Region of Iraq).

It was only in late 1999 that Internet access became available to the general public through limited Internet centers/cafes. Iraq was under strict international trade sanctions at the time. Stand-alone, single user satellite Internet access systems were creatively imported costing about \$3000 to own and \$300 per month to operate. Some systems were connected to about six computer stations.

Today, in some urban areas Internet access is now available from private companies connected to fiber optic cable links through neighboring countries. These cable links are much faster than satellite links.

These private companies are connected by cable to only one or two primary sources from which they offer wireless Internet access to their customers. It is a competitive environment with some companies offering faster and less expensive services than others. Service availability and performance varies from company to company, and from area to area.

For individual users, in some areas **ADSL** and **Himax** offer the fastest speeds, up to more than 4Mbps (megabits per second) for 60,000 dinars (\$50.00) per month.

In Iraq progress in the telecommunication sector continues to be made in increasing Internet speed and stability.

Transportation

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The business centers of Baghdad, Basrah, Sulaimania, Erbil and Najaf have international airports served by a variety of international airlines. Air travel is preferred for domestic travel with public service restricted to one airline, the national carrier, Iraqi Airways.

There is no direct commercial air service to the United States by carriers registered in Iraq, the U.S. Federal Aviation Administration (FAA) has not assessed the Government of Iraq's Civil Aviation Authority for compliance with International Civil Aviation Organization (ICAO) aviation safety standards, however the brand new International Airports in Suliamania and Erbil has numerous weekly direct flights to and from Europe (by Lufthansa, Austrian and Viking Airlines) , direct flights to Dubai (Al-Itihad and Gulf), to Qatar (Qatar airways), Jordan (RJ Airways).

US visitors may drive on their U.S. driver's license. Traffic accidents are a significant hazard in Iraq. Driving habits are generally poor, and accidents involving vehicles driven by minors are not uncommon. While in Iraq, U.S. citizens may encounter road conditions that differ significantly from those in the United States. Vehicular travel in Iraq can be extremely dangerous especially in the center and south. There have been attacks on civilian vehicles as well as USF-I and Iraqi military and security convoys on roads and highways, both in and outside metropolitan areas. Attacks occur throughout the day, but travel at night is exceptionally dangerous and should be avoided.

Travel throughout the country by road involves the significant potential for attacks. Baghdad has seen the majority of insurgent activity over the past year, significant incidents have also occurred in outlying cities, indicating a high risk to travelers on roadways.

Buses run irregularly and frequently change routes. Long-distance buses are available, but are often in poor condition and drive at unsafe speeds. Jaywalking is common. Drivers usually do not yield to pedestrians at crosswalks and ignore traffic lights (if available), traffic rules, and regulations. Roads are congested. Some cars do not use lights at night and urban street lights may not be functioning. Some motorists drive at excessive speeds, tailgate, and force other drivers to yield the right of way.

The three provinces of Sulaimania, Erbil and Dohuk form the Kurdistan Region (KR) and are administered by the Kurdistan Regional Government which, under the 2005 constitution, has considerable powers of autonomy within a federal Iraq. Traffic police are available and doing an important role in traffic law enforcement but still road traffic accidents remains one of the major causes of death in KR.

Language

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In Iraq, there are two official languages: Arabic and Kurdish; there are some small ethnic groups who speak Turkman, Armenian, and Assyrian.

More than three-fourths of the Iraqi population speak [Arabic](#), which has several major dialects; these are generally mutually intelligible, but significant variations do exist within the country. Modern Standard Arabic—the benchmark of literacy—is taught in schools, and most Arabs and many non-Arabs, even those who lack schooling, are able to understand it. Roughly one-fifth of the population speaks [Kurdish](#), in one of its two main dialects. Kurdish is the official language in the Kurdish Autonomous Region in the north. A number of other languages are spoken by smaller ethnic groups, including Turkish, Turkmen, and Assyrian. Bilingualism is fairly common, particularly among minorities who are conversant in Arabic. English is widely used in commerce.

Most road signs are in Arabic, while major highways and streets in all cities display road signs in both Arabic and English.

Health

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The Iraqi medical system was once an enviable one, before Iraq had one of the foremost health care systems in the region with advanced resources, medical schools and broadly accessible care. Even in the 1990s, when much of Iraq was staggering under UN-imposed sanctions, people came from across the region to study medicine and receive treatment. Except for the Kurdish region this is not the case any more for the center and south, though, as a number of success stories over the past few years have chronicled, in the years and violence since the war began in 2003, doctors and other medical personnel have fled Iraq in droves. Many have yet to return.

The Iraq Ministries of Health in Baghdad and Erbil provide services to every person living in Iraq, as well as assistance during emergencies. It is responsible for all of the medical centers in the country. It covers a wide array of areas including clinics, health inspections, planning, prevention, and medication

Services are provided by hospitals (public and private); most health services are provided by MOH facilities. The private sector constitutes a rising minority of all beds and medical visits.

Basic modern medical care and medicines are not widely available in the Center and south of Iraq. Conflict has left some medical facilities non-operational and medical stocks and supplies severely depleted. The facilities in operation do not meet U.S. standards, and the majority lack medicines, equipment, and supplies. While the Baghdad International Airport has limited operations for security reasons, some private companies facilitate medical evacuations.

The temperature in summer months can exceed 50 °C (122°F), which can result in dehydration and serious health problems, drinking plenty of water (boiled or bottled water with no ice in drinks) is advised.

Visitors are strongly advised to seek medical advice before travelling and ensure that all appropriate vaccinations are up-to-date.

Visitors should take out comprehensive travel and medical insurance for their proposed trip prior to travel, however long you plan to stay in Iraq. They should check any exclusions and that their policy covers them for medical assistance and repatriation, and all activities they want to undertake.

The official website of the health ministry in Iraq is <http://www.moh.gov.iq/>

Ministry of health in Kurdistan: www.moh-krg.org

Local Time, Business Hours, and Holidays

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Iraq's time zone is GMT+ 03:00. Iraq is a Muslim country that requires adherence to Islamic principles.

The normal workweek runs from Sunday through Thursday. Friday is a Muslim holiday.

Work Week:

U.S. Embassy:	08:00 – 17:00 Sun thru Thu
Iraqi Government:	08:00 – 15:00 Sun thru Thu
Banks:	08:00 – 15:00 Sun thru Thu
Businesses:	08:00 – 15:00 Sun thru Thu

Holidays Observed by the U.S. Embassy:

<http://iraq.usembassy.gov/holidays.html>

Holidays in Iraq:

<http://www.krg.org/articles/detail.asp?smap=03010200&lngnr=12&asnr=&anr=18627&rnr=139>

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[Airports in Iraq](#)

[Baghdad International Airport](#)

[Erbil International Airport](#)

[Iraqi Airways web site](#)

[Iraq Law Alliance, PLLC](#)

[Iraqi Yellow pages](#)

[Kurdistan Regional Government Brief](#)

[Kurdistan Investment law](#)

[Suliamania International Airport](#)

[Travelling to Kurdistan](#)

[US Business Council in Iraq](#)

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[Basra Chamber of Commerce](#)
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[Suleimaniah Chamber of Commerce](#)
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[Kurdistan Contractors Union](#)
[National Investment Commission](#)
[Baghdad Provincial Investment Commission](#)
[Basra Provincial Investment Commission](#)
[Nainawa, Mosul Provincial Investment Commission](#)
[Anbar, Ramadi Provincial Investment Commission](#)
[Salah AIDinn, Tikrit Provincial Investment Commission](#)
[Kikuk Provincial Investment Commission](#)
[Babil Provincial Investment Commission](#)
[Diayala Provincial Investment Commission](#)
[Karbala Provincial Investment Commission](#)
[Al-Najaf Provincial Investment Commission](#)
[Al-Qadissya. Diwanya Provincial Investment Commission](#)
[Wasit, Kutt Provincial Investment Commission](#)
[Maysan, Aamara Provincial Investment Commission](#)
[Dhi Qar, Nassrya Provincial Investment Commission](#)
[Muthana, Samawa Provincial Investment Commission](#)
[General Secretariat for the Council of Ministers \(Cabinet\)](#)
[Council of Representatives](#)
[Ministry of Foreign Affairs](#)
[Ministry of Interior](#)
[Ministry of Finance](#)
[Ministry of Defense](#)
[Ministry of Planning](#)
[Ministry of Oil](#)
[Ministry of Industry and Minerals](#)
[Ministry of Electricity](#)
[Ministry of Agriculture](#)
[Ministry of Education](#)
[Ministry of Higher Education and Scientific Research](#)
[Ministry of Transportation](#)
[Ministry of Health](#)
[Ministry of Municipalities and Public Works](#)
[Ministry of Justice](#)

Ministry of Labor and social Affairs
Ministry of Housing and Construction
Ministry of Trade
Ministry of Communication
Trade Bank of Iraq (TBI)
Bank of Baghdad
Credit Bank
Dar AlSalam
Middle East bank
Iraq Stock Exchange
Iraqi Media Network
State Company for Iraqi Ports
Iraqi Customs (General Commission for Customs)
Iraqi Airways
US Embassy-Iraq
US Consulate General in Erbil
US Consulate General in Basra
US Commercial Service in Iraq
Kurdistan Investment Board

The IKR New Investment Law

<http://www.krg.org/articles/detail.asp?lngnr=12&smap=03010800&rnr=145&anr=18620>

[Ministry of Trade in Kurdistan](#)

Trade Mission to the Kurdistan Region

The KRG welcomes inward trade or investment missions. Companies and trade associations with can contact the KRG for advice on visiting the Region and exploring business opportunities:

[Department of Foreign Relations in Erbil](#)
[Kurdistan Regional Government Rep Office to the US in Washington DC](#)

Travel and Visas to Kurdistan

For information on flights to the Kurdistan Region please see:

<http://www.krg.org/articles/detail.asp?rnr=154&lngnr=12&smap=03017500&anr=11535>

For general information about the Kurdistan Region in Iraq please visit the Kurdistan Regional

Government website, <http://www.krg.org/>

For tourism information please see the official Kurdistan Tourism website,
<http://www.tourismkurdistan.com/>

For visa information, please contact your nearest Iraqi embassy, or email the KRG at dfr@krg.org, uk@krg.org or us@krg.org

Foreign companies wishing to register a branch in the Kurdistan Region
<http://kurdistanmot.com/en/rmenu.php?t=16>

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

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Please click on the link below for information on upcoming trade events for the U.S. Commercial Service worldwide.

<http://www.export.gov/tradeevents/index.asp>

Please click on the link below for information on upcoming trade events promoted by the U.S. Commercial Service in Iraq.

<https://www.export.gov/iraq>

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Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: www.export.gov/iraq

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E)**.

We value your feedback on the format and contents of this report. Please send your comments and recommendations to: Market_Research_Feedback@trade.gov

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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