

# The New IRAQ



2015 | 2016 Discovering Business

in association with



UK Trade  
& Investment

## *Still the land of opportunity*

Iraq remains a challenging market, yet the untapped natural wealth, decades of under-investment, and a neglected infrastructure create numerous investment opportunities, and more companies are beginning to uncover the potential in such a huge market with a vast need for improvement.

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Allurentis is delighted to have been involved in association with the National Investment Commission of Iraq and UK Trade & Investment on this, the sixth edition and would like to thank all sponsoring organisations for their kind contributions. We are confident that it will raise awareness with all readers and prove to be an invaluable resource, especially for those wishing to become involved in the extraordinary business opportunities and growth prospects within Iraq.

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# Iraq continues as a major investment opportunity

Iraq faces great challenges. Nevertheless both the population and Government are proving resilient and looking ahead. The capital Baghdad, is no longer under curfew, people go about their daily lives, commerce goes on, construction work continues and the key oil sector is expanding production. Iraq remains open for business.

Citibank's Chief Executive for Iraq, Mayank Malik comments: "We are still positive about Iraq, particularly with its oil and potential gas production on a growth trajectory, and the country's infrastructure rebuilding needs being so apparent."

However, there is no downplaying the very real dilemmas to be faced. The Brookings Institute estimates the cost of financing the 2015 conflict could reach US\$10 billion. This is in addition to a need for a further US\$5 billion to manage the issue of displaced people, who number more than two million, as well as providing for those left destitute and suffering from the security problems.

Beyond the headlines on the security situation there is a deeper and more compelling national development story. Since the start of a new era in 2003, Iraq has managed to hold free elections at parliamentary and municipal levels in an orderly and efficient way, with the results generally accepted.

Within the wider regional context, this is a considerable achievement and encouraging for the future. The Government is addressing challenges and building successfully on the democratic processes now established.

The agreed 2015 National Budget was approved within weeks instead of the months of wrangling, as seen in the past. The new Prime Minister, Haider Al-Abadi, has also succeeded in bringing different factions together and has focused on inclusiveness.

The National Budget of US\$105 billion for 2015 was based on a projected oil price of US\$56 per barrel and a projected deficit of

US\$22 billion. It constitutes a 16% fall in Government spending with funds allocated to every Ministry cut, with the exception of Defence.

Taxes have been introduced on mobile and internet top-up cards, airline tickets, cigarettes and new vehicles. Some deferments in oilfield investment have been agreed with international oil companies.

Despite the liquidity challenge, Iraq remains in a solid financial position with little debt, in addition to having a huge oil & gas wealth, which has still barely been developed. The Government has also indicated it will borrow from reserves at the country's Central Bank. In March 2015, they were reported to total US\$78 billion.

Further moves are also planned to address an anticipated shortfall in revenues during 2015. The Government has plans to issue around US\$11 billion in domestic and international dollar-denominated bonds, to cover the deficit. The IMF has agreed financial assistance totalling US\$1.24 billion to help address the balance of payments and budget needs, related to falling oil prices and the costs of the conflict.

The World Bank is also providing loans of US\$1.7 billion to help in the reconstruction of recaptured areas, and a new road linking Basrah City with the port of Umm Qasr.

Major developments outside the hydrocarbons sector are going ahead. Some 20km south of Baghdad, dozens of apartment blocks have already been completed. They will be part of a new city area on an



18km<sup>2</sup> site at Bismayah, where South Korea's Hanwha Engineering & Construction has embarked on an US\$8 billion contract to build 100,000 new homes and facilities.

Population growth as well as a drift to cities will shape Iraq's development prospects for decades to come. There is a requirement for millions of new homes and associated infrastructure. Many other mega housing projects in Baghdad and Basrah, and infrastructure renewal developments are waiting to proceed.

Inevitably budget constraints mean delays to some projects but there is an underlying trajectory of growth. Within a decade, Iraq has the potential to rebuild a country with a strong economy. Therefore this is a propitious time for investors to take stock of the country's wealth and the opportunities which will be created by a much more practically minded and market-oriented administration.

Efforts are being made to improve relations with the Kurdistan Regional Government (KRG), with increased cooperation on exporting crude oil already implemented. The Government also has an opportunity to prioritise structural reforms in the economy.

The current budget constraints provide an opportunity for such reforms. Oil Minister, Abdel Adel Mehdi, has noted how the current financial squeeze could provide an opportunity for genuine public sector reform. This is a key objective of Prime Minister, Haider Al-Abadi's Government, and reflects the Constitution's call for Iraq to transition towards a market economy.

The public sector is very large, even by regional standards. Government and state-owned enterprises employ about half the labour force, but the quality of public services has disappointed. The Government owns and operates more than 190 state-owned enterprises, employing more than 800,000.

International experience confirms that employment generation by a large public sector is unsustainable and that long term job growth requires the development of an attractive investment climate. The more predictable and lower cost way of doing business, offered by the private sector can generate employment and rising living standards. This in turn will stimulate economic diversification and promote income-creating opportunities for the majority of the Iraqi people.

"Politically, Iraq with a better quality of leadership is on its way", says Citibank's Managing Director for Iraq, Dennis Flannery. "There is enormous underlying wealth and the future is very bright", he believes.

Other senior figures who know the country well, are similarly optimistic about its future. The UK Ambassador to Iraq, Frank Baker, has said "Britain looks on the country as both a cultural and financial centre in the region with the potential to become the future economic force in the Middle East."

Shell Iraq's Country Chairman, Hans Nijkamp, says "despite current lower crude prices, the potential for both the oil & gas industries in Iraq is still as big as ever. Harnessing the vast natural gas now wasted through flaring, in particular, offers Iraq the potential to create a range of downstream industries and to develop vast new export income". ■

# Dr. Sami Al-Araji:

Chairman of the National Investment Commission



Dr. Sami Al-Araji

I am very pleased once again to greet this sixth edition of The New Iraq - Discovering Business. This publication is the latest of a series that has served to chart the rebuilding of Iraq as a vibrant part of the global economy and of a country that is seeking investment in multiple sectors, quite apart from its vital oil & gas industries.

This guide to opportunities for foreign investors is published at a crucial point in the country's development which, in spite of many challenges is proceeding confidently ahead.

The potential wealth of Iraq is a unique opportunity for global investors. Despite the country's current difficulties and the Government's necessary concentration on security matters, the economy continues to develop and grow. As stability is restored and areas afflicted by security problems are regained and pacified, the emphasis once again will be on renewal and restoration of communities and infrastructure.

There are significant current problems to overcome and liquidity problems caused by a declining price of crude oil. However, these are temporary challenges which Iraq is well placed to meet and investors should be aware of the opportunities that are emerging not too far ahead.

As Chairman of Iraq's National Investment Commission (NIC), it is my mission to assist foreign companies and investors and encourage them to take part in the largest reconstruction development taking place anywhere in the world over the next decade.

There are more than 900 projects that could be offered up for foreign investment and joint ventures. Downstream oil ventures, natural gas development and the mining and processing of Iraq's many valuable solid minerals, promise to develop as new pillars of the economy. Housing, infrastructure renewal, industry, manufacturing, agriculture, transportation and financial services are also major areas opening up to investment.

There has been tangible progress and substantial business generated for international companies. In particular, Iraq has an urgent need for real estate development. During the last 30 years very little was built, but now we at the NIC are spearheading the national home building initiative.

In the housing sector, the NIC and local provinces are working to provide more than 400,000 new homes in the short to medium term, with up to three million homes required in the next ten years. The NIC has signed multi-phased agreements for hundreds of thousands of new homes in and around Baghdad, with companies from Dubai, Abu Dhabi and Korea. Other very large projects are scheduled in other parts of the country including Basrah.

These investments are long term. However, the NIC is striving to make up for the lost years, seeking foreign investment in electricity projects, for example, in order to address a shortfall of 12,000MW in power generation. New refineries, petrochemical industries and transportation projects are among many ventures that also call for foreign participation.

We have been, and still are, a centrally guided economy but we are moving strongly towards a market based economy. This is taking time since a private investment culture is new to Iraq, but there is growing recognition that this is a time for a new direction.

We are determined to make this change. We want to be open to other countries and provide every means and facility to encourage them to invest in the country. If we want to work with the outside world we know we must carry out business according to international norms and standards.

We are continually working on providing more incentives and giving support to changes to laws which will further ease the entry of foreign companies into Iraq.

Iraq offers many advantages to investors, not least the country's cost base which is one of the most competitive in the region and internationally. Even after taking account of the generous tax free period of at least a decade that is on offer.

There are ample opportunities and benefits that can result from partnerships with our state-owned enterprises and independent firms. A local partner can find ways through the legal and regulatory environment and have operational experience of the local market.

The NIC is working on both a national and provincial level as a single point of contact to provide companies with information on opportunities and to provide advice on entering the market, and on how to operate effectively. In this we also offer help to investors in obtaining land, licences and tax exemptions.

It is an opportune time to visit Iraq. International airlines maintain scheduled services to Baghdad, Basrah, Erbil, Sulaymaniyah and Najaf. International standard hotel accommodation is available in many areas and it has to be stressed that most areas of the country, are not affected by the degree of security challenges faced in some parts.

We and the specialist team at the NIC are here to help your business to engage with Iraq's huge opportunity. We very much look forward to welcoming you and providing any help you need.

For more information;  
[www.investpromo.gov.iq](http://www.investpromo.gov.iq) | [info@investpromo.gov.iq](mailto:info@investpromo.gov.iq) ■

# HMA Frank Baker OBE:

## British Ambassador to Iraq



Frank Baker

I am delighted to have been asked to support The New Iraq 2015 | 2016 publication.

Since returning to Iraq as Ambassador in September 2014 I have been encouraged by the record levels of UK business and exports being delivered across the country. In spite of Iraq's fragile political, security, and economic environment, significant business is being done across all sectors in Iraq; from Oil & Gas, Infrastructure, Healthcare, Security, to Financial & Professional Services.

However, capitalising on these opportunities is not without challenge. Over the last year, Iraq's struggle to overcome conflict and move towards stabilisation has been compounded by the conflict with Da'ish. Defeating Da'ish is rightly the foremost priority for the Iraqi Government and the UK is playing a leading role in the Global Coalition effort.

The Iraqi Government also recognises that restoring basic services to the people, rebuilding the country's infrastructure, and creating prosperity by developing a nascent private sector are as important as delivering on the Political, Security, and Humanitarian needs. Genuine economic reforms including shrinking the public sector, and diversifying the economy are key to Iraq's prosperity. The need for this is clearer than ever given the drastic fall in oil prices which show no signs of abating. Nevertheless, the hydrocarbons sector shall remain the bedrock of Iraq's economy.

As we look forward with Iraq, we should also remember the past. To understand modern day Iraq and the relationship with the UK, not least from a business perspective, it is important to remember our shared history. British-Iraqi relations date back to the creation of modern day Iraq in 1920. But even before that period, Britain played a major role in Iraq through exploring and trading throughout Mesopotamia.

It was in 1927 that oil was discovered in the country by what is now Iraq Petroleum, which is still owned by a consortium which includes BP and Shell. Today, it is great to see British International Oil Companies leading the development of Iraq's Oil, Gas and Petrochemical infrastructure and production.

It is clear that Iraq offers one of the largest investment opportunities in the region and there is a real opportunity of positive change in the country. This is backed up by a vibrant, young, and well educated workforce. This is unsurprising when you consider that Iraq has one of the fastest growing frontier economies globally, and the world's fourth and tenth largest proven oil and gas reserves respectively (with an aspiration to triple oil production by 2022). The country also has the potential to develop one of the biggest petrochemicals sectors in the world.

I look forward to working with you over the year ahead. ■



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# Baroness Nicholson of Winterbourne:

Executive Chairman, Iraq Britain Business Council (IBBC)



Baroness Nicholson

I am delighted to report substantial growth by IBBC members during last year. IBBC has maintained a busy schedule of conferences in both Iraq and London. We have led a number of member company delegations to Baghdad, Basrah and Erbil and I have additionally visited Iraq member institutions in Dohuk, Najaf and Al Amarah. We have increased our membership to a record 65 organisations, which includes international companies, universities, Iraqi private sector businesses and some of the major Iraqi Chambers of Commerce.

We continue to organise our work under specific sector headings which include oil & gas. These will always form the foundation sector for Iraq's economy with the nation's massive reserves. It has been hugely encouraging to see IBBC members involved with major projects in this sector both upstream and downstream. The developments in flared gas

collection, increased refinery capacity and an emerging petrochemical industry, will help the country in its overall economic development.

Another flourishing sector is the built environment, which is likely to become almost as important as oil & gas, as the new Government develops its post conflict strategies. The built environment is a wide ranging industry which includes the provision of energy, water and waste management, housing, public sector buildings, commercial buildings, general infrastructure and master planning. IBBC is fortunate to list amongst its members world class organisations active in this sphere.

Turning now to Financial and Professional Services, an important and as yet underdeveloped sector particularly in terms of banking. All successful economies need a financial system, backed up by



In the past 12 months the IBBC team has made it a high priority to identify businesses within the Iraqi private sector, with whom its international members might interact.



transparent and quality professional services, all being included in a well regulated governmental infrastructure. There is much work to be done in this sector, but again IBBC is making a highly valuable contribution to this improvement through its world class members.

All of the IBBC members working commercially in Iraq, recognise the acute shortage of skills at all levels in the Iraqi workforce and the major contribution that education and training can make to fill this hugely important gap. For this reason IBBC is developing a unique stream of tertiary education institutions as special members. The British University IBBC members see much potential in growing their links with Iraq's higher education institutions, by encouraging research partnerships and recruiting more postgraduate students to study in the UK. We intend to expand this sector.

In the past 12 months the IBBC team has made it a high priority to identify businesses within the Iraqi private sector, with whom its international members might interact. This is a well proven business model in emerging markets where a combination of local resources,

knowledge and contacts combined with international expertise is a successful one. Working through the active membership of the Iraq Chambers of Commerce, more and more private sector contacts are emerging, which IBBC companies are connecting with.

A major part of the IBBC proposition for itself and on behalf of its members, is that all sign up to doing business in an ethical manner and to this end, a new and revised Charter has been recently agreed by the Membership Council. IBBC has no barriers to any companies applying for membership on account of country of origin, as long as they are registered in the UK, recognising that the world is now a truly global one and many IBBC members are now involved in joint ventures, which take account of complementary strengths of the participants.

2015 is already a busy year for IBBC, with many activities planned up to the end of 2016. We and our members strongly believe in the future of Iraq as a highly important regional and international partner and will continue to support high quality businesses and industries to reach that goal. ■

# Doing business in Iraq from a taxation perspective

Ismail Maraqa, Country Senior Partner, Iraq, PwC

Stephan Stephan, Tax Leader, Iraq, PwC



Ismail Maraqa



Stephan Stephan

Iraq offers significant opportunities for investors, with a taxation regime that is attractive in a number of aspects. The Iraqi tax system includes corporate income taxes, customs duties, stamp duties and personal income taxes.

## The general tax profile of Iraq

Corporate tax in Iraq is imposed at a standard rate of 15% and a rate of 35% for income earned by foreigners in the oil & gas production sector. The level of taxation in Iraq is comparable to several countries in the region and worldwide. According to Paying Taxes 2015, Iraq is ranked 52 of 189 economies in the world in terms of the ease of paying taxes - higher than Turkey (56), Morocco (66), Egypt (149), Libya (157) or further afield, Germany (68).

Iraq, similar to other countries globally, seeks to use the tax system not only to help attract investors and business activity but also to generate revenues for public programmes. In addition to the headline rankings and rates mentioned above, there are also various practical matters for potential investors to consider.

## Key taxation considerations as a foreign investor

Under the Iraqi Income Tax law, all profits and gains derived from a trade or commercial activity carried out in Iraq, are subject to income tax.

Iraq applies the "Permanent Establishment" concept in determining whether a business is subject to tax in Iraq. It is to be noted that foreign companies may not continue business in Iraq, unless they are registered in accordance with the laws currently in effect.

Due to the lack of a clear definition of "Permanent Establishment" in the Iraqi Income Tax law, it is necessary to carefully monitor the commercial activity performed, in order to validate the compliance of foreign companies with the registration requirements and other applicable tax laws.

Broadly, one of the key issues in determining when a company becomes taxable in Iraq is whether the foreign company is considered to be doing business "in" or "with" Iraq.

Once it is established that a company is trading "in" Iraq, the company should legally register with the



Iraq offers significant opportunities for investors, with a taxation regime that is attractive in a number of aspects.



General Commission for Taxes (GCT). A company that is registered with the GCT will be subject to corporate income tax and will be required to file a corporate income tax return.

The Iraqi income tax system is based on the Income Tax Law No. 113 of 1982, as amended in 2003, and as per amendments by the Coalition Provisional Authority “CPA” Orders 37, 49, and 84 of 2004 (The Tax Law).

The effective corporate income tax system applied in Iraq for legal persons (except partnerships) is based on the statutory income tax rate of 15% at all income levels with no progressive tax scale (excluding the oil & gas sector which attract a 35% rate).

Taxpayers are required to submit a return to the tax authorities in respect of their income before the first day of June of the year of assessment.

Taxpayers’ books and records should be kept in accordance with the uniform accounting system (Iraqi GAAP) and in Arabic, and should be maintained for a period of not less than seven years.

#### Personal income tax/social security considerations

Salaries, wages and allowances of Iraqi and foreign personnel working in contracted foreign companies, branches, offices and subcontractors shall be subject to the direct deduction tax, “personal income tax”, regardless of whether such amounts were received inside or outside Iraq. Personal income tax rates range between 3% and 15% based on the individual taxable income.

With respect to social security contributions, the employers contribution is typically 12% of the employee’s salary, but can be higher, whereas the employee’s contribution is 5%. Employers are divided into a number of categories, from which their contribution percentage is determined. Employers that are categorised as “prime” contribute at the higher rate (25%), whereas the remaining categories contribute at a lower rate (12%). Employee’s contribution remains the same at (5%) in either case.

The categorisation of each employer is subject to the discretion of the Social Security department. The criteria for the determination is not crystallised in the law, however, in practice, the Social Security



Authorities make their determination based on the business sector the employer is involved in, with oil & gas related industries attracting the higher rate (25%).

#### **Taxation of income from foreign operators in the oil & gas sector**

The income realised in Iraq from contracts concluded with foreign oil companies, branches, offices and subcontractors working in the oil & gas production sector, and related industries, are taxed at a rate of 35%.

The Iraqi legislators, including the tax authority/Ministry of Finance (MoF), pay close attention to the oil & gas sector in terms of how best to attract foreign investors and benefit from their expertise to develop the laws, instructions and regulation that govern the sector.

#### **Activities within the oil & gas taxation system**

In December 2013, the tax authority amended Instruction #5 of 2011, which governs the oil & gas sector from a tax perspective, providing additional guidance on the application of the system to this sector. The below summary, highlights key aspects of Instruction #5:

- The following activities, based on contracts related thereto, will be considered to be subject to the oil & gas taxation system:
- Exploration of oil & gas fields and upstream development
- Seismic survey
- Wells excavation
- Reclamation of wells
- Technical operations related to wells and including the laying down of linings, cementing, wells recovery, electrical boring and wells completion
- Surface installations for the operations of producing and extracting oil, gas and the industries related to them
- Water injection installations
- Flow pipes
- Gas treatment co-efficient
- Cathode protection
- Engineering examination and quality control related to oil & gas.
- Water well excavation
- Activities related to extraction up to the limit at which oil or gas is ready for pumping to exportation outlets.



### Revenue and expense accounting considerations

- The basis for accounting and imposing income tax in the oil & gas sector is the so called “income maturity/accrual date” approach which includes the following features:
- All refundable expenses shall be deemed capital expenses in the first years until the recovery – “oil lifting” – point is reached
- Generated revenue will be offset by the amortisation of capitalised recoverable costs and any difference will be subject to tax, whereas the remaining capitalised costs will be carried forward to the next year.

### Withholding system for oil & gas activities

Companies operating in Iraq within the oil & gas sector are required to withhold and pay to the GCT certain amounts (described further below) within 30 days from the date of those payments. The withheld amount can be used to offset the corporate tax liability upon finalising the corporate tax assessment.

### The withholding mechanism operates as follows:

- Payments to foreign companies by the Iraqi Ministry of Oil (Ministry): The Ministry deducts 35% of the proceeds due to the foreign companies, their branches, offices and subcontractors – in essence 35% of the income earned on oil & gas production by the foreign company. The Ministry transfers the withheld amount to the GCT within 30 days of the date of payment.
- Payments to subcontractors of a foreign company: Foreign companies need to deduct 7% of payments due to their subcontractors on activities related to oil & gas and transfer it to the GCT within 30 days of the date of payment. An important point to note is that any final payment due to a contractor should only be paid when the subcontractor obtains a tax clearance. For contracts other than for oil & gas activities the level of deduction is 3.3% rather than 7%.

### Practical considerations

Doing business in Iraq requires careful consideration of many interrelated and practical challenges. The language, technology and payment systems require to be planned upfront and make appropriate allowances of time for tasks and refunds to be made.

There are two official languages in Iraq: Arabic and Kurdish. Credit cards are not popular due to the lack of infrastructure; accordingly, the tax authority accepts only certified cheques, which are issued by certain banks in Iraq in the local currency.

### In summary

There are a few key points investors should keep in mind: Being compliant with the Iraqi tax laws and regulations is essential for business continuity as it is required in order to renew business licences; the Iraqi GAAP requirements are more complicated than people expect; and finally, companies should pay attention and plan for the amount of time required for assessments and withholdings to be finalised.

With planning and attention to these and other related features, investors in Iraq can take advantage of business opportunities and a taxation regime which seeks to strike a balance between attracting investors and generating revenues for public programmes.

### About PwC tax and legal services

PwC is the leading provider of tax services worldwide both in terms of the size and scope of our tax practice and our reputation. Senior tax buyers name PwC as their first choice provider for all tax services globally.\*

Our leading position as the first choice provider extends to various tax service areas, where we have a very strong lead over the competition. These include domestic and international corporate tax structuring, international assignment planning & compliance, transfer pricing, tax controversy, international tax compliance, tax function effectiveness and tax accounting.

In Iraq, PwC’s tax specialists can support and advise the taxpayers with respect to tax matters, they are well versed and have up to date knowledge of the latest Iraqi tax laws and practices. The tax team members on the ground speak Arabic, Kurdish and English which enables us to assist international investors in understanding the taxation system, as well as dealing with local banks and local authorities and provide sound advice in accordance with laws, rules

and regulations to ease the burden clients carry, due to the uncertainty of these rules and regulations.

Our services also include assisting the taxpayers with tax inspections by the authorities and responding to queries raised in order to obtain the annual tax assessment or to clarify to the authorities, any tax positions taken by the taxpayers.

\*These results are based on an independent survey of 1,040 primary buyers of tax services globally, conducted by research agency Jigsaw Research (Q1 2015).

### How are we helping?

At PwC, we measure success by our capability to create the value that our clients, our people and our communities are looking for. Our reputation lies in building lasting relationships with our clients and focus in delivering a range of solutions to make things happen. We can bring our world class capabilities and experience to your business goals.

We are a network of firms operating in 157 countries with more than 190,000 people who are committed to delivering high quality service in assurance, tax, and advisory services.

PwC has been present in Iraq since 2006, with offices in Erbil, Baghdad and soon, in Basrah. We tap into the deep industry expertise

and experience of our local and global talent to help each client create the kind of value they are looking for.

Our clients work with us because we take time to listen, question and understand their goals, as well as their competitive and regulatory environment.

At PwC, we are committed to being part of shaping the prosperous future of Iraq and its people. In recent years we've been fortunate to take part in various initiatives and projects such as assuring, restructuring and reforming various government bodies and banks throughout Iraq. We have also been heavily involved in establishing and supporting the new joint ventures that are challenged with growing sectors such as oil & gas, financial services and government services.

We strongly believe the transfer of skills and knowledge is essential to sustaining Iraq's growth, as the Iraqi workforce is the most valuable asset for its future. Our Middle East Public Sector Institute (MEPSI) is actively contributing towards building national capacity through a range of programmes to train employees in leadership, soft skills and technical skills such as human resources, finance and accounting, change management, strategic planning, and government specific knowledge. ■

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# Doing business in Iraq

Sanad Law Group in association with Eversheds LLP

## Introduction

Given that certain sections of Iraq's commercial laws are outdated, the need for reform is apparent. However, with the threat from terrorist organisations and political upheaval, reforms are being hindered. This can paint an unattractive picture for investors.

Nonetheless, Iraq is the only country in the Middle East that has virtually no restriction on foreign investment. Since it is yet to mine its gold and platinum resources, and in light of recent developments surrounding its gas industry, foreign expertise is welcomed by the Iraqi Government with open arms in sectors such as healthcare, education, banking and infrastructure.

## Foreign investment

### Federal Iraq

The Iraqi Federal Investment Law No. (13) of 2006, established the National Investment Commission (NIC) and detailed, amongst others, tax incentives offered to foreign investors. The NIC operates as a one-stop-shop as it represents the single contact point for interested investors. The NIC's website may be accessed at [www.investpromo.gov.iq](http://www.investpromo.gov.iq).

### Kurdistan Region

The Kurdistan Investment Law No. (4) of 2006, established the Kurdistan Board of Investment (KBI) which has functions similar to those of the NIC.

## Real estate

Foreign nationals are unable to own land in Iraq unless the land is used for the purpose of building Government Licenced residential complexes. Under the Federal Investment Law, the maximum term on

a lease is 50 years which is renewable for land only associated with residential complexes.

For non-licenced private land, the maximum term according to the Iraqi Civil Code No. (40) of 1951, for leases is 30 years, whereas for a musataha arrangement, it is limited to 50 years. Both arrangements may have renewal options.

## Employment

The Labour Code Law (71) of 1987, governs employment in Federal Iraq and the Kurdistan Region. For an employment contract to be valid, it must: (1) be in writing, (2) detail the nature of the work to be undertaken during employment, (3) specify the remuneration, and (4) contain a term for employment (infinite or finite). Generally, employees should not work for more than eight hours per day, six days a week.

Terminating an employment contract after expiry of the probationary period under the Labour Code is very difficult and complicated. While fixed term contracts are permitted in certain instances, they may be struck down by the courts if an employer abuses them.

Although the law prohibits a foreigner to work without a permit, work permits have been limited in practice to large contractors, who have contracts directly with the Government.

## Intellectual property

Iraq is not a member of the World Trade Organisation and is relatively behind in the development and implementation of global IP related regulations.

## Trademarks

CPA Order No. 80 was the latest amendment to the Trademarks Law in

Iraq. The Order distinguishes between a Service Mark, Certification Mark, and Collection Mark.

Registration of a trademark is done via an application to the Trademark Registration Office, at the Ministry of Industry and Minerals. In the Kurdistan Region, registration is done through the Kurdish Ministry of Trade and Industry. Applications in both regions are recommended to ensure maximum protection. A trademark is valid for ten renewable years upon registration.

### Copyright

The Copyright Law has been amended by CPA Order No. 83, to grant certain authors copyright protection up to 50 years after his/her death. A copyright infringement is punishable by a fine and repeated offenders can be subject to imprisonment between five and ten years. This latest amendment gives the court more discretion to destroy the infringing copies and order injunctive relief against the infringer.

### Patents

The Patents Law in Iraq, most recently amended by CPA Order No. 81 in 2004, provides protection for a non-renewable twenty year period, starting from the date of filing an application. Three requirements need to be met, namely novelty, innovation or an inventive step, and the capability of practical industrial application. Inventions which contradict public order, morals or interests are not eligible for protection. Foreign citizens may apply for patents if they are based in jurisdiction which is party to a treaty, to which Iraq is a member of, such as the Paris Convention.

### Establishing a legal business presence in Iraq

The Companies Law No. 21 of 1997, (amended by CPA No. 64 in 2004) (Companies Law) allows for mainly three types of corporate entities to be registered in Iraq (including the Kurdistan Region). These are private limited liability companies (LLC); branch and representative office of a foreign entity.



### LLC

Subject to the approval of the relevant ministry/department, foreign investors are free to establish or participate in Iraqi companies without restriction.

### Memorandum of Association

Memorandum of Association of a LLC must include: (1) Name, form and objectives of the Company, (2) its headquarters' address, (3) name, nationality, address and occupation of the company's founder(s), and (4) share capital.

### Minimum capital

The required minimum capital of a LLC is IQD1 million (approximately US\$850). The nominal value of a share is one Iraqi Dinar. The share capital should be fully paid by the time of registration. It must be noted that in certain industries the minimum capital is higher, such as the oil sector where IQD2 billion is required.



Foreign expertise is welcomed by the Iraqi Government with open arms in sectors such as healthcare, education, banking and infrastructure.



### Shareholders

While there is no minimum number of shareholders required, the maximum number of shareholders in a LLC is 25, this can be a mixture between legal entities and individuals.

### Management

A LLC is managed by a General Manager who has similar powers and is subject to similar restrictions, as the Board of Directors of a Joint Stock Company. The appointment of a foreign national as a General Manager requires the approval of the Iraqi Ministry of Interior.

### Registration

An application sent to the Companies' Registrar at the Iraqi Ministry of Trade must contain: (1) name of the LLC; (2) type of business activity, (3) business address, phone and fax numbers, email address, (4) address of its Iraq office(s), (5) ownership structure, and (6) Memorandum of Association.

The time for approval is usually between three to six months, but in some instances it can take longer.

### Branches and Representative Offices of foreign companies

A foreign entity may establish a branch if the company has a contract with the Iraqi Government, or a contract with a prime contractor contracted with the Government. A branch must carry out the activities its parent entity is authorised to carry out.

As for a representative office, it may only carry out business development and marketing activities if it contracts with the Iraqi Government, or a prime contractor of the Government, in which case a representative office must convert to a branch.

### Registration in the Kurdistan Region of Iraq

The Kurdistan Region applies the same Companies Law but the Companies Registrar in Erbil does not require a Government Contract for the registration of a branch office, and the time needed to register a branch is relatively short.

### Commercial Agency

Only Iraqi nationals are permitted to undertake commercial agency under the Agency Law No. 51 of 2000. ■



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# Citi has confidence in Iraq's investment prospects

Mayank Malik - Chief Executive for Jordan & Iraq, Citi

Dennis Flannery - Managing Director for Iraq, Citi



Mayank Malik

Citi was the first global bank to commit itself to the development of Iraq when it opened a representative office in Baghdad in 2013.

Despite the severe challenges which have become apparent over the last year, Mayank Malik, Citi's Chief Executive for Jordan and Iraq states: "We are still positive about Iraq, particularly with its oil and potential gas production on a growth trajectory and with the country's infrastructure rebuilding needs so apparent. The Iraqi economy is a sleeping giant and while the politics and security issues may take time to settle, it will awake."

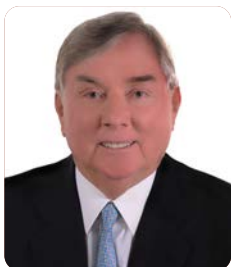
Citi recognised that growth would reflect progress on restoring stability necessary to allow the country to rebuild its economy. "When we opened our office in Baghdad, we saw a long term opportunity to offer our international financial services in a country with huge economic potential and prospects providing an immense opportunity. That continues to be our view. We still see big opportunities," Malik says.

Over the last two centuries the New York based bank has become one of the world's largest and most experienced financial institutions, with a global reach extending to more than 100 countries. Therefore, the bank's decision in 2012 to open in Iraq was taken in the full knowledge that building a business was going to be a longterm commitment.

"Iraq's 2015 budget was approved within weeks and the new Prime Minister has succeeded in bringing different factions together and has focused on inclusiveness. The country has political stability," he says.

Even as the security situation has become more complex, Malik maintains that in terms of the economic potential nothing has changed.

"Oil revenues will generate growth into the future because the country has such huge hydrocarbon resources that have only partially been exploited." He notes that all 16 of the international oil companies (IOCs) present in Iraq continue to operate and to



Dennis Flannery

produce oil unimpeded. While global oil prices have fallen, this is a matter which affects all producers not just Iraq, he says.

“Meanwhile, efforts to rebuild and develop infrastructure including telecoms, hospitals, roads and electricity continues and our assistance in these developments hasn’t changed. The process which will need between US\$700 billion and a US\$1 trillion may be protracted but continues.”

Citi is in Iraq for the long term and intends to stay the course, he says. “Economic growth will happen. Despite the security challenges and the international oil price decline, there are positive factors. Citi has the experience and credentials,” he believes, to help create the building blocks to enable the country’s economy to move forward.

Infrastructure work has slowed down due to the insurgency and the uncertainties generated have increased the risk factors for investors. “Despite this, the economy has never come to a screeching halt. Iraq’s population of over 31 million have consumer needs which have to be met. Transport infrastructure investments and power projects have been impacted. However, investment in oilfield development has been ring fenced. There is a need to be watchful but we are waiting for the investment environment to stabilise and hopefully this will take place this year,” Malik says.



Dennis Flannery, Citi’s Managing Director and Country Head for Iraq says that regional companies from Turkey, the Gulf and Lebanon continue to be involved in the power field and other sectors. “We see global company names more involved as suppliers of capital equipment than taking over sponsorship of projects. As things settle down we are likely to see global companies more directly involved.”

Citi has already established close relations with the local Bank of Baghdad, National Bank of Iraq, Trade Bank of Iraq and also works with



Citi has already established close relations with the local Bank of Baghdad, National Bank of Iraq, Trade Bank of Iraq and also works with Kurdish International Bank.

Dennis Flannery



Kurdish International Bank. However, the Bank is not in the country just to market products and conduct transactions, Flannery says, but also to work from an on-ground presence to build relationships, provide trusted advice and play a pivotal role in the country's rebuilding and modernisation.

The Bank, for example, is currently working on a financing deal for Iraqi Airways' purchase of a fleet of new Boeing aircraft, a negotiation in which the bank is in a unique position to help as a result of its close links with the US Export Import Bank (Eximbank).

While the aircraft financing deal is under discussion, and other infrastructure developments have been stonewalled by a lack of sovereign guarantees, for the aircraft deal at least, a breakthrough is in prospect.

In an unprecedented move which has wider implications, the 2015 Iraq National Budget in its Clause 32, authorises the Ministry of Finance to provide a guarantee to support US Eximbank financing for new aircraft.

One of Citi's biggest roles in Iraq, is to reconnect the country to global financial markets from which it has been estranged for many decades. A breakthrough could take place as a result of a reported US\$6 billion international bond issue. Iraq's Minister of Finance has been reported in the public media to be contemplating an approach to international capital markets in order to bridge a shortfall in revenues, as a consequence of falling oil prices; the Minister indicated he intends to work with Citi and Deutsche Bank as managers for such a bond issue.

As far as the current situation is concerned Malik says the bank does not have a crystal ball, though he believes that Iraq's economy is in a far better place than many others. Last year's plummet in oil prices took everyone by surprise but it is essentially a liquidity situation with a financing gap which needs to be filled in the short to medium term. As the security situation improves, the economy will again accelerate, he believes.

The way ahead for Iraq is not without challenges. Dennis Flannery points out that "Iraq has not had to face such a severe crisis since 2003, when the Saddam regime was overthrown. We have been in discussions with the Government for several months since the perfect storm hit with oil prices falling off a cliff and security expenditure soaring, to help overcome liquidity problems."

"However, Iraq does not face a solvency crisis. Iraq has the second or third largest oil reserves in the world and also possesses some US\$67 billion of reserves."

He also observes that "the current Government is sharply focused on the country's fiscal deficit and is seeking to cut expenses, at the same time as considering financing options."

It is very strong and stable and up to the task of tackling the country's problems. Of these, meeting Iraq's high security costs in spite of low oil prices is the most pressing. The security challenge, though,

will be overcome and will not involve such a high degree of focus in the long term."

Flannery also says "A growing oil industry will, in time, be followed by a developing gas industry and these are the building blocks. We definitely have a positive view of Iraq and believe it will be a strong economy in the long term. The fundamentals have not changed despite immediate problems."

He also believes there is a huge misunderstanding in parts of the foreign press which showed in some way, Iraq facing disintegration. "Our observation is that after the change of regime and the dawn of a new era in 2003, Iraq, has managed to hold free elections at parliamentary, provincial and municipal levels in an orderly and efficient way with results generally accepted. By and large, governance has been pretty remarkable and encouraging. These facts are often lost on outside observers and commentators."

The Government is meeting challenges and building successfully on the democratic processes now established, Flannery states: "This leads one to be quite positive about the next 5 to 7 years medium term, as well as in the longer term. In a decade, we could see a very strong economy and a country rebuilt. Politically, Iraq is well on its way with a high quality of leadership. There is an enormous underlying wealth and the country's future is very bright." ■





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# Iraq: Facing very challenging times

Shwan Ibrahim Taha, Chairman, Rabee Securities

ISX Mcap reached US\$16 billion on June 23, 2015, following the listing of Al Khatem Telecom Company.

Rabee Securities (RS) and Melak Iraq (sister company), successfully listed Al Khatem Telecom Company (TZNI), the sole owner of Zain Iraq, on the ISX on 23 June 2015. This is largest telecom company in Iraq in terms of number of subscribers. Al Khatem became the second telecom company listed on the ISX, following the listing of Asiacell on 3 February 2013. RS was the selling agent, and Melak Iraq was the sole financial advisor for Al Khatem. With this listing, Al Khatem fulfilled its licence requirement.

## Rabee Securities and Asiacell's awards:

- RS was named the winner of EMEA Finance magazine's Middle East Banking Awards 2013 and 2014, "Best brokerage house in Iraq", and

Melak Iraq was also named the winner of "Best Investment Bank in Iraq" in 2013. In 2011, RS was also named the winner of EMEA Finance magazine's Middle East Banking Awards 2011, "Best Asset Manager & Broker in Iraq."

- Asiacell was named the winner of the corporate finance category in the 2013 Association of Corporate Treasurers Middle East Deals (ACTME) of the Year Awards (Arranger of the deal: RS)
- Asiacell has won "EMEA Finance's Best IPO in EMEA award" in EMEA Finance's Achievement Awards 2013. (Arranger of the deal: RS)
- Asiacell IPO advised by RS was named the winner of the category of "Equity capital markets deal of the year" of TMT Finance Middle East & North Africa, 2013 Conference & Awards.

	2009	2014	Chn (%)	2014	2015	Chn YTD (%)
				(as of 25 August 2015)		
RSISX Index	993	1,393	40.3%	1,393	1,211	-13.1%
Market Cap (IQD billion)	3,100	9,812	216.5%	9,812	14,888	52%
Market Cap (US\$ million)	2,650	8,043	203.5%	8,043	12,104	51%
Number of listed companies	91	83	-8.8%	83	98	18%
Number of traded shares (billion)	211	747	253.5%	747	388	-48%
Trading volume (IQD billion)	412	902	119%	902	347	-61%
Trading volume (US\$ million)	352	743	111%	743	275	-63%
Average daily trading (US\$ million)	2.3	3.3	41.4%	3.3	1.8	-46%
FX (US\$/IQD) (Market Price) - end of period	1,185	1,220	3%	1,220	-	-
FX (US\$/IQD) (Market Price) - average	1,182	1,213	2.6%	1,213	-	-

Source: ISX, CBI, Rabee Securities

## Major Milestones

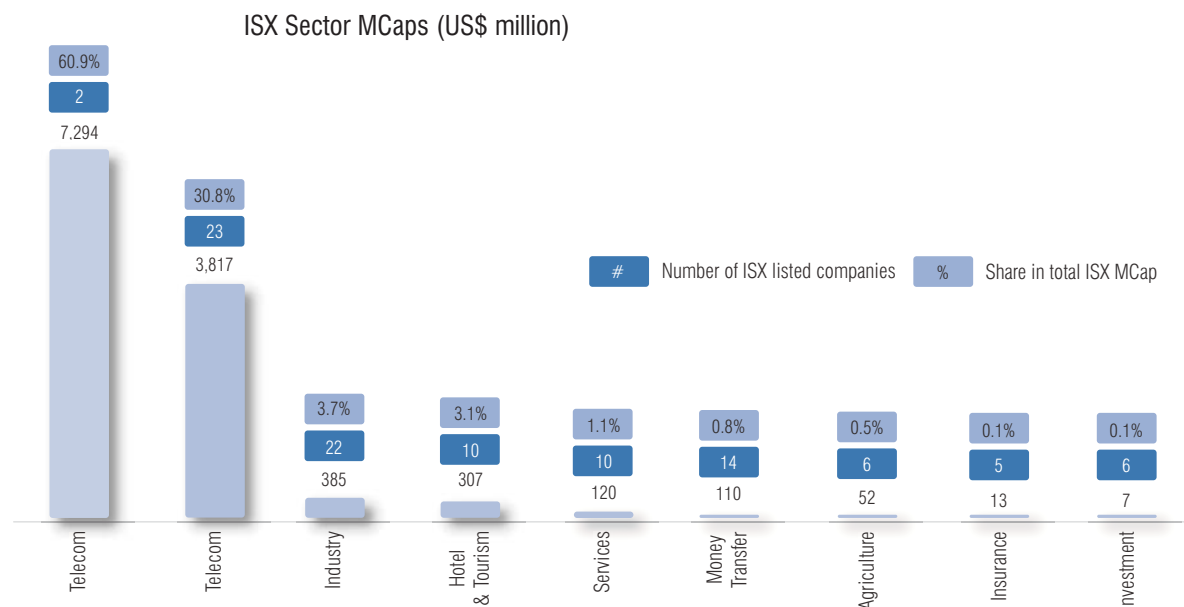
- **1991:** Baghdad Stock Exchange (BSE) was established
- **March 2003:** War started in Iraq, Baghdad Stock Exchange closed
- **April 2004:** The ISX was established
- **June 2004:** The ISX began trading with 59 companies using a cry out system
- **August 2007:** The ISX opened to foreign investors
- **April 2009:** First electronic trading session was held, (OMX)
- **November 2009:** Trading sessions increased from three to five per week
- **June 2011:** First branch of a brokerage house
- **February 2013:** RS/Melak Iraq listed Asiaticell Communications PJSC (TASC)
- **June 2015:** RS/Melak Iraq listed Al Khatem Telecom, the sole owner of Zain Iraq

- Today 98 companies trade on the ISX (22 of them trade on the Non Regular market), with volumes around US\$1.1 million per day.

## Market composition

The ISX is composed of nine sectors; telecoms, banking, industry, hotels & tourism, services, agriculture, insurance, investment and money transfer.

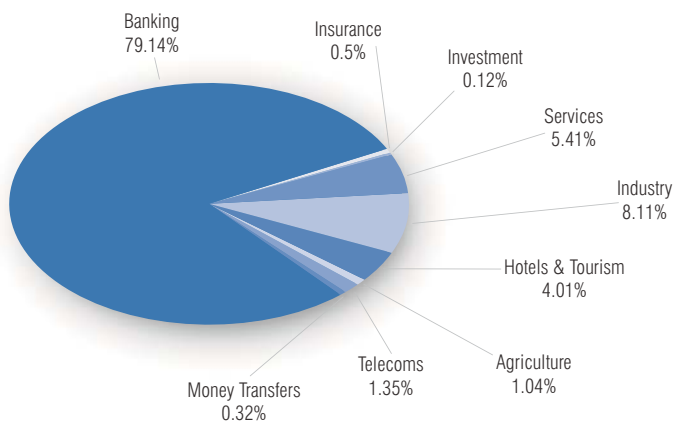
The most significant portion of the market today, is the telecoms sector with 60.3% share in total ISX Mcap including two listed telecoms companies. Banking sector, including 23 banks, has a 31.5% share. Combined share of banking sector and telecoms in ISX Mcap is 91.8%, while the remaining seven sectors have total 8.2% share. We believe that the expected listing of the remaining mobile operator; Korek, will increase the market cap of the ISX by around 5%, which may result in an increase in the share of the telecoms sector in ISX Mcap to around 65%. We also believe the listings will contribute to the liquidity in the market.



As of 25 August 2015. Source: ISX, Rabee Securities

The banking sector's share in total trading volume in the last six months, was 68.5%, making it the most liquid in the ISX. Continuing capital increases in the banking sector have further contributed to the liquidity in the market, according to Central Bank of Iraq's (CBI) requirement for private banks to increase their capital to IQD250 billion.

#### Breakdown of ISX total trading volume in the first seven months of 2015 by sectors (US\$240 million)



Total first seven months of 2015, January-July

#### RSISX Index performance

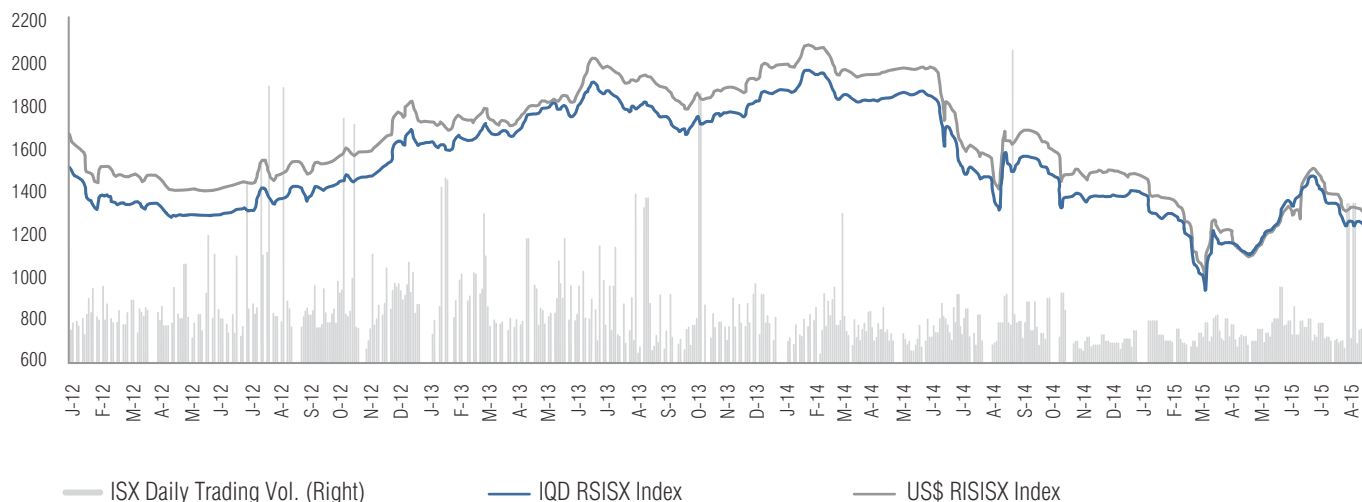
RSISX Index, our free float weighted index, decreased by 13.1% from the end of 2014, to August 2015\*, following a 51.8% increase in 2011, a 7.4% increase in 2012, a 15.5% increase in 2013 and a 25.3% decline

in 2014. RSISX Index is composed of ten companies, including seven banks, one industrial company, one hotel & tourism and one services company. Index companies represent 56% of the liquidity in the ISX, according to our average daily trading volume calculations (March-August 2015).

#### Top-5 performers in 2015

The ISX is not yet adjusting the historical closing prices of the listed companies, after the capital increases and dividend distributions. As a result, adjusted closing prices are absent in the market. As a premier brokerage house in Iraq, we are providing adjusted closing prices for our clients. Some 12 out of 98 companies were listed during the year but have yet to trade; price calculations for the remaining 86 companies have taken place. Based on our adjusted price calculations, 5 out of 86 listed companies increased more than 10%, 4 of them increased more than 20%, and one of them increased more than 30% from the end of 2014, to August 2015\*. Top-5 performers' share prices increased within a range of 11%-42%. In the same period, 46 out of 86 listed companies decreased more than 10%, 31 of them decreased more than 20%, and 17 of them decreased more than 30%. Top-5 worst performers' share prices decreased within a range of 45-77%. The remaining 35 listed company prices moved between -10% and +10%. (Note: Five out of 86 companies were listed in 2015; the calculation for their year-to-date performance is based on their opening price. These five companies are National Islamic Bank (BNAI), Trans Iraq Bank for Investment (BTRI), Al Khatem Telecom Company (TZNI), Al-Taif Money Transfer (MTAI) and Al-Motaman for Money Transfer (MTMT)).

## RSISX Index



### Banking Sector

The banking sector, including five Islamic and 18 private banks, comprises 31.5% of the US\$12.1 billion Mcap of the ISX as of 25 August 2015. There are 23 banks on the ISX with a total market capitalisation of US\$3.8 billion.

\*As of August 25, 2015

In 2014, ISX banking sector total net profits decreased by 34% y/y to IQD321 billion net profit (according to 22 out of 23 ISX listed banks, excluding Economy Bank), mainly due to the worsening security situation in Iraq. The first quarter of 2014 and the first month of the second quarter were affected negatively from the rising sectarian conflicts before the parliamentary election which was held on 30 April 2014. The security situation has been affected considerably in Iraq from the attacks of so-called IS starting in June 2014. IS attacked eight provinces (including the city centre: Mosul, Anbar, Salah Al-Din, Diyala;

excluding the city centre: Baghdad, Erbil, Al-Tamim (Kirkuk), Babil). The attacks of IS are affecting banking operations and other sectors negatively in Iraq. We expect ISX banking sector profits to grow faster again with the improvement in the security situation and the more efficient use of the increased capitals in the following periods.

ISX banking sector's total assets decreased by 1% ytd (compared to end of 2014) to IQD14,298 billion as end of 3M15 due to the decrease in cash by 5% ytd to IQD6,722 billion, investments by 6% ytd IQD1,835 billion and monetary credits by 1% ytd to IQD3,969 billion. In this period, accounts receivable (A/R) increased significantly by 43% ytd to IQD982 billion, while fixed assets rose by 13% ytd to IQD789 billion. Deposits dropped by 11% ytd to IQD6,831 billion (US\$5.5 billion), while growth in shareholders' equity (BV), accounts payable (A/P) and other liabilities limited the decline in assets. ISX banking sector asset growths in 2012, 2013 and 2014 were 41%, 16% and 2%\*\*,

RSISX Index Breakdown	Codes	Weights*
Bank of Baghdad	BBOB	20%
Gulf Commercial Bank	BGUC	13.3%
Baghdad Soft Drinks	IBSD	20.2%
Investment Bank of Iraq	BIBI	11.6%
Middle East Bank	BIME	10.1%
Al-Mansour Bank	BMNS	7.7%
North Bank	BNOR	6.2%
Mamoura Real Estate Inv.	SMRI	5.8%
Credit Bank	BROI	3.1%
Ishtar Hotels	HISH	2.1%
<b>Total</b>		<b>100.0%</b>

\*As of end of 25 August 2015

respectively. We are looking forward to more M & A activities in the banking sector and we are hoping to see new entrants into the stock market in this sector. Iraq is enormously under banked.

### Rabee Securities (RS)

We bought RS in 1999, on the hopes that sanctions will end in Iraq and we would be able to play a role in the Finance Sector. The story of our growth is tied to the history of the ISX.

RS is a premier broker established in 1995 headquartered in Baghdad. We are the prime broker for the majority of Iraq specialty funds in addition to several large retail and High Net Worth Individual (HNWI) clients. Our research department was established in 2007, and today we provide the following products:

\*\*Excluding Economy Bank

### Coverage Reports

- 26 companies under coverage, of which eleven are banks
- Total Market Cap of companies covered is approximately 82% of ISX

### Best performers (2014-end / 2015 year to date)

Company Name	ISX Code	Price (IQD/share)	Price Chn (%)
Modern Chemical Industries	IMCI	85	42%
Al-Taif Money Transfer	MTAI	3.18	27%
Iraqi for Seed Production	AISP	5.09	21%
National Islamic Bank	BNAI	1.2	20%
Commercial Bank of Iraq	BCOI	0.69	11%

### Worst performers (2014-end / 2015 year to date)

Company Name	ISX Code	Price (IQD/share)	Price Chn (%)
Iraqi for General Transport	SIGT	1.64	-77%
Gulf Insurance & Reinsurance	NGIR	0.36	-59%
Mosul Bank	BMFI	0.37	-49%
Ashur International Bank	BASH	0.51	-45%
Iraq Agr. Prod. Mark. Meat	AIPM	4.00	-45%

### Top-5 traded volume (2015 - year to date)

Company Name	ISX Code	IQD billion	US\$ million
National Bank of Iraq	BNOI	41.9	33
Gulf Commercial Bank	BGUC	41.9	33
Iraqi Islamic Bank	BIIB	31.1	25
Bank of Baghdad	BBOB	22.1	17
United Bank	BUND	20.9	16

Source: Rabee Securities' calculations according to ISX data. Please note, the Price performances were calculated based on our adjusted price calculations. The historical prices provided by ISX are not adjusted prices.

### Market Cap

#### Quarterly Sector Update Reports

- Banking Sector – Quarterly update on banks' valuation ratios and development in the banking sector including corporate actions

#### Monthly Sector Update Reports

- Oil Sector – Major Developments in Iraq's Oil & Gas Sector

#### Weekly

- Profits of ISX Listed Companies
- Adjusted Price Charts of ISX Listed Banks

#### Daily, weekly, monthly bulletins - ISX market update bulletins

In 2008, RS signed a partnership agreement with U.S. based company, Auerbach Grayson. This agreement helped us to facilitate the buying of Iraqi shares by US Institutions. Currently, we are making most of the foreign trades in the market. In June 2011, Erbil branch was opened, followed by Sulaymaniyah branch in July 2011 and representative office in Istanbul, Turkey in March 2012. We are still the only brokerage firm with official branch offices in Iraq and representative office in Turkey.

#### The future

2014 was not a good year for Iraq. IS coupled with a decline of 50% in the price of oil exposed deep structural weaknesses in the country's economy. After having many years of double-digit growth, (based primarily on the high price of oil,) Iraq's GDP is bound to shrink. The Government is forced to borrow funds to cover the budget, a budget that is mainly comprised of civil servants' salaries. We have been arguing for the past years, that sound economic policy for an oil rich country



should not be “sell oil and buy yogurt!” A sound economic policy should be following the footsteps of countries like Norway, and Chile, who achieved an independence from their natural resources by investing heavily in each of their country's and abroad.

There is a silver lining in every cloud. The catastrophic problems we are facing has galvanised the Government to take major steps against corruption and over-spending. The Government in Baghdad has started a policy of trimming the Government and cutting waste. However, this is just the beginning. As oil prices are forecast to stay low for the near future, Iraq has to do much more to assist the private sector and allow it to take the lead in pulling the country forward. To achieve this the Government will have to appreciate the importance of a solid and transparent financial system and the crucial role capital markets play in providing the lifeblood of the economy. We at RS are certain that the next chapter in Iraq will see the real New Iraq. ■



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# 2005-2015, ten years stirring the sound of lending silence in Iraq

Jorge R. Vila - General Manager, IMMDF

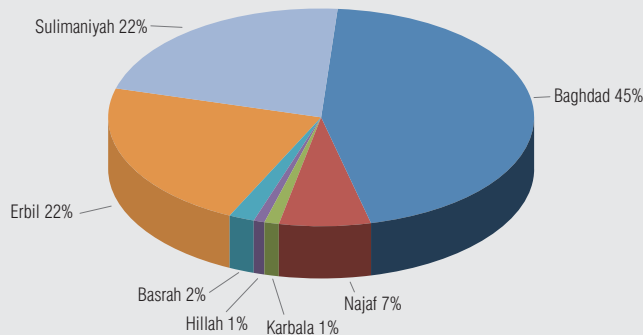
The Iraq Middle Market Development Foundation (IMMDF) was created in 2004 by Global Communities, a development organisation in Washington DC, with the support of the Overseas Private Investment Corporation (OPIC), an agency of the US Government, to finance private sector small and medium size enterprises (SMEs) in Iraq.

Since then, from offices in Iraq and Jordan, IMMDF has disbursed almost US\$75 million in four to five year loans to 51 SMEs, to finance acquisitions of local and foreign equipment, factory expansions and working capital for manufacturing, industrial, services and agricultural projects. At an average of US\$1.4 million per loan, our loans created approximately 1,270 direct jobs, in addition to having a substantial impact on the sustainable growth of the borrowers. These

SMEs did not have access to Iraqi long term commercial sources of credit, under affordable terms, simply because they weren't available.

With IMMDF's loans, borrowers purchased equipment to manufacture copper cables for industrial uses, as well as aluminium frames, electrical panels, timber doors, and tiles for construction. Equipment purchased also included cement mixers and pump trucks for construction; production lines for water and juice bottling; corn dryers; cranes for rental to oil & gas companies and IT related software and hardware. We have also financed expansions of warehouses, construction of bridges, cold storage facilities, poultry farms, feed and flour mills, food processing factories and high definition vans for media broadcast activities.

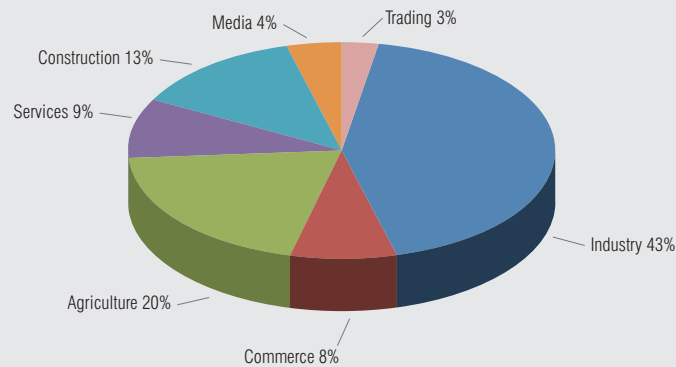
IMMDF 2005-2015 borrowers by location



Baghdad:	US\$33,153,420	Erbil:	US\$16,292,950
Najaf:	US\$5,000,000	Sulimaniyah:	US\$16,670,458
Karbala:	US\$500,000	Koia:	US\$150,000
Hillah:	US\$500,000	Dohuk:	US\$325,000

**Total: US\$73,859,478**

IMMDF 2005-2015 borrowers by activity



Industry:	US\$31,973,828	Construction:	US\$9,667,000
Commerce:	US\$5,825,000	Media:	US\$2,500,000
Agriculture:	US\$14,443,650	Education:	US\$250,000
Services:	US\$6,700,000	Trading:	US\$2,500,000
Total:		US\$73,859,478	

During this ten year process we introduced stronger cashflow based lending and borrowing practices in Iraq. Our credit assessments emphasised:

- historical and reliable financial statements
- experienced management
- solid business plans
- insurance against business risks
- liens on equipment and corporate shares
- compliance with international standards applicable to human resources and environmental policies
- full and periodic financial and other reporting
- proper accounting
- external audits of year-end financial statements
- strong corporate governance.

We are particularly proud of our Internship Programme, which every summer for the last three years has offered two to five month Internships to business management or law students from Iraqi, European or United States’ universities. From May to September in 2014, we received in our Erbil office a total of five interns, two Iraqi-Kurds from the American University in Sulimaniyah, one Iraqi-Canadian from the University of King’s College, Halifax, Canada, one Spanish intern from Universidad de Navarra, Pamplona, Spain, and one British from the London School of Economics, UK. As in previous years, the Programme offered interns on-the-job training in credit assessment and risk analysis, air or ground transportation to and from Erbil, accommodation in our guesthouses and a stipend.

We have overcome many challenges during these ten years of lending in Iraq. The tasks of identifying creditworthy SMEs and projects, carrying out realistic credit assessments, disbursing and effectively



monitoring loans, and occasionally enforcing loan agreements in court, were always difficult. But even under the most difficult circumstances in Iraq since 2005, including the well known events of 2014, IMMDF never stopped financing SMEs, honouring its commitment to generate employment and economic growth.

We are grateful to the Iraqi Government and the Iraqi people for giving us an opportunity to contribute to their efforts. We are also grateful to OPIC for their financial support, as well as to Global Communities for their technical and operational support, during these ten years.

We plan to continue offering medium and long term financing to SMEs for projects which will generate employment and economic growth in Iraq. If you are an Iraqi or foreign financial organisation which shares our vision - that lending to profitable, sustainable and viable Iraqi

SMEs leads to the creation of employment and economic growth in Iraq - please contact us to discuss opportunities to cooperate.

And as always, if you are an SME with a manufacturing, industrial, services or agricultural project which will generate employment or economic growth, or an Iraqi top tier company, which outsources the supply of goods or services to SMEs, or a foreign company wanting to sell equipment to SMEs, or start a joint venture in Iraq, and you believe that you may qualify for an IMMDF loan, please contact us at our offices in Iraq or Amman. ■

# Almaseer - Building on success

## Our Beginnings....

Founded in Iraq in 2011, from an inauspicious office in Baghdad, we have built an enviable reputation as being the insurer of choice, not only for our domestic clients but also for our regional and multinational clients, by understanding their needs and providing the appropriate solution be it insurance or reinsurance based.

Our first four years have been of continued sustainable growth, predominantly based on the energy and construction sectors.

Our office in Baghdad, now our head office, has expanded into a nationwide network of twelve, including Basrah and Kirkuk. Due to demand we are opening a second Basrah office, specifically to deal with the needs and demands of our international clients based in and around this region.

## Our Future

Our future is simply to build on our success by understanding our client needs and by creating the most appropriate cost effective solutions.

Our rapid success over the past four years, always based on sound underwriting principals and competitiveness, has enabled us to reinvest heavily in our business, both in the quality of people we employ and a new range of products and services for the New Iraq.

Whilst our roots have been in energy and construction, we are seeking to grow further:

- A dedicated service offering for International Insurance Programmes into Iraq, ensuring full compliance with the regulations of the Iraqi Insurance Committee (Iraqi Diwan)
- A revised portfolio of policies starting with:

## Travel Insurance

- Fast claims processing
- Fully online process for: \*application \*payment \*policies
- Travel to high risk areas covered
- Competitive rating structure

## Auto Insurance

- Fast claims processing
- Multi vehicle - fleet insurance including renewal discounts for claims free policies
- Accidental damage or loss, fire and theft & liability cover
- Options for third party liability cover only
- Options for driver and passenger personal accident cover

## Medical Insurance:

- Fast claims processing
- Substantially reduced client administration including DirectDeal with scheme members if required
- Direct billing arrangement in Baghdad, Basrah and Erbil
- New competitive pricing structure
- Comprehensive bespoke coverage

And more:

- International and regional insurance packages and risk management

In addition to our head office our Iraq network is as follows:

Al Ramadi	Fallujah	Al Hillah	Najaf
Samawah	Diwaniya	Basrah(*)	Tikrit
Kirkuk	Mosul	Missan	Thi Qar ■

(\*) Additional office opening third quarter 2015



Authorised by the Iraqi Insurance Committee (Iraqi Diwan), Almaseer is an innovative, nationwide insurer that prides itself on its commitment to delivering expert advice and accurate risk assessments.

Our roots are in energy and construction insurance. Working alongside international reinsurers and brokers coupled with our access to the Lloyd's of London market means we are your Iraq based insurer of choice. Only policies signed and stamped by Almaseer are considered legally binding.

Construction Insurance | Marine Insurance | Motor Insurance



Medical Insurance | Property Insurance | Agriculture Insurance

Contact: Al-Maseer Insurance Company | Alma'mon Street | Baghdad | Iraq

Tel: 07800 555624 | Web: [www.al-maseer.com](http://www.al-maseer.com)

Email: [sarah.safa@al-maseer.com](mailto:sarah.safa@al-maseer.com) [Arabic & English] | Email: [douglas.way@al-maseer.com](mailto:douglas.way@al-maseer.com) [English only]

# Emerging insurance markets in Iraq

## William Wakeham, CEO, AKE Insurance Brokers



William Wakeham

It has been a challenging year for Iraq, its Government and people. The insurance sector is also finding life tough. Senior retirements at the top of the State insurance companies, an extremely soft insurance market, the drop in oil prices and subsequent loss of revenues have combined with the ISIL security situation to create a perfect storm for Iraq's insurance sector. Political conflict, ethnic tensions in some provinces and widespread allegations of corruption continue to appear in the headline news with alarming regularity.

Iraq remains a country that has yet to fulfil its true potential. However behind the scenes there are encouraging signs and progress is being made. The World Bank has recently committed to programmes for improving Iraq's roads and improving Iraq's public sector through looking at spending efficiencies.

Iraq's GDP per capita was estimated at US\$6,147 in 2014, putting Iraq in the category of upper-middle-income countries. But as the World Bank has

assessed: The population remains extremely vulnerable to the ongoing security problems and reduction in oil prices. Poverty levels have increased and stood at 22.5% in 2014. The number of people living below the poverty line increased by an estimated 2.8 million by the end of 2014.

The dependency on the oil price is leading the Government to encourage investment in the sector and to continued interest from abroad. This bodes well for the insurance sector.

### 1. Insurance in Iraq: 2015. The view from the Iraqi Insurance Diwan

The latest report issued by the Diwan (November 2014) paints a picture of an expanding insurance market, with thirty insurance companies now registered and licenced.

The Diwan has worked hard to discharge its responsibilities in a challenging environment, engaging

with the local market and focusing on applying existing law and regulations as opposed to introducing any large scale additional regulatory developments.

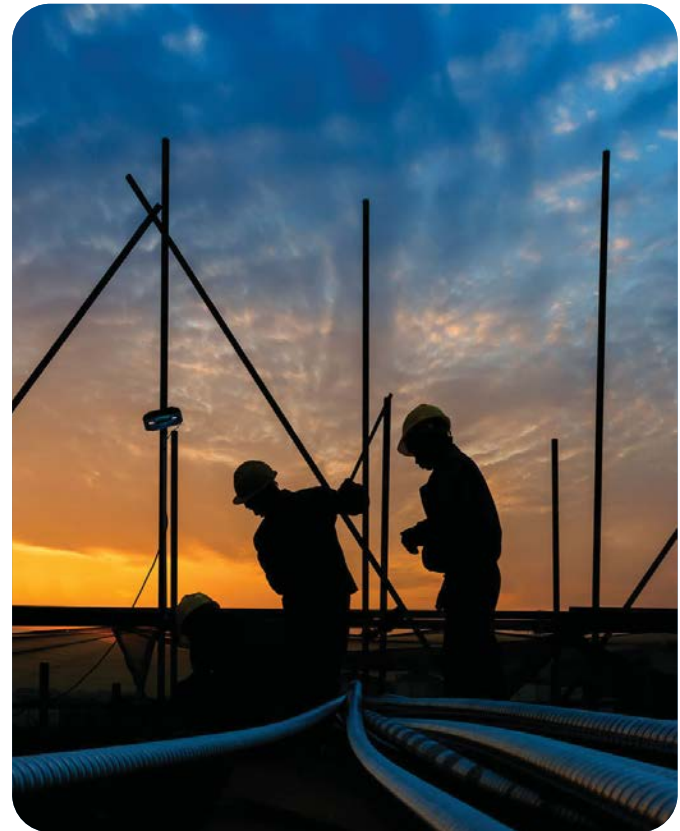
The fact that there are a record number of companies registered with the Diwan is a vote of confidence in the future of the sector, and a credit to the Diwan. It shows that the market continues to attract additional capital.

In 2015, we expect that the Diwan will be taking action against some unlicensed companies that are operating in Iraq (typically based outside of Iraq). Their actions risk harming the reputation of the market and can result in claims remaining unpaid: local insurers are increasingly vocal on their concerns in this area.

**2. Insurance in Iraq: 2015 - The view from the insurance companies**  
AKE staff were the first brokers registered and licenced in Iraq and since then have built up important connections with local companies at a senior level. An annual survey is carried out to test the mood of the local insurer community, understand how insurers see the future, what the key challenges are that they face and what they will focus on over the coming year. This year's results show some very interesting findings.

• **Selecting an Insurer: What's important?**

Looking at the most important factors that customers consider when selecting an insurance company; having an efficient and effective



claims service was felt to be the most crucial element, followed by flexibility in dealing with customers, with an ability to tailor cover to the clients' needs. Having the lowest prices in order to win business was not mentioned by any of the respondents.

So concentrating on service and striving to be more customer focused demonstrates that insurers are looking at providing added value in their interactions with customers and not going down the route of commodity insurances, as we have seen in some areas of personal lines insurance in more mature markets.



- **Business growth strategies: Anchored on service delivery**

Winning new customers, reducing business acquisition costs and improving customer retention rates (in that order) were mentioned as the most important factors to insurers in efforts to grow their businesses in 2015. We may expect to see more innovation in renewal incentives, such as the use of long term agreements, profit sharing deals on the larger accounts and more attractive payment terms etc.

To boost market share there were a wide variety of responses mentioned, reflecting the profile, capabilities and market position of the different companies.

Almost all respondents agreed that improving marketing and promotions were important elements, followed closely by an ability to launch more insurance products and product variants. Improving customer service levels was also mentioned by most.

Insurers' abilities to design and field appropriate customer propositions whilst effectively segmenting, profiling and targeting customers will come to the fore in the future, as will the ability to reach them via suitable channels of distribution.

This indicates increased levels of sophistication on behalf of insurance companies; it also underlines the contribution that insurance brokers and others can make in helping in product design and in harnessing the needed support from international markets.

- **Opportunities for insurers**

When considering 15 sectors of the economy, insurers felt that construction and energy were the most promising with most opportunities for insurance sales in 2015, followed by the power

sector, then fast moving consumer goods. Sales would also come from the manufacturing and engineering, retail, pharmaceuticals, transport and distribution sectors.

This partly reflects the foreign and domestic investment flows. The need to improve the country's infrastructure is apparent as is the importance of supporting oil exploration and production initiatives, developing and refurbishing energy sector plants, facilities and distribution. Government and private sector plans to succeed in these areas are well known.

Insurers expect to see growth in most product lines, suggesting sustained demand in the commercial, private and Government Sectors.

Most respondents also feel that the insurance market will largely remain unchanged or that it would be buoyant and expand; overall it is a positive outlook.

### **3. International insurance and reinsurance support: an essential component for success**

Iraq relies on the international reinsurance markets in providing the needed capacity, and in some areas, the technical expertise, wordings, claims management and pricing know how, which, when combined with local knowledge, distribution and risk insight of local insurers enables the required coverage to be agreed and put in place.

Insurance treaties must then have sufficient capacity and flexibility to cater for the expected increase in premium volume across the main lines of business that most insurers are expecting. How reinsurance treaties will be revised in 2015 to ensure their adequacy in an expanding and increasingly demanding environment is a point to watch. ■



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The Middle East Association (MEA) is the UK's leading business forum for promoting trade and investment with the Middle East and North Africa. Founded in 1961 and based in London, the MEA is an independent, not-for-profit membership association, representing around 350 organisations from all business and industry sectors.

With our unrivalled network of government and private sector contacts, longstanding experience and in-depth market knowledge, we are uniquely placed to provide British companies with the intelligence, access and guidance they need to develop their business successfully in the region.

Membership of the Association offers a range of benefits and incentives including special rates for our events and trade missions, networking opportunities, consultancy advice and representation of members' interests to government, as well as access to exclusive business intelligence and special offers through our website.

To find out more contact: +44 (0)207 839 2137 or [info@the-mea.co.uk](mailto:info@the-mea.co.uk)

[the-mea.co.uk](http://the-mea.co.uk)

# CWC Group - UK - Events & Training - Supporting Iraq's Economy

Nawar Abdulhadi - Vice President, CWC Group



Nawar Abdulhadi

For the past 18 years, the CWC Group has organised oil, gas and energy events and training seminars around the world focusing on oil & gas exploration, shale gas and LNG among other aspects of the industry. The Iraq oil & gas events have been running for nine of those years; providing updates directly from Iraqi industry representatives, these events have grown over time to become a catalyst in supporting the future of Iraq's oil & gas industry.

Every year we welcome hundreds of senior oil & gas industry leaders from across the globe to explore Iraq's role as a major oil & gas player. While in 2015, we have seen determination from all sides, laying the foundation for long term investment in the Iraqi oil &

gas industry, reflecting its role as a major force on the global oil & gas arena.

"I have worked with the Iraqi Governments and Iraq's corporates for over nine years to produce events on the oil & gas industries. The CWC Group is committed to delivering quality events to help Iraq find international investment and expedite its vast resources. On behalf of The CWC Group we would like to welcome companies to CWC Iraq events and discover what opportunities are on offer for your company."

*Nawar Abdulhadi, VP, CWC Group*

To find out more please visit:

[www.cwciraqpetroleum.com](http://www.cwciraqpetroleum.com) ■



# Supplier of Energy & Infrastructure Expertise

Creating Opportunities. Developing Knowledge

## CWC's Iraq Portfolio

### Iraq Telecoms Conference

6 - 7 October 2015, Istanbul, Turkey



The 9th Annual Iraq Telecoms Conference will gather key insights and leaders of Iraqi telecoms & ICT industries. With a confirmed keynote speech from the new Minister of Communications, and a strong delegation from the Iraqi Ministry of Communications plus representation from the CMC, Iraq Telecoms is set to continue its reign as the largest annual communications event focused on Iraq.

[www.iraqtelecoms.com](http://www.iraqtelecoms.com)

### Basra Oil, Gas & Infrastructure Conference 2015

2 - 3 November 2015, Istanbul Turkey



Held under the High Patronage of Basra Governorate and Basra council, this is the only meeting of Basra's oil, gas & infrastructure industries giving you the opportunity to get involved with the Super Giant Oil Fields development and to win infrastructure contracts in the biggest oil producing province in Iraq. Last year, the Basra oil, Gas & Infrastructure Conference brought together senior representatives from the Iraqi Government, the Basra Governorate and Council, the South Oil Company - Iraq's Ministry of Oil, industry experts and decision makers as well as almost 200 delegates.

[www.cwcbasraoilgas.com](http://www.cwcbasraoilgas.com)

### Kurdistan-Iraq Oil & Gas Conference & Exhibition

30 November - 2 December 2015, London, UK



Now in its 5th year and held under the high patronage of Kurdistan's Ministry of Natural Resources, the largest and most senior gathering of Kurdistan-Iraq's oil & gas industry is returning to London! Being the one place where you will hear from the most well-known personalities of the global oil & gas industry, Kurdistan-Iraq Oil & Gas also constitutes the meeting place of choice for thought leaders discussing crucial issues of paramount importance for both existing operators and future investors in the Region.

[www.cwckig.com](http://www.cwckig.com)

### Iraq Petroleum Conference

23 - 25 May 2016, London, UK



As Iraq seeks increasing support from international oil, gas and service companies for economic development, Iraq Petroleum hosts the largest gathering of over 300 senior level executives and industry experts from over 90 companies worldwide, and provides an ideal forum to discuss these developments as well as opportunities to network and build relationships.

[www.cwciraqpetroleum.com](http://www.cwciraqpetroleum.com)

To find out how you can get involved, contact Nawar Abdulhadi on  
+44 20 7978 0093 or email [iraqpetroleum@thecwcgroup.com](mailto:iraqpetroleum@thecwcgroup.com)

# Not just knowledge, but know how

## Harlow International

Harlow International was established in 2002, the vision of our Chairman was to create a world class Iraqi business conglomerate which had local origins, but measured by professional international standards.

Today Harlow International and its group of companies has an impressive track record of being one of the most trusted and recognised brands in Iraq. We have been involved in some of the most significant projects in the country, and continue to deliver an impressive legacy to our partners.

The group of companies, including Harlow Support Services, Al Thaware Security Services, Al Murabit Security Services, Bahoo Construction and SeaCoast, provide a multitude of carefully selected services, and is today uniquely placed to provide a vast range of "best in class" commercial models to our clients.

Our client list boasts some of the most exacting partners in the world, in terms of compliance and delivery standards. Harlow International continues to grow its knowledge and is continually adapting to the

environment in which we operate. The focus this year is to attain external accreditations across the Group and be the first Iraqi security company to achieve the coveted PSC.1, quality management system for private security operators.

The Chairman, Mazin Wajih, was recently asked about the developments for the Group in 2015. He said "This year is both challenging and exciting for Harlow International and our other companies. We are all committed to the development of Iraq and this can be further evidenced by our investment in management, which boasts 50 years of international business experience in the fields of security, life support, recruitment and project management. Our mission is to strengthen our corporate structure to increase productivity and efficiency across the Group".

Harlow International is currently working with a number of multinational corporates and has paved the way for international clients to successfully participate and win in billions of dollars worth of key projects in Iraq.



We have an abundance of experience within the construction sector, from various camp construction projects to Embassies. Harlow International renovated the Al-Rasheed Hotel, one of the most renowned hotels in Iraq, situated in the Green Zone, as well as the British Embassy, and recently completed a renovation of the new Prime Ministers' Office, the Zaqura Building.

Harlow International is offering a complete range of services, tailor made for client requirements. We feature design concepts, procurement, construction, scheduling, human resources and project management. Our Harlow Support Services brand provides a full range of life support services (accommodation, visa services and workforce for local and expat qualified candidates). In essence, Harlow International and its group of companies encompasses the majority of services a business requires from a partner to operate in Iraq.

Our plan is to expand further into Basrah, including the provision of services to the oil & gas sector. We aim to participate in the growing number of projects initiated by local Government.

In line with our commitment to the local economies, we will also concentrate on building skill sets by devoting resources to training.

Harlow International and its group of companies are operating successfully and profitably in Iraq today. Our client list includes: Hanwha E&C, Samsung Engineering, Standard Chartered Bank, Korea Aerospace Industries, STX, KBR, LukOil, Motorola, Parsons, BBC, Grant Thornton, British Embassy Baghdad and Versar.



#### Our Services:

- Bespoke Consultancy
- Physical & Technical Security
- General Contracting
- Camp Construction
- Investor Hosting
- Media & PR
- Full Life Support
- Logistics
- Oil & Gas Services
- Investment Management
- Local Partnerships
- Power Generation
- Engineering - Electrical & Mechanical (EPC)

If you are planning to enter Iraq to do business, or looking for a partner to represent your company. Please visit or contact one of our offices in Iraq, Dubai or Korea, to discuss your requirements.

#### Contact Details:

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Web: [www.harlowinternational.com](http://www.harlowinternational.com)



# NOT JUST **KNOWLEDGE** BUT **KNOW-HOW**

Harlow International has a successful track record of delivering complex projects in Iraq within oil and gas, construction and infrastructure, power, government and security.

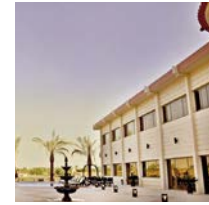
As an established and internationally-compliant Iraqi organisation, we facilitate international companies doing business in a challenging environment through our extensive distributor network, in-country experience and understanding of the local market.

Whether you require a credible partner, or local knowledge and professional resources in Iraq, we can support your team.

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- ✓ **Logistics & Procurement**
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# HWH shows how smaller firms can succeed in Iraq

Sarah Cain - Managing Director, HWH Associates



Sarah Cain

Foreign companies working in Iraq is certainly not limited to international oil company giants and the bigger firms. Small and Medium size Enterprises (SME's) also have many opportunities to succeed in a market which, though driven by its oil industry, reflects a growing range of needs for goods, technical equipment and services in multiple sectors.

Founded in London in the 1980s, HWH & Associates is an example of what a determined and resourceful SME can achieve. Working from offices in Basrah, oilfield site offices and Erbil in Iraq, the firm has established a niche role, competing against larger players and proving that it too, is able to meet rigorous technical and commercial requirements of construction and engineering development projects in the country.

Managing Director, Sarah Cain, believes that there is huge potential for both local and foreign SME's

looking to work in Iraq. "SME's can be more flexible, agile and adaptable to the complex market. They can work with bigger players or by direct engagement with the Iraqi state-owned enterprises and private companies. Both approaches are possible and we work in both private and public sectors. We have found working in the public sector relatively straightforward, and on one particular contract we were paid early," she adds encouragingly.

The British owned engineering consultancy practice has developed a strong international project base. A principal focus is assisting major energy companies in the development of oil & gas fields, aimed at upgrading facilities and infrastructure to enhance production capacity. Work has included asset condition surveys and integrity assessments of existing plant and infrastructure, as well as liaising with state and international companies to deliver refurbishment and new build initiatives.

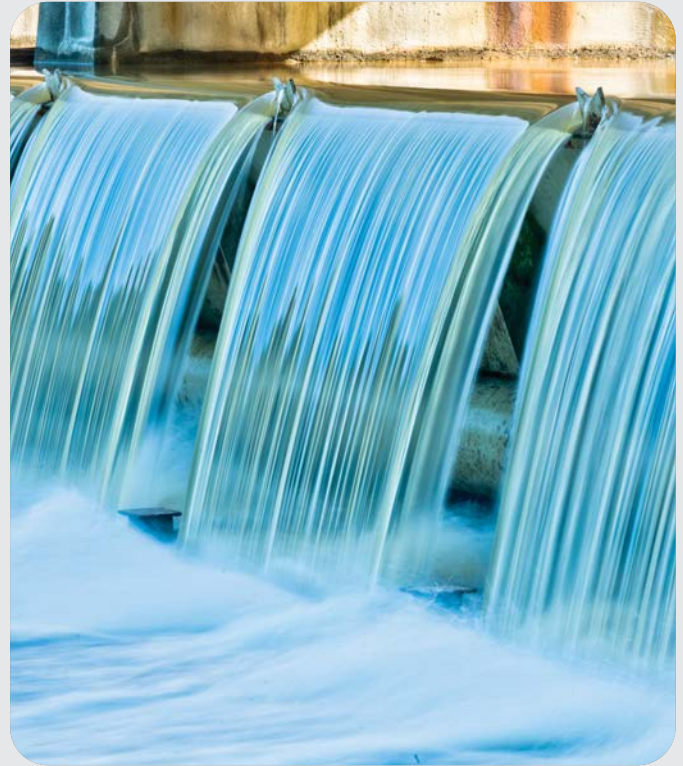
“The country’s oil & gas industry, has become a major source of work for HWH in Iraq, because the sector is focused on water, waste remediation and environmental issues which are some of HWH’s key sectors,” Cain says.

HWH has undertaken a wide range of work engaging with large energy companies in Southern Iraq, to provide advisory services for key transport and planning strategies. This has included concept and feasibility studies for reinstatement of oil storage tanks and other facilities at Bin Umar near Basrah City. The firm has also acted as design consultants and project managers for the installation of Basrah International Airport’s ground lighting system.

Other contracts have included, water conservation programmes in the marshes of Southern Iraq, preparation of environmental impact assessments, social and habitat studies along with developing policies for environmental and social control and risk management and mitigation strategies.

The firm completed design and construction management of wastewater networks and treatment plants, which serve 250,000 people in Basrah. Work has also included condition survey of the third river barrier and involved preparation of refurbishment tender documentation for the Shatt al-Arab Basrah Barrage. The barrage is a large sluice gate system controlling tidal flows for Southern Iraq, imperative for water resource management in the area.

Design work for new classroom facilities has also been carried out for a school in Basrah, which is sponsored by a charitable organisation, as well as construction of new assembly halls and renovation of an existing school. Additional work has involved design and construction of a new Marsh Arab school in Southern Iraq which retained the mudif style architecture.



Vocational education is an ever expanding area of expertise. “Iraq has an urgent requirement to develop and improve skills in many sectors and we have provided a range of training programmes to Iraqi and international staff, both in and out of the country,” Cain says.

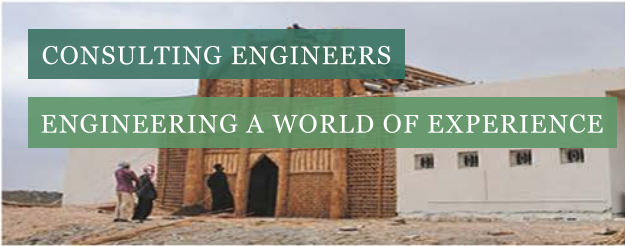
HWH has carried out a number of successful training initiatives, including the provision of town planning and landscape design workshops for Basrah’s Planning Department and Geographic Information Systems (GIS) software proficiency training to Southern Iraq’s Data Modelling Centre. This is to advance expertise in taught management programmes covering a broad range of learning improvement initiatives for the planning and construction industries.



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HWH & Associates are involved in research and development associated with leading universities and ministries.

**Services include:**

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Engineering design, Construction management,  
Social and environmental consultancy.

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Work on water and sewerage network and treatment plants, topographical and geotechnical surveys of pipelines, wellheads and associated oil & gas facilities, reflects part of the firm's specialist skills.



Other training sectors include technical and commercial, HSE (Health Safety and Environmental), integrated quality and management systems, social and community development, engineering design and integrity, contract administration, management and processes.

In Basrah, the firm offers a number of other consultancy services targeting the construction sector. These include Project and Construction Management, HSE, Quality Assessment/Control on site, Project Controls and Planning, Survey and Asset Integrity.

Cain says that the firm has developed close relations with higher education and vocational training centres, such as Basrah University and Salford University in the UK, including partnering for local training and capacity building programmes. "Iraq has some very talented engineers and environmentalists, but a lot more is needed for the redevelopment of the country."

The firm has had a permanent presence in Iraq since 2003, with offices in Basrah and Erbil and project offices in Rumaila oilfield. In addition to fully trained local personnel, HWH has an international staff of more than 60 people, a number which is increasing Cain says.

Key capabilities include project tender documentation and management, and cost analysis and control, environmental and social impact assessments for both private and public sector clients, power generation and distribution including renewable energy.

Work on water and sewerage network and treatment plants, topographical and geotechnical surveys of pipelines, wellheads and associated oil & gas facilities, reflects part of the firm's specialist skills. Additional expertise lies in strategic development, masterplanning, agricultural and irrigation programmes, urban and rural waste management. The firm also undertakes urban and rural town planning for municipalities and public sector clients.

In developing this business, it has helped that Sarah Cain is no stranger to conflict and post conflict areas and her resilience has helped the firm develop its business in Iraq. Her initial experience came when working for Mott MacDonald, a British engineering company, who posted her to Iraq in 2007.

It could not have been at all comfortable working from the Contingency Operating Base at Basrah airport. Despite this, she says that there were

no qualms about leaving the tranquil surroundings of the company's environmental Cambridge based headquarters for life behind barbed wire on a military base. Cain, though, saw it as a unique opportunity to apply her particular specialist skills advising on water treatments, sanitation and environmental development projects.

Before New Zealand born Cain was recruited by HWH, to become joint owner, alongside the firm's founder Peter Hunt, she also worked in Southern Afghanistan on a strategic river basin masterplan project, again working out of a military base in Lashkar Gah.

While oilfield work has become a principal focus for HWH, Cain believes there are substantial prospects throughout the economy for firms who are similarly determined and ambitious. She cautions that companies have to be prepared for the long haul but adds "Iraq is a huge and growing market and they love British companies. I firmly believe this is the time to be here."

For HWH, oil & gas will continue to be a target sector, particularly water, waste and environmental sub-sectors. "Training and capacity building is also one of our current focus areas. We have a strong social development team with support functions in risk analysis, health and safety, masterplanning, capacity building and community development."



For those who are prepared to stay the course, she believes there will be multiple rewards. "We are committed to the long term growth of Iraq, as there is a significant role for all in the redevelopment and stability of the country."

Companies should not be put off by security concerns and the potential effect these can have on project development. While the situation "makes the market more impulsive, it is one where SMEs can excel given their flexible nature." She adds that it helps to build and maintain good relationships with local companies and organisations.

"We have survived the last 12 years, so we are in it for the long term. We believe we are making a significant contribution to the reconstruction development of Iraq. There is a viable long term market for HWH and for other local and foreign SME's in the country." ■

# The AMAR International Charitable Foundation

Robert Cole, AMAR Head of Communications

Since the Islamic State invaded northern and western Iraq in June 2014, the entire region has been in turmoil, with many thousands dead and injured, and almost 2.5 million people internally displaced by the continuing violence. This figure continues to rise.

This massive upheaval has been a huge challenge not only to the National Government and the Kurdistan Regional Government, but also to the NGO's working 24 hours a day to help as many of those people as possible.

The AMAR International Charitable Foundation has been at the forefront of the relief efforts, and will continue to work in Iraq long after this current emergency is finally over and most other agencies have left.

The Charity, which has offices all over Iraq as well as in London and Washington DC, has been building and improving the lives of some of the world's poorest and most disadvantaged people since 1991.

Founded by Chairman, Baroness Nicholson of Winterbourne, AMAR has spent the last 24 years providing professional health and education

on a sustained and lasting basis, and today delivers hundreds of thousands of medical consultations every year.

Tens of thousands more benefit from AMAR's programmes in education. It supplements primary and secondary schools with programmes in health education, democracy, human rights, and the rule of law. AMAR also offers adult programmes which include leadership training, adult literacy and vocational training courses in IT, English and business skills.

It delivers regular education and training to children, students, prisoners, prison guards, widows, and female heads of households.

AMAR clinics and education programmes form an anchor which reassures and stabilises communities which have few other shared institutions. AMAR's facilities are located in areas which have suffered greatly in recent conflicts. The assurances which come from dependable healthcare and good schools for children and adult learners, create a calmer, more optimistic and less conflict prone community.



The key to AMAR's success is its unique model. The Charity employs teams of local professionals and volunteers to provide services for their own communities. No huge salaries are needed for expensive expatriate staff or financial packages to provide lavish housing and cars.

AMAR also sources goods locally, wherever possible, with oversight from just 13 staff in our London based Head Office, and only two more in Washington DC. A third international office is planned for Dubai in late 2015, which will be run by just one full time employee.

This approach not only uses money more efficiently, but also builds local capacity and supports the local economy.

AMAR's local staff are able to work with community leaders to develop activities which are culturally sensitive and relevant to community needs, therefore gaining widespread community acceptance.

The Charity works closely with national and local governments, building their commitment to the provision of basic services, enhancing their capacity, to deliver them and paving the way towards eventually transferring these services to government management and ownership.

AMAR targets all those in need but focuses particularly on women and children within any community served, because these population groups are always the most deserving and hardest to reach.



When focusing on assisting women, AMAR works to ensure they are both beneficiaries and service deliverers in their communities, contributing towards female empowerment at a local level.

The Charity believes a healthy and educated population is better equipped to develop economically and socially over the long term, in turn reducing dependence on international development aid and assistance.

AMAR won the International Aid and Development prize in the National Charity Awards held in London in 2014.

But not long after that evening, Daesh (ISIL/Islamic State) invaded, killing and injuring thousands and forcing more than 2.5 million people from their homes, to live as Internally Displaced People (IDPs) wherever they could find shelter.



AMAR clinics and education programmes form an anchor which reassures and stabilises communities which have few other shared institutions.



AMAR's normal project work had to continue, but it launched a big fundraising effort to help it to carry out emergency work from Basrah and Najaf, up to Erbil and Dohuk.

With help from generous sponsors and donors, the AMAR teams on the ground have already completed an impressive update and refit of an existing government health facility in Najaf and opened a purpose built health clinic within Khanke IDP camp near Dohuk.

Khanke is now home to more than 18,500 Yazidis and until the centre opened, medical facilities were extremely limited. With it being just one of 16 camps of similar size in the KRG alone, the scale of the problem and the difficulties faced by the Government are obvious.

However, the success of AMAR's projects has spurred on the fund raising efforts and there are already plans to open more clinics.

Corporate Social Responsibility (CSR) projects are another key factor in AMAR's success, providing expertise and funding to launch and run ambitious programmes across Iraq.

Household names such as Shell, BP, Weir Group, Olive Group and Foster Wheeler all back AMAR's work.

It has enabled the Charity to carry on with its vital emergency work as well as running new programmes, which include such things as mobile clinics to bring medical help to even the most remote of citizens, and road safety campaigns are hugely important in a country where it is estimated deaths and injuries of both pedestrians and passengers is larger than the numbers killed in the violence.

AMAR never stops creating new ways to help Iraq grow and prosper. Its latest programme, supported by the European Union, is designed to help teach community leaders, civil society organisations, teachers, children and students about religious diversity and freedom. Again a vital scheme in a country where a person's ethnic origin can cause them huge problems.

For more information about its work, please visit the AMAR website [www.amarfoundation.org](http://www.amarfoundation.org) ■



## AMAR PROVIDES EMERGENCY ASSISTANCE TO THOUSANDS OF DISPLACED FAMILIES THROUGHOUT IRAQ

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# Hans Nijkamp:

Shell Vice President Iraq & Country Chairman



Hans Nijkamp

As Iraq continues to evolve into a key heartland for Shell, we are proud to contribute to the development of the country's energy production.

Despite operating in a challenging environment, we continue to make progress across our portfolio of interests thanks to the support of several partners, including the Government of Iraq.

This allows us to focus on implementing our strategy of building a material gas based business, where our upstream assets provide the associated raw gas to be processed in our midstream venture. These products in turn will feed our petrochemicals business.

Majnoon, where we are the lead operator of one of the largest oilfields in the world, underpins our country position.

In partnership with Petronas, Iraqi State Partner, Missan Oil Company and permit holder South Oil Company, the field is producing an average of 210,000 bpd, a strategic element in regenerating Iraq's energy infrastructure.

At Basrah Gas Company (BGC), a midstream joint venture between South Gas Company, Shell and Mitsubishi, we are processing flared gas whilst work is progressing to develop and upgrade existing assets.

BGC is the largest gas investment initiative in Iraq's history, and contributes to the country's economy by employing around 5,100 local national staff, alongside 500 Shell secondees. It recently achieved a new raw gas processing record of 515 mmscf/d and a new LPG production record of 3,075 tonnes per day.



Despite operating in a challenging environment, we continue to make progress across our portfolio of interests thanks to the support of several partners, including the Government of Iraq.



In January 2015, we signed a Heads of Agreement with the Ministry of Industry and Minerals, to develop a long term, world scale, downstream ethane cracker called Nebras - a project that will benefit from production at our other assets.

In parallel with our operational developments, we are also contributing to the way Iraq develops its natural oil & gas resources through our training and development programmes.

Shell employees and contractors have completed 38,000 training days at our Majnoon Training Centre since 2010, with 78% of the trainees being local Iraqis. The courses include technical, language, health, safety and environment programmes.

Our training is complemented by our Social Performance initiatives. This includes partnering with UNDP to establish 13 businesses in

Al Nashwa, a sub-district of the Shatt Al Arab district in Basrah Province. This supports entrepreneurship to meet local needs delivered through grocery stores, a bakery, car repair, carpentry services and other businesses.

In partnership with the AMAR International Charitable Foundation we deliver mobile health clinics to service remote locations, health education programmes and road safety initiatives for schools and families.

Creating a positive legacy is one of Shell's fundamental values in Iraq, as we look to share the benefits of energy production at our assets and beyond.

Our message is clear - Shell is committed to being a strategic partner in the reconstruction of Iraq, now and in the future. ■



## Energising Iraq's future

Strategic, safe, secure and sustainable are fitting descriptions of Shell's continued contribution to Iraq's economic evolution.

Shell has established itself as one of the largest international investors in Iraq's energy industry through its portfolio of assets which stretch across upstream, midstream and downstream sectors.

Its interests include operating the Majnoon oilfield, the Basrah Gas Company (BGC) joint venture, its shareholding in West Qurna 1, the signing of the Nebras Heads of Agreement (HoA) and its lubricants businesses.

Majnoon, where Shell has a 45% stake alongside Petronas (30%) and Iraqi State Partner Missan Oil Company (25%), is being developed in accordance with a Development and Production Service Contract (DPSC).

The Iraqi Ministry of Oil awarded the partners a 20 year contract to provide technical assistance in the development of the field, with an effective date of 1 March 2010.

Running a safe, efficient and responsible business is the foundation to Shell's approach in Iraq, including implementing global standards and sharing best practices.

Everything about Majnoon is impressive, as production from its natural reserves continue to play an integral part in meeting Iraq's domestic energy demands.

In collaboration the partners have implemented the first project in Iraq for 30 years which adds substantial new oil processing facilities, setting a benchmark in the country in terms of quality standards and HSE performance.

Developing Majnoon has involved the drilling of new wells, leveraging multi-cellar wellpads in the first phase, to reduce costs and the introduction of an established well process safety system, to create a robust maintenance and integrity model.

The construction of a green field central processing facility, the largest of its kind to be built in Iraq in the last decade, as well as the revamping



of brown field installations, have also been key elements of the growth plan. In order to connect several work locations, a Collaborative Work Environment (CWE) has been developed which minimises travel schedules, and the associated safety exposure, by producing faster response times leading to increased productivity.

During the last five years, Shell and its partners have successfully transformed Majnoon into a world class producing asset, both safely and responsibly with the field currently producing more than 210,000 bpd.

However, the field estimated by the Iraqi Government to hold around 38 billion barrels of oil in place, is still in the early stages of development, with technology focused on Health and Safety standards and reliable production techniques to ensure cost efficiency. As the journey continues to unfold, technology can play a part in maximising production and recovery.

Majnoon has also been subject to an extensive Explosive Remnants of War (ERW) clearance programme, with more than 18,000 items of ordnance leftover from the Iran-Iraq War, safely disposed of in the process, and work continues.

During oil production from the field, associated gas is also being produced, which is currently flared due to a lack of infrastructure to treat and process it.

In response to this issue, Shell is implementing a technical solution with its partners, Ministry of Oil and South Oil Company, to capture as much first stage associated sweet gas as possible to add new power to the national grid, whilst positively impacting the environment by reducing flaring.



Operational work is further supported by community development programmes, which have been at the core of Shell's commitment to Iraq. These are benchmarked after becoming the first IOC in modern Iraq to deliver an Impact Assessment, which includes community consultations according to industry and international standards.

Shell's Social Performance projects within the communities close to its Majnoon operations in Basrah, in the areas of health, education, capacity building and road safety are proving to be a differentiator. Education is fundamental in creating a stronger economy and society.



Shell has established itself as one of the largest international investors in Iraq's energy industry through its portfolio of assets which stretch across upstream, midstream and downstream sectors.



It works with key partners like the United Nations Development Programme (UNDP) and The AMAR International Charitable Foundation to form partnerships and deliver programmes which are making a visible difference.

A livelihood project delivered in partnership with UNDP has launched 13 small businesses in Al Nashwa, located near to Majnoon.

The enterprises include grocery stores, a bakery, car repair, carpentry services and other businesses, which are now embedded in the community, creating jobs and stimulating economic development in the region. Additional infrastructure projects with UNDP are also in the pipeline.

AMAR and Shell partner to currently deliver more than 1,000 services each month, through mobile health clinics that take doctors, nurses, pharmacists and technicians to some of the poorest and least accessible areas of Basrah, to administer vital medicine.

Around 2,500 children attend vital health education sessions in schools, and more than 4,000 benefit from road safety education - a pivotal programme, because road safety accidents are one of the leading causes of fatalities in Iraq.

Through these established platforms, Shell manages strong relationships with the communities directly neighbouring our operations in Majnoon and beyond, along with local authorities and stakeholders in Basrah.

As part of its social investment programme, Shell, has also signed a Memorandum of Understanding (MoU) with the International Union for Conservation of Nature (IUCN), to cover the design and implementation of initiatives focused on biodiversity conservation and ecosystem management.

Both organisations have been working together to focus on restoration and management of the Hawizeh Marshes, Iraq's first Wetland of International Importance as designated in October 2007, under the Ramsar Convention.

Shell's other gas gathering initiative BGC, a midstream gas joint venture between South Gas Company (51%), Shell (44%) and Mitsubishi (5%) turns otherwise flared gas into a valuable resource which the Government of Iraq can use for domestic power generation. The company is designed to capture, treat and monetise associated natural gas which is currently being flared in West Qurna 1, Zubair and the largest oilfield, Rumaila.

The Iraqi company, established as a Public Private Partnership (PPP) and endorsed by the Government of Iraq, commenced operations in May 2013.

As the largest gas project in Iraq's history, it has assets in many locations including two major gas processing plants, more than a dozen compression stations and a marine and storage terminal.

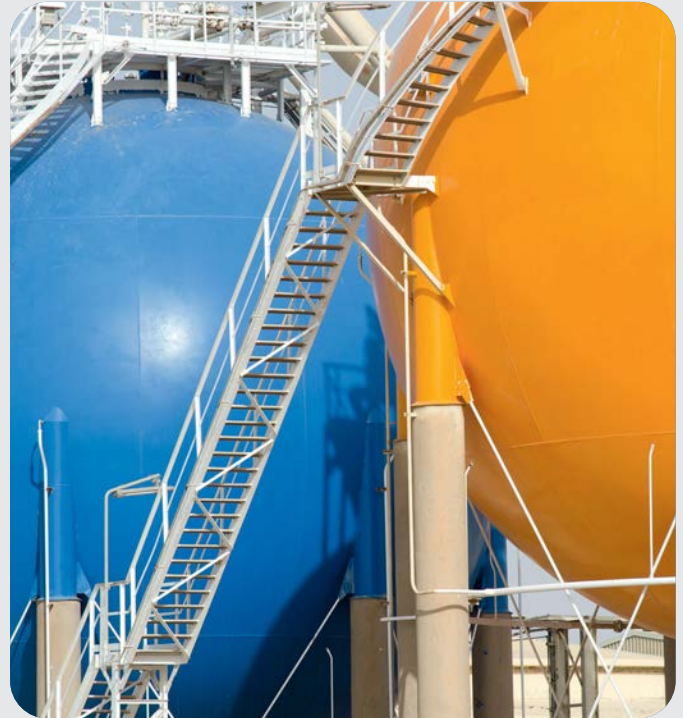
Since the start of operations, gas processing capacity volumes have doubled, and in March 2015, a record of 515 mmscf/d of natural gas was produced, along with a record 3,075 tonnes of LPG – volumes not seen for more than a decade.

BGC actively contributes to the country's economic development by employing around 5,100 local national staff, working alongside 500 Shell secondees from 30 different nationalities, who form an integral element of the company's development.

Safety and training are at the forefront of the BGC story, as the Shell secondees share their industry knowledge with local staff by leveraging their considerable experience and implementing best practices across the company through mentoring engagement sessions. More than 60,000 training days have been rolled out to staff to date.

Implementing a comprehensive training programme is further strengthened by a road safety campaign, which encourages BGC staff to wear seatbelts and is part of a wider safety programme across the company.

BGC is pivotal to Shell's long term Iraq strategy, as it treats and processes vital gas for the Iraq Government's power generation plans. The majority of this gas is destined for local markets, however in the future, once domestic demand is satisfied the project includes the option to build an LNG plant for potential export.



In addition, it will also be integral to supplying the feedstock in the development of our Petrochemicals project - Nebras. In January 2015, a HoA for this Project was signed between Shell and the Iraqi Ministry of Industry & Minerals, which follows on from an earlier MoU which was agreed in May 2012.

Shell's position, reflected in its technical and non-technical initiatives is clear, it will continue working towards further strengthening its position as a strategic partner in the long term reconstruction of Iraq.

Following a period of solid growth and development, and even in the current challenging economic conditions, Shell can further progress its work at Majnoon, BGC and Nebras to help Iraq establish a position as a key player in the global energy market. ■

## Oil production strategy remains firmly on course

Despite security challenges, Iraq's vital oil industry remains robust and 2014 accounted for almost 60% of production growth among OPEC members. The country has coped well with its occasional supply disruptions over the last 18 months and was still the second leading contributor to global oil supply growth in 2014, only behind the US.

It is a performance that reflects the ongoing investment and improvements taking place in Iraq's hydrocarbons sector. In the first six months of 2015, the State Oil Marketing Company (SOMO) has exported an average of more than three million bpd of crude oil, the country's highest ever volume of exports according to its Director General, Dr Falah Jassim Alamri.

He says that a focus and effort has been made on staff training, with investment in specialists in information technology also playing a major role in bringing managerial and marketing performance up to international standards.

Dr Alamri also says that Iraq has decided to join the Extractive Industries Transparency Initiative (EITI), and is now the largest oil producer which publishes all revenues from crude exports and data from oil companies purchasing the oil, a process which is audited with guidance from EITI's international secretariat, based in Oslo, who also oversee global standards to promote open and accountable management of natural resources.

Despite the ongoing security situation in Northern Iraq, it has only had limited impact on production and virtually none in the Kurdistan Regional Government (KRG) provinces. The salient fact is that the bulk of Iraq's oil production and 95% of the country's crude exports takes place from southern fields.

Iraq's ability to sustain and increase its oil output is vital both for its economic development and to the stability of the global energy supply chain. The country holds the world's fifth largest proven crude oil

reserves. While a decline in global oil prices may lead to revised investment timetables in some oilfields, the sector's future prospects continue to look highly favourable.

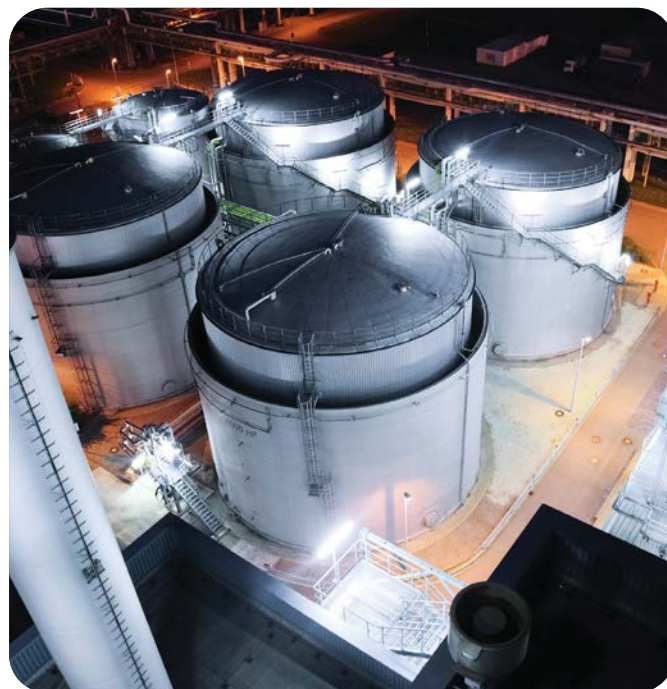
According to Oil & Gas Journal, Iraq held 144 billion barrels of proven crude oil reserves as of January 2015. This amount represented almost 18% of proven reserves in the Middle East and almost 9% of global reserves.

The Ministry of Oil estimates Iraq's proven oil reserves are even higher at 150 billion barrels. At current global market prices this amount if extracted could yield a revenue stream of US\$9 trillion. With so much exploration yet to be conducted in the country, some have speculated that Iraq may ultimately have recoverable reserves approaching 300 billion barrels.

While disruptions in the north have delayed some exploration projects, oil output from fields controlled by the KRG has not been affected. Production from fields around Kirkuk, now under the protection of the KRG's Peshmerga forces, is also secure.

The long term role of Iraqi oil in global markets also looks assured. All of Iraq's known oilfields are onshore and the largest of these are in the south, where there are multiple super giant fields, which due to their uncomplicated geology have low extraction costs.

Dr Hussain al-Sharistani, former Deputy Prime Minister for Energy, and now Minister of Education, has said that the average development costs for extracting oil in Iraqi fields, is around US\$3 per barrel while



operating costs are US\$2 per barrel, figures well below those in most other oil producing countries. Another positive factor is that these fields are mostly located in unpopulated areas with flat terrain and are also in close proximity to coastal ports.

The KRG also estimates it has oil reserves, both proven and unproven, of up to 60 billion barrels. An agreement in December 2014, between the Central Government and the KRG allows crude to be transported from Kirkuk fields, via the KRG's pipeline to Ceyhan in Turkey. This provides the Government with a commercial outlet for its northern production, thereby, minimising current security issues.

Overall, Iraq's crude oil production averaged almost 3.4 million bpd in 2014, representing an increase of more than 300,000 bpd, compared with the previous year.



Industry infrastructure improvements are taking place at the same time as Iraq is undertaking an ambitious programme to develop its oilfields and to increase its oil production.



Speaking at the Iraq Petroleum Conference in London in June 2015, Dr Alamri declared that key problems are being tackled and all of the country's export facilities "are going to improve and expand, which will make Iraq emerge as an important player on the oil market for decades to come."

In a significant change in marketing strategy, SOMO is preparing to export heavy oil, in addition to its current benchmark Basrah light crude. First shipments of Basrah heavy left southern Iraqi export terminals in early June 2015, with the move expected to make Iraq's oil more competitive in global markets, since selling two grades will allow it to better guarantee the quality of its two blends, and thereby maximise the value of its exports.

Industry infrastructure improvements are taking place at the same time as Iraq is undertaking an ambitious programme to develop its oilfields and to increase its oil production. This strategy follows a number of technical service contracts signed by the Ministry of Oil with International Oil Companies (IOCs) to develop or redevelop the largest oilfields following two licencing rounds between 2008 and 2009.

The contribution of the IOCs continues to be a vital element in enhancing oilfield productivity. For decades, there had been years of neglect and underinvestment in many fields, including in Rumaila, which is the country's largest field in terms of output and reserves.

This has an estimated 17 billion barrels of reserves, and also one of the largest producing fields in the world with a current extraction level of 1.37 million bpd, yielding US\$29 billion annually in revenue generation.

Since returning to Iraq in 2009, and becoming the first IOC to enter Iraq for 35 years, BP has raised production at Rumaila by 37%. This has been achieved over five years with 200 new wells drilled and infrastructure rehabilitated says Zaid Elyasen, BP Iraq's Deputy Country Manager.

According to Elyasen, some US\$3 billion of contracts have been awarded to Iraqi firms, in turn these are thought to have created 25,000 other jobs along the supply chain. BP says that the working environment has been dramatically improved with a 64% fall in recordable injuries to personnel and 1,000 fatality free days.



The financial commitment by the IOCs is huge. Gati Saadi Al-Jebouri, Senior VP of Russia's second largest oil producer Lukoil Overseas, says that US\$5.3 billion has been invested in West Qurna 2 and 6,500 jobs created. He describes the development as the largest greenfield project in Iraq involving US\$38 billion of investment. The aim is to reach a production plateau of 1.2 million bpd in the construction phase of facilities, to improve the field's production level by 400,000 bpd.

The investments do not just involve raising production but also involve modernising equipment, processing facilities and operating practices in a sector which for decades had been deprived of technological advances seen elsewhere in the international oil industry. In addition to creating employment, managerial and technical training is being provided to bring Iraq's oil industry up to global standards. There are also positive side effects for local communities.

Lukoil says it has provided 31 schools, six clinics and sports facilities among other social projects. A training centre has also been set up and 400 local Iraqis trained and another 500 hired by the company, apart from 3,600 Iraqis employed by sub contractors.

The company's multibillion dollar investment has involved the provision of 1.7 million hours of training for the 7,000 Iraqis employed in the field's operation and development.

The most immediate questions facing Iraq and the IOCs is how far to revise investment plans to take account of reduced oil prices over the last year, and how to meet future planned production levels. In its lowest scenario, Iraq's National Energy Strategy puts the country's expected production level at 4.5 million bpd by 2020, or at its highest level of 13 million bpd with a middle estimate of nine million bpd. In

order to achieve the latter level, Al-Jebouri estimates that investments totalling US\$100 million will be required.

The rewards could be considerable in every oilfield under development. Increasing production to its targeted 1.2 million bpd will put West Qurna 2 among the world's top five largest fields, in terms of production volume. This would result in an expected revenue stream close to US\$1 trillion through to 2034.

There are key challenges to overcome in order to raise overall production levels. These involve the further expansion of export infrastructure and storage capacity including building a large common water supply and re-injection system in the south.

According to Shawki Al-Khalisi, Head of Studies at Organisation of Arab Petroleum Exporting Countries (OAPEC) Training Institute, heavier crude oil will need to be extracted in order to sustain planned production increases. Many Iraqi oilfields have several layers from 1,000m to 4,000m deep, each of which contains a different grade of crude oil.

There is also a need to overcome a slow administrative process of doing business. Future development would also be boosted by the passing of the long awaited Hydrocarbon Law, which would make costly long term investments more secure.

Minister of Oil, Adil Abdul-Mahdi says that "The prosperity of Iraq depends on its energy sector. Achieving our objectives requires substantial progress across a wide front. This requires a strengthened and unambiguous legal and regulatory framework, enhanced conditions to support participation by both the private and financial sectors and a broader political consensus on the direction of future policy." ■

## Projects are launched to harness Iraq's vast gas potential

For a country which holds 3.2 trillion m<sup>3</sup> of natural gas reserves, ranking it as the eleventh largest holder globally of conventional reserves, it is ironic that Iraq is critically short of gas supplies.

This shortage is particularly felt in the electricity generation sector, where the trend is towards gas fired turbines. Increasingly, natural gas supply is also going to be essential to develop new manufacturing industries for fertilisers, petrochemicals and to process Liquefied Petroleum Gas (LPG), widely used for domestic cooking and heating.

Some 70% of the gas now produced, consists of associated gas, released during the extraction of crude oil. While much of the gas is rich in ethane and potential in Natural Gas Liquids (NGLs), until

recently it has been destined to be burnt off as a waste product from the production of crude oil.

Satellite data indicates that in 2011, Iraq was in fourth place globally among countries flaring the gas produced alongside its crude oil. Most of Iraq's oil production takes place in the south, where an estimated 42 billion m<sup>3</sup> is produced, 73% of which is wasted through flaring.

As crude oil output increases over the next decade, gas production is also expected to increase three or fourfold over the same period. However, if captured, this resource will satisfy all of Iraq's domestic and industrial electricity requirements, according to Bjorn Hamso, Manager of the World Bank's Global Gas Flaring Reduction Partnership.

If the 31 billion m<sup>3</sup> of gas currently flared, were used to fuel power stations, some 12 million homes could be supplied with the electricity produced.

Apart from the economic implications of flaring, the burnt gas emits 40 million tonnes a year of carbon dioxide into the atmosphere. This is equivalent to the greenhouse emissions of more than seven million cars.

Iraq is moving to address the environmental issue and to monetise its untapped resource. The Government with international partners, is making an effort to build its gas sector, which has the potential to become a new pillar of the country's economy.

In 2013, the European Union agreed to provide US\$4.4 million to fund an EU-Iraq Energy Centre (EUIEC) in Iraq, to help improve the performance of the country's energy sector, including the modernisation and expansion of the natural gas industry. A consortium of Luthardt and Roland Berger Strategy Consultants are advising on the setting up of the EUIEC and its operations.

A number of projects have already been launched by the Government to alleviate power station shortages and to leverage the potential of Iraq's gas industry. Construction of a cross-border gas pipeline with Iran to transport gas from the Iranian South Pars field, is in its final stages. In a first stage the 119cm diameter, 97km long, Iran-Iraq pipeline is designed to carry 4 to 7 million m<sup>3</sup> a day of gas. This volume is expected to rise to 25 million m<sup>3</sup> within three years.

In Basrah Province, the Siba non-associated gas field is a joint development project with Kuwait Energy, Turkish Petroleum Overseas and Iraq's state-owned South Oil Company and Missan Oil.



In September 2014, the US' Honeywell announced that its subsidiary UOP, had been selected by Kuwait Energy, to process natural gas to meet pipeline specifications and to recover NGLs there. UOP's equipment is to be used to process natural gas in two parallel processing trains.

In June 2015, Petrojet, a subsidiary of the Egyptian General Petroleum Corporation, was reported to have been awarded a US\$185 million contract to build the first gas processing plant in the Siba oilfield in Basrah Province, which is operated by Kuwait Energy. The project reportedly aims to increase the field's production to 3.1 million m<sup>3</sup> per day of gas within 18 months.

The project likely to have the biggest impact on raising gas production is the plan to gather and process associated gas from three giant oilfields in the south at Rumaila, Zubair and West Qurna 1. This is the



Gas as well as oil is destined to play a vital role in providing the resources and money for Iraq's broader economic development needs.



first project of its kind in Iraq intended to capture the gas, currently wasted through flaring.

Basra Gas Company (BGC) was set up in May 2013, to implement the project designed to capture, treat and monetise associated natural gas, currently flared in the three fields. The company was established as a PPP joint venture by Iraq's state-owned South Gas Company (51%), Shell (44%) and Mitsubishi (5%). West Qurna 1, Zubair and Rumaila oilfields are operated by ExxonMobil, Eni and BP respectively.

BGC separates gas from oil produced in the fields and then turns it into energy for domestic use, such as dry gas for power generation and also makes LNG, which is used extensively to fuel domestic cooking appliances. Since its start up, BGC has more than doubled its gas processing capacity and in March 2015, it achieved a record production of 14.6 million m<sup>3</sup> per day of natural gas, and also produced 3,075 tonnes of LPG, a level last reached more than a decade ago. BGC is now Iraq's largest producer of LPG. Equally important is an estimate that by 2020 BGC could supply enough dry gas to replace more than 140,000 bpd of fuel oil that is currently used for power generation.

According to Hans Nijkamp, VP of Shell Iraq, the BGC project is having a major impact on local employment and most importantly in

contributing to an improvement of the skill levels of local people. "The gas value chain helps to develop the local economy by creating jobs on the plant and even more in the derivative and supplier industries that grow around these giant projects," he says.

Shell has also developed the first phase of the Majnoon oilfield improvement. Shell has a 45% stake in the development and Malaysia's Petronas a 30% share. Nijkamp says that the tie-up with Petronas is extremely helpful in terms of training, since Iraqis can travel to Malaysia without a visa to take part in courses held on oil & gas engineering at Petronas' facilities there.

Gas as well as oil is destined to play a vital role in providing the resources and money for Iraq's broader economic development needs. Industry observers believe that the country's gas reserves could be very much larger than present estimates.

Iraq has significant additional non-associated gas potential, because wide areas of the country's Western Desert have yet to undergo exploration for natural gas, while many existing non-associated gas fields have yet to be fully explored at depth. In view of such potential reserves, experts believe that Iraq's total resources could in fact be, as high as 7.9 trillion m<sup>3</sup> placing Iraq among the world's top five in terms of gas reserves. ■



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## Major investment in oilfield infrastructure gathers pace

Iraq's oilfield development involves huge and varied expenditure. In addition to the costs of installing specialist oilfield technologies, extensive high capacity pipelines and pumping stations, storage tanks are also needed. Sites have to be cleared of unexploded ordnance; whole communities have to be supported in remote desert locations with accommodation, utilities and roads.

Communications and IT are also vital factors in the modernisation of production methods in Iraq's hydrocarbons sector. Real time measurement and control, for example, is now a requirement for efficient oilfield operations, from drilling to storage and pipeline monitoring.

This is typically required across the entire area of an oilfield, usually achieved by building individual data links from each remote location to a central monitoring base. In environments such as Iraq's oilfields, which often lack basic communications, satellite communications are deployed.

In the giant Rumaila oilfield, BP has installed an Internet Protocol (IP) backbone system, to provide data across the field on reservoir levels

and to provide 3D mapping of the sub-surface in real time. This system encapsulates voice, data, and media telecoms services into packets for digital communications, replacing previous networks built around telephone communications.

Overall expenditures by international oil companies already run into tens of billions of dollars. However, a vast amount of new infrastructure is going to be needed to support Iraq's planned timetable for increased oil production and exports. This will require sustained investment in future years. Production increases of the scale envisaged will need to focus on maintaining the pressure levels in underground crude oil reservoirs. While these resources remain huge, many fields have been in operation for decades. Over time, natural underground pressure that help drive oil to the surface diminishes. In order to maintain output, particularly at higher levels, external energy will be needed to replace natural pressure in the form of injecting water or natural gas into the reservoirs.

Iraq possesses associated natural gas that could be used for re-injection, but much of this potential resource is currently flared and the

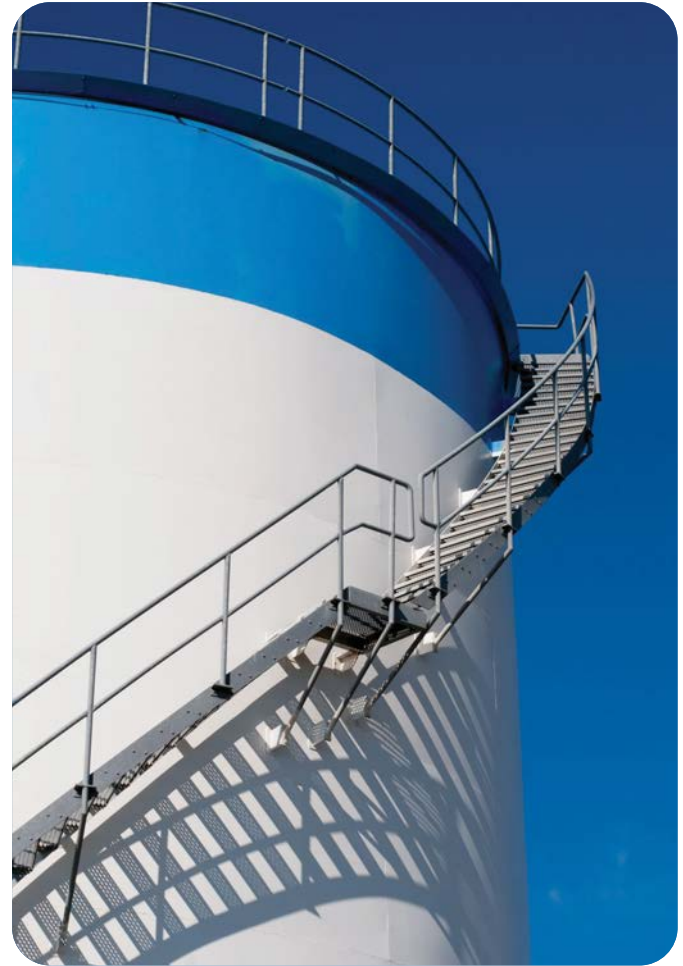


first priority as it is captured will be to supply the country's power stations. As a result, Iraq plans to rely on water injection to reach future production plateau targets. The South Oil Company's Common Seawater Supply Project (CSSP) strategy involves using seawater drawn from the Gulf and then treating it before transporting the water via a pipeline network to oilfields.

The planned CSSP will allow big increases in oil production to be sustained in some of Iraq's largest oilfields such as Rumaila, Zubair, West Qurna 1 and West Qurna 2, Tuba and Majnoon in the south, as well as Halfayah and Missan in the middle of the country. These fields are operated by a range of international oil companies including Shell, BP, China National Petroleum Company, Eni, Exxon Mobil, Lukoil and China National Offshore Oil Company.

According to ILF Consulting Engineers, the CSSP will be the largest facility of its kind in the world and will need 426km of 1.4m diameter longitudinal welded pipelines to support a flow of 24m<sup>3</sup> a second of treated seawater. The project will also require eight interconnecting stations and ten delivery stations.

The US engineering company CH2M Hill was named as consultant for the project in 2012. ILF is providing Front-End Engineering Design (FEED) services as well as preparing tenders for engineering,



procurement and construction from its offices in Abu Dhabi, Basrah and Munich. The project is designed to be carried out in two phases. Completion of the first could see at least five oilfields in Basrah and one in Missan being supplied with between 10 to 12 million bpd of water by 2020.



A vast amount of new infrastructure is going to be needed to support Iraq's planned timetable for increased oil production and exports. This will require sustained investment in future years.



However, the challenging task of extracting oil is just the first stage in a complex process to take the crude to potential customers. A long running problem in Iraq, is the country's inadequate midstream infrastructure, especially storage, pumping and pipeline capacity in the south.

Major investments are called for, in order to facilitate larger export volumes. Industry observers estimate that the expansion of oil production in Iraq is likely to need US\$48 billion of infrastructure development, in order to meet planned targets which are aimed at nearly tripling current production levels.

There has already been a big effort to improve Iraq's ability to export its crude oil over the last five years. This has depended on innovative approaches in order to overcome the deterioration of the country's pipelines, ports and transport infrastructure. A crucial element has been the multibillion dollar Crude Oil Export Expansion Project (COEEP).

Three Single Point Moorings (SPMs) buoyed off Basrah port are now operational and two more are due to come online. Each one has a design capacity to handle the loading of 900,000 bpd of crude oil. Most of the COEEP completed tanker vessels can avoid extended

periods waiting for dock berths at Basrah and Khor al-Amaya ports. The project involves five SPM systems and some 247km of pipelines onshore and offshore, allowing oil to be pumped to the loading buoys in deep anchorages offshore.

Export infrastructure rather than production remains the main hurdle to Iraq keeping oil export volumes at a consistent level. According to Middle East Economic Survey (MEES), Iraq does not possess more than seven days of storage capacity. Crude exports declined to 2.535 million bpd in January 2015, from a high of 2.94 million bpd in December 2014, due to rough seas.

As a result, when poor weather affects shipping in the Gulf, or if any event causes Iraq's exports to fall, production in Iraq's oilfields also has to be halted soon after because of the insufficiency of storage capacity.

Deputy Oil Minister, Fayyad Al-Nema, speaking at the opening of three new oil storage tanks near Basrah, in February 2015, said that the new facilities will add more than one million barrels of capacity, bringing the total available in southern Iraq to 10.5 million barrels. He said that a further four to five million barrels of capacity will be added by the end of the year.

A further seven million barrels of capacity is under construction for completion by 2017. Plans are also underway for an additional nine million barrels of storage tanks to be constructed to serve Iraq's major southern oilfields according to the Minister of Oil, Adil Abdul-Mahdi.

Companies already operating in Iraq, are preparing for the major opportunities now emerging. China Petroleum Pipeline (CPP) and North America Western Asia Holdings (NAWAH), announced in February 2015, that they had agreed to jointly pursue potential energy sector development projects in Iraq.

CPP's President, Zhao Yujian said: "We have the credentials and the commitment to assist Iraq in its accelerated, unparalleled development efforts." CPP has previously completed work on surface facilities in Al-Ahdeb oilfield in south central Iraq.

Under their agreement, the two companies will seek an array of business opportunities in Iraq's energy sector, according to the NAWAH's President and CEO, Paul Brinkley.

Pipelines are likely to be a major focus in future. Most of Iraq's major crude oil pipelines are located in the north and are currently

inoperable. They have suffered substantial damage due to conflict and war and rehabilitation will take years and involve large investments.

The only two working pipelines in northern Iraq are the KRG's main pipeline and one built by the Danish oil company DNO to its Tawke oilfield. Both pipelines link to Turkey and connect to the latter's crude oil export port of Ceyhan. There are also a number of smaller pipelines which carry crude from other fields to KRG's main pipeline.

Iraq is keen to increase the export outlets for its oil for both security and logistics reasons. There have been plans for some time to construct a new pipeline with a 1.5 million bpd capacity to Jordan's Aqaba seaport on the Red Sea. The initial plan was to build this through Anbar Province but this is a problem caused by the uncertain security situation in this western province.

In June 2015, Iraq's Ambassador to Jordan, Jawad Hadi Abbas, said that an agreement had been reached with Jordanian officials to revise the original route. A proposed new alignment would see oil & gas pipelines built from Basrah through Najaf Province and along Iraq's border with Saudi Arabia and then into Jordan. Development costs are estimated at US\$18 billion. ■



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# Electricity strategy embraces new private sector initiatives

Improving its electricity sector is a vital and urgent task, necessary to improve everyday life for Iraq's citizens and to develop the country's economy. The costs will be high with US\$27 billion, for example, spent on rehabilitation of the country's power sector between 2003 and 2012.

Large scale investment in both generating capacity and in distribution networks continues to be necessary in order that the country's key hydrocarbons industry can expand and the development of manufacturing can take place. Iraq's oil & gas industry is already the country's largest industrial customer of electricity. All of the planned increases in oil and natural gas production will depend on even greater power supplies.

National generating capacity in 2014, was just 13,000MW with a further 3,000MW produced in Kurdistan Regional Government provinces. This is well short of demand and still a long way off the 42,000MW expected to be needed nationally by 2030.

The country's energy plan calls for 24,400MW of new capacity to be commissioned by 2017. In 2014, 50% of this was under construction

with another 5,674MW under tender and another 6,000MW open for investment by the private sector. Projects mainly involve gas fired plants but also include 2,000MW of thermal oil-fired power stations.

Outside of the KRG region, demand for electricity remains well in excess of available supply. The average Iraqi household receives power for just 7.6 hours a day. Many Iraqi homes and businesses have to rely on private generators, with an estimated 5,000 in use in Baghdad alone.

In 2014, The Economist estimated this privately generated supply amounted to 8% of the total electricity produced in Iraq in a year and costs families up to US\$1,000 a month. Others which cannot afford to run their own generators have no alternative but to endure long hours of blackouts. The situation has also been compounded by losses to the grid over the last 18 months caused by the security situation.

Even though the security problem is being tackled and delayed projects will be implemented over time, the system already faced serious challenges. Iraq's Integrated National Energy Strategy (INES) launched at the end of 2013, estimated that the total cost to the economy attributable to power shortages exceeds US\$40 billion a year

as a result of lost production time, damage to capital assets from power interruptions and an inability to carry on normal commercial processes on a reliable schedule.

According to Dr Jafar Dhia Jafar, CEO and co-founder of Dubai based Uruk Project Development Company, Iraq's power sector has a number of critical problems which require careful attention. The first of these concerns is the actual supply of fuel, particularly natural gas, once a power plant is online. Secondly there is a need to ensure plans and people are in place to not only operate, but also to properly maintain the facilities. There is also a need to identify an appropriate strategy for increasing the electricity tariff to cover costs and having a mechanism in place to ensure the efficient collection of dues, he says.

Natural gas, especially associated gas, is the preferred fuel for Iraq's future power generation and the INES envisages 80% of generating capacity being reliant on natural gas by 2030. Fuels currently used for power generation comprise crude oil, heavy fuel oil and diesel, with natural gas only used at a few plants mainly in the KRG provinces.

Bringing gas on stream is a complex task but has important operational benefits. Increasingly older plants are to be modified to use combined cycle technology. In this, up to 50% more power can be generated by routing waste heat from gas turbines to adjacent steam turbines.

Clearly providing additional electricity and adopting new technologies is an absolute necessity for the future of the Iraqi economy and for the improved welfare of its citizens. However, this is increasingly placing a heavy burden on Government finances and constraining spending on other crucial sectors such as housing, education and healthcare – a problem exacerbated by lower oil revenues.

Acknowledging this funding dilemma, Minister of Electricity, Karim Aftan al-Jumali, speaking at a conference on Iraq energy in Dubai in



2014, said that private initiatives were accepted by the Government as an essential step towards overcoming supply problems.

George Sarraf is a partner at Strategy&, a unit of PwC, which helped the Government devise its INES plan. He estimates that without private capital, the Ministry of Electricity will need to find US\$140 billion to fund power supply improvements by 2035. (*Economist* 23/3/14)

A clear investment framework is necessary for private investment to take place and contractual provisions need to be agreed for supplying fuel to Independent Power Plants (IPPs).

Independent developers, while meeting the costs of building power stations, also require guaranteed purchase agreements for the electricity produced, with these set for a period of years at an agreed price per kilowatt per hour.





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At the end of 2014, the Iraq Government decided to relaunch its IPP programme which has been dormant since 2011. An earlier plan, involving planned tenders for four independent power plants had envisaged the provision of up to 6,000MW of generating capacity at plants to be built at Samawah, Basrah, Diwaniya and Amarah respectively.

Three IPPs are now thought to be at the negotiation stage involving plants at Qurna, Rumaila and at Basmaya in Baghdad. Another scheme at Yousifiya has also reportedly been approved.

An initial scheme in the south in Samawah Province is expected to be the talisman for the programme. The Samawah plant was in the original shortlist four years ago and is expected to be the country's first independent power station outside of the KRG.

According to the Middle East Economic Digest, a number of contractors have submitted bids for the 700MW Samawah project. These include Tehran based energy company Farab, the US' Wamar International which has offices in California and Amman, Japan's Mitsui, Dubai based Uruk Engineering & Contracting and Baghdad based Raban Al-Safina Contracting.

Bidders would be required to use four turbines bought by the Government from the US' General Electric and Germany's Siemens, which have been in storage since 2009. Each of these units has a 175MW generating capacity. The Ministry of Electricity would reportedly be willing to provide finance at low interest for the turbines, but also wants a successful developer to upgrade the system to combined cycle technology within a four to five year timetable.

How quickly this tentative move towards privatisation of part of Iraq's electricity sector remains to be seen. The policy has reaped benefits in the KRG where there have been no inhibitions about proceeding with IPPs. These have provided a rapid delivery of generating capacity which is allowing economic development to forge ahead and preventing the power cuts experienced elsewhere in Iraq.

Jordan's Mass Global, has developed more than 90% of the KRG area's power generating capacity with three projects at Dohuk, Sulaymaniyah and Erbil, which provide a combined 3,500MW of capacity. These plants are now in the course of being converted to combined cycle, which will help to implement the KRG's plan to double its power generating capacity to 6,000MW. ■



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# Iraq's industrial and manufacturing potential provides big investment opportunity

Forty years ago, Iraq's manufacturing sector was flourishing and among the most developed in the region. However, a systematic decline up to 2003, and a multitude of challenges since then, have only served to further reduce the sector of a competitive edge against imported products. The Government is determined that this situation will be reversed for both social and economic reasons.

While industry and manufacturing contribute less than 2% to Iraq's GDP, there is a huge opportunity to reduce the country's import bill for a range of goods and equipment that could once again carry a 'Made in Iraq' label. In addition, investments are likely to stimulate much more employment opportunities than are likely to be offered in the oil & gas sector, even as the latter expands.

There has been some success in attracting foreign investment in some areas such as cement manufacturing, where France's Lafarge is a leading company. Many other opportunities also beckon. The Integrated National Energy Strategy (INES) calls for the production by 2030, of some 15 million tonnes a year of petrochemicals, cement, steel, aluminium and fertilisers.

A wide range of other manufacturing sectors are calling for outside investment in consumer areas including food, drugs, textiles and engineering products.

The Government hopes that these opportunities will become more attractive with the development of purpose built industrial areas providing modern amenities and utilities, logistics and telecoms facilities. According to the Minister of Planning, Salman Al-Jumali, "Iraq considers the establishment of industrial zones, instrumental for boosting the domestic economy."

In 2011, the Government approved the establishment of five new industrial areas to be built in Baghdad, Basrah, Nineveh, Najaf and Babil. He stated "the purpose behind the building of these zones is to reinforce the industrial base in Iraq and create competition between local and governmental companies. They will also be a factor in attracting foreign companies." The idea was to set the areas up at least 30km outside residential city areas, with sufficient space for enterprises to expand.

An industrial area in Nahrawan, south of Baghdad, for example, is scheduled to be developed over a 500 hectare area. The US\$250 million development with high quality infrastructure and professional services, is designed to draw industrial units currently located in the Baghdad metropolis and to release run down brown field sites, which they currently occupy for restoration and development as markets and shopping malls.

The aim is that new industrial estates will accommodate a range of factories and production lines for iron, steel, cement, aluminium and petrochemicals, in addition to facilities to produce construction materials and electrical goods. The ultimate aim is to establish an industrial area in every province.

There is high level backing for the strategy even though it is constrained at present by budget limitations and the current focus on security. Prime Minister, Haider Al-Abadi, when he was Chairman of the Iraq Parliament's Economic Committee, said that "the construction of the zones will provide ample opportunities for manufacturing items we need in the country, which we use in all areas of life. If they are manufactured in Iraq, we will not have to import them in the future."

Manufacturing investments aimed at potential export markets in neighbouring countries, could also be encouraged through the planned establishment of special economic zones. Iraq's General Authority for Free Zones has had plans to set up economic free zones since 1998, when a law was passed to establish them at various locations including Basrah in the south, Nineveh in the north and near the Syrian border at Al-Qaem in Anbar Province. Basrah's Khor Al-Zubair Free Zone, adjacent to the port of the same name, was established in 2004.

Turkey's UB Holding is negotiating to rehabilitate a steel plant within the one million m<sup>2</sup> area of the free zone, involving a US\$700 million investment. The INES recommends establishing an industrial hub near Basrah, capable of accommodating such primary industries together with the downstream and support industries related to them.



Elsewhere the potential is more long term. Development of Al-Qaem is presently limited by security concerns and disruptions to cross-border trade and commerce. Similar difficulties affect commercial activity at the 400,000m<sup>2</sup> Flaifil Free Zone in Nineveh Province. However, once normality is restored, both zones could develop rapidly.

Despite continuing challenges, further free zones are planned. One of these is intended for development near the border area with Turkey in Kurdistan's Dohuk Province. Another is being considered for Babil Province.

The major investments in Iraq's industrial development will link with oil & gas production. Under current plans existing crude oil refineries at Daura and Basrah, will be upgraded and various other smaller units



A wide range of manufacturing sectors are calling for outside investment in consumer areas including food, drugs, textiles and engineering products.



rehabilitated. The INES calls for some existing refining capacity to be retired and new refineries built in Qayyarah, Karbala, Amarah, Kirkuk and Nasiriyah. The programme is aimed at increasing domestic refinery capacity from 800,000 bpd to 1.4 million bpd, which would allow Iraq to meet all of its petrol and fuel oil needs by 2019.

In future industrial development, Iraq has a global competitive edge with its huge natural gas resources which can be monetised to fuel power stations and industries and also provide the basis for a large scale petrochemicals industry.

Natural gas resources are not only abundant but also rich in ethane and other compounds used as feedstock in petrochemical conversion processes. The INES looks to substantial investment being made in building a petrochemical industry and believes that "Iraq's ethane abundance will give it a highly advantageous position on the global supply curve."

At present, Iraq's petrochemical needs are estimated at 188,000 tonnes a year of items such as ethylene, propylene and methane. These products, currently mostly imported, are required to manufacture fertilisers and plastic goods.

According to Hans Nijkamp, Vice President of Shell Iraq, a petrochemicals industry will be able to draw ethane from flared gas and provide a platform for industrial development in the country.

In January 2015, Shell reached agreement with the Government for a venture which could see Iraq emerge as the largest petrochemical producer in the Middle East. The potential US\$11 billion investment project, known as Nibras ("beacon of light"), will be the biggest foreign investment in Iraq and the most important in the region's petrochemical sector, according to Industry Minister, Nasser al-Esawi. The agreement followed the signing of a Memorandum of Understanding in 2012. (*Times* 29/1/15)

South Korea's Hanwha Chemical Corporation also signed a letter of intent at the end of 2013, to build a gas processing complex and ethylene cracking plant in southern Iraq, designed to produce up to one million tonnes a year of petrochemicals feedstock products.

The development of petrochemicals production capacity is also likely to stimulate in turn, the production of fertilisers, since methane extracted from gas is a primary feedstock. As a result, Iraq's fertiliser production capacity could soar to more than six million tonnes a year by 2030, meeting all domestic demand and providing a large surplus for export, according to the INES.

Beyond petrochemicals, there is potential to develop other heavy industries, because of the availability of cheap energy. The INES envisages, for example, cement production capacity rising to 65 million tonnes a year by 2030, and ending reliance on imported construction materials.

At present, steel imports are also estimated to cost Iraq US\$1.2 billion per year. With gas providing low cost fuel for furnaces, a domestic steel industry is also planned. Aluminium production could also be considered given the high energy intensity involved in manufacturing the product.

Industrial development has the potential to spur a wide range of value added manufacturing by Iraqi factories using the raw materials produced. Many state-owned enterprises are seeking international partners to modernise and realise their production potential.

The country's private sector is also ready for development. Many small to medium scale enterprises have factories, and if given support, could modernise and raise productivity substantially in a range of manufacturing, from processed foods, consumer goods, to fabrics, clothes, metallic goods, plastics and vehicles.

Iraq is gradually developing an automotive industry. A US\$42 million contract with Volkswagen's Swedish brand Scania to assemble trucks in 2011, was followed by similar assembly deals with Mercedes Benz and Renault to assemble trucks as well as some car models. Iranian automakers such as Khodro and Saipa, in addition to China's Lifan, are also among foreign manufacturers providing export assembly kits to factories in Iskandariya, 40km south of Baghdad.

Iraq has also signed cooperation agreements with China's Chery, for an assembly operation in Najaf and South Korea's Hyundai for a similar venture in Al Hillah. The assembly operations are small scale so far, with Scania's agreement with Iraq's Qanadil al Rafidain involving just 800 vehicles each year. However, this is providing a base for developing the sector.

As a result, Iraq has been able to launch local manufacture of auto parts such as tyres and vehicle batteries. Adnan Razeem, General Manager of the state-owned Company for Automotive Industry says that "within ten years we will be able to manufacture bigger components for trucks in Iraq. Our plan is to have a 100% Iraqi truck." It is far from an idle dream since neighbouring Iran, from a similar start 25 years ago, produces in excess of one million vehicles a year. ■



# New mobile services will boost internet use and economic growth

Economists recognise that mobile telecoms are a core means by which societies and economies can be transformed and grow. This surge in development is being witnessed with dramatic affect in Iraq.

An Arab States Mobile Observatory Report compiled by the GSM Association, suggests that by 2025 broadband penetration in Iraq could stimulate 4.8% of GDP growth, at a value of US\$10.5 billion and resulting in more than 700,000 additional jobs.

It will be an extraordinary change in a country where the traditional telephone system in 2003, was so run down as to be virtually non-functioning. Since then, the introduction of nationwide cellular telephone services has played a vital role in nurturing social cohesion and business development. An estimated 90% of internet traffic is now carried via wireless or microwave transmission rather than land lines. *(Reuters 26/11/14)*

Multibillion dollar investments made by the three main Iraqi mobile operators, Asiacell, Zain Iraq and Korek, have proved profitable and created growing demand for enhanced service delivery. Industry analysts, Frost & Sullivan, estimate that Iraq mobile revenues reached US\$3.75 billion in 2013, and will rise to US\$8.18 billion by 2020.

Zain Iraq's Chairman, Mohammed Charchafchi, says that since the company acquired a licence to operate mobile telephone services in 2003, it has spent around US\$5 billion to roll-out and develop its cellular network in Iraq and now has 3,000 employees and 13.3 million customers, making it the largest cellular operator in the country.

The introduction of newer 3G mobile services will allow much more reliable internet connectivity on handheld devices. This has encouraged the companies to acquire new licences to provide advanced broadband services.

Iraq's Communications and Media Commission (CMC), agreed to the introduction of 3G cellular services in November 2014, at a cost of US\$307 million for each of the operators. Asiacell has said that together with its licence fee for additional frequency spectrum, it is spending US\$1 billion on modernisation of systems to provide 3G services. Such huge and costly investment commitments are not taken lightly.

According to Omar Maher, an analyst at Egyptian investment bank EFG Hermes, despite the fact that parts of Iraq's telecom networks remain non-operational due to the security situation, a recent launch of 3G

services should stabilise the revenue and profits of the country's mobile phone operators in 2015.

There is huge potential as Iraq is one of the world's least developed internet countries with just 9.2% of the population online, according to the International Telecommunication Union (ITU).

A lack of reliable fixed line connections has been a major part in holding back the development of internet and voice communications. Business analyst firm BMI says that Iraq has one of lowest fixed line penetration rates in the region, estimated at just 5.6% at the end of 2013.

When Asiacell's Chairman, Faruk Mustafa Rasool, launched his company's 3G mobile phone services in January 2015, he commented "Iraq has been underserved for far too long, it's time to bring 21st century wireless service to this important economy."

Mobile phones in the region have already evolved from simple communication tools into service delivery platforms. One of the benefits which mobile telecoms has brought to Iraq, for example, is a means to authorise and transfer payments.

The country's Qi national credit card was developed by Iraq's two largest financial institutions, the state-owned Rafidain Bank and Rasheed Bank. The system serves some two million users distributing



pensions, social welfare payments and some government salaries. ([www.qicard.com](http://www.qicard.com)).

A new generation of cellular technology is creating much wider possibilities. According to Frost & Sullivan the launch of 3G is expected to boost service quality, increase revenue and encourage private participation in the country's telecoms market. (*Frost & Sullivan, October 2014*)

Cellular operators believe there is a hungry and growing market. Affordable and reliable internet access has become an economic necessity, akin to other basic utilities like electricity and transport. Amer Sunaa, Asiacell's Chief Executive Officer, has said: "We are very excited to launch 3G in Iraq. With the benefits of 3G, subscribers can enjoy a faster, better mobile experience than ever before."

It is not an entirely smooth ride. Asiacell, which is owned by Qatar's Ooredoo, reported that it "continued to face the challenge of political and social instability during the first nine months of 2014, allied to the effects of an increasingly competitive market."

Despite the cost of entering the market being high for companies and the allocated spectrum for data service and broadband spectrum available still low, Asiacell and other providers continue to roll-out network modernisations, Frost & Sullivan observes.

However, this situation is due to change as the country increasingly adopts and integrates the latest technologies such as WiMax (Worldwide Interoperability for Microwave Access) and LTE (Long Term Evolution) into the national system. Introduction of cost effective networks is also expected to be helped by an anticipated fall in the price of satellite terminals.

Frost & Sullivan expects that "private telecoms firms in Iraq will look to build partnerships with international companies to develop local infrastructure and to establish robust standards."

The use of the latest value added products, along with efforts being made towards network modernisation will differentiate operators from the rest of the competition, the analyst says. "Exploiting the lack of fixed lines and providing high speed broadband services to launch portable data service devices, will also help operators strengthen their footprint in the Iraqi telecoms market."

Earthlink Telecommunications, the largest internet service provider (ISP) in Iraq, for example, has engaged the US Colorado based, Level 3 Communications to deliver secure, private connectivity for the

broadband online needs of the country's financial services and oil sectors. Nynex, a leading US VSAT (Very Small Aperture Terminal) operator, has recently expanded its coverage to target government customers in Iraq and companies involved in the country's oil & gas industry.

Supported by LTE technology, which is supplied by France's Alcatel-Lucent, the Kurdistan based Regional Telecom company became the first ISP to offer wireless broadband services in Iraq under its Fastlink brand in 2013. Company Chairman, Kawa Junad, commented: "Industry trends as well as our own experiences make it perfectly clear that high speed mobile broadband is the major growth opportunity for the foreseeable future."

Kurdish ISPs are playing a pivotal role in connecting clients throughout Iraq to the global internet. Reuters reported in November 2014, that most of the country's internet traffic was being routed through the northern region ISPs.

One of the Kurdish region's leading providers, Newroz, serves Erbil, Dohuk and Zakho, while IQ Networks covers Sulaymaniyah. US internet research firm Dyn says they are also carrying significant levels of traffic for the rest of the country.

From the Kurdistan Region, the two ISPs sell transit services to other Iraqi internet providers, such as Earthlink, ScopeSky and FastIraq, based in the middle and south of the country, comprising the country's largest markets. Dyn estimates that 73% of Iraq networks are routed through the two northern providers. These connect to the global internet through Turkey and Iran, according to the researcher.

Other networks are routed through Jordan, various satellite service providers, smaller direct connections to Turkey or submarine cable connectivity at the Al-Faw landing point near Basrah.

The Al-Faw cable landing station links Iraqi Telecommunications and Post Company (ITPC) with international links supplied by India's Reliance Global, and the Qatar based Gulf Bridge International. These provide Iraq with direct submarine cable connectivity to countries in the Middle East, Asia, Europe and North America.

Dyn's research says that development of internet services has grown more speedily in the Kurdistan Region than the rest of Iraq because access is still relatively limited in other areas.

The situation is less stressed in the Kurdistan Region where Newroz has laid more than 5,000km of fibre-optic cable. IQ Networks also expect to open a US\$100 million broadband cable from Turkey to Iraq's coast in the south, by the end of 2015.

According to Reuters, the company has spent US\$30 million replacing lines and equipment which were overrun by insurgents and aims to boost Iraq's strategy of becoming a hub, by carrying international traffic through a new cable link with Asia and Europe.

Outside of Kurdistan the cable will be owned by ITPC. Under its 15 year licence, IQ Networks will pay 26% of all revenues earned to the Government according to the company's Chief Executive, Martin Frank.

He says that the fibre cable will be the first privately built and privately run network of its kind outside of the Kurdistan Region. Its route will follow Iraq's main oil & gas pipeline and was nearing launch in 2014 before ISIL occupied areas through which the cable ran in the north and west of Iraq.

In order to put the project back on track, IQ is installing an additional 1,000km of fibre in order to re-route the network further east. In

insurgent occupied areas Frank says: "We are expecting large parts of the above ground infrastructure such as shelters, generators, power equipment and transmission equipment, to have been stolen or destroyed but large parts of the underground infrastructure including ducts and fibre cables should be okay."

Despite security difficulties, Iraq's telecoms recovery programme is taking place at an opportune time, with the availability and deployment of advanced technologies which are able to overcome many challenges.

Amsterdam research company ASD Reports, says that while there are some downside risks, Iraq's telecoms market offers great opportunity. The report cites the country's large population, and a mobile penetration for voice services still below 100%, as factors which underpin a generally positive growth outlook for the country's telecoms sector through to 2018. In particular, the launch of 3G services "creates massive opportunity in Iraq's widely under-served data market," it says.

Demand for high speed internet is fuelling the need for better bandwidth capacities and lending momentum to the telecoms market in Iraq. Frost & Sullivan agrees that "The installation of high speed cables for large companies and subsequently for home users is a priority for the Government. This will open up immense opportunities for telecom operators in the country."

Zain Group's CEO, Scott Gegenheimer, says that the company views the launch of 3G services in Iraq as a "complete game changer for the country," which has less than 15% broadband penetration, he says. "I am confident that the launch of 3G services will positively impact Iraq's domestic output and economic prosperity on many levels and act as a stimulus in attracting new investment into the country, further increasing jobs and increasing national output." ■

# Healthcare investment is a government priority

National budget allocations for healthcare in Iraq have risen steeply from US\$3.8 billion in 2010, to US\$12 billion in 2014. This figure is expected to continue to rise as the country endeavours to raise its health system to the status it once enjoyed.

After the devastation caused by war and sanctions, over almost a quarter of a century, and the consequent loss of thousands of the country's medical personnel, recovery has been slow. However, tangible progress is being made. The World Health Organisation (WHO) was able to state in March 2014, that Iraq's "health indicators are showing improvement and life expectancy has improved from 61.5 to 69.5 years since 2009."

There are major challenges facing the healthcare sector, including the need to develop and improve the capacity and skills of administrators and health professionals. There is also a need to integrate and coordinate systems and relationships between the Ministry of Health and the private sector. With a much improved health sector, the external migration of talent among professional healthcare providers can be stemmed and reversed.

Increased healthcare expenditure, as a percentage of GDP means that it is higher than neighbouring countries. Iraq needs to recover within the region, with only six doctors per 10,000 people. Per capita expenditure on health is still only a quarter of the world's average.

The aim is to provide well equipped hospitals throughout the country as well as to develop Primary Care Units in every province. There are approximately 1,500 of such units and USAID is helping to develop 360 more.

Nevertheless the Iraqi health system is striving to modernise and is moving towards a more integrated primary care model.

An improvement strategy is currently being implemented. The main goals of the plan include capacity building within the system, developing a health information service, and increasingly shifting towards the concept of family medicine. This focus on family practice service delivery, is part of a Basic Health Services Package initiative, assisted by the WHO, to provide more cost effective services and to respond effectively to the country's growing requirements.

Hospitals also need improvements. According to the WHO, Iraq has 229 general and specialist hospitals, 61 of which are teaching institutions. Many of these, operate far below their intended capacity and lack modern equipment, and crucially lack adequate levels of professionals and staff.

A sustained construction programme is in place. This involves new hospitals being built throughout the country. In Basrah, the Shatt Al-Arab Hospital is under construction and is due to be completed later in 2015.

Among other planned developments is the 600 bed Al Bayaa teaching hospital in Baghdad, a maternity and children's hospital in Fallujah, a 200 bed general hospital in Haditha, a 100 bed hospital in Al Karim, and a 200 bed hospital in Salah Al-Din Province.

In April 2015, South Korea's Hanwha announced a preliminary US\$200 million contract with Iraq to build a new hospital on a 77,000m<sup>2</sup> site in Bismayah, southeast of Baghdad. The plan also involves the supply of staff, when the hospital is completed in 2018. Hanwha is said to be in discussions with Soon Hyang University Hospital in Seoul about this aspect of the deal.

The Ministry of Health also has plans for a 500 bed hospital in Najaf, to be developed by German Hospitals Group. In addition, six 100 bed hospitals as well as two clinics are due to be developed by the latter in consortium with Turkey's Universal Hospitals Group. The Ministry of Health also plans to build a 300 bed paediatric hospital in Karbala.



The private health sector is playing an increasingly important role in delivering healthcare. Private spending on healthcare as a percentage of all spending is around 18.8%, compared to 37.1% in Saudi Arabia and 59.9% in Iran. There are now an estimated 92 private hospitals in the country, mostly in larger cities such as Baghdad, Basrah and Erbil. The number is expected to grow given the pressures on the public sector.

The Iraq-German Ibn Hayyan Hospital, for example, is scheduled to open in Baghdad at the end of 2015. This new facility is being





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developed by General Mediterranean Holding which is owned by Iraqi entrepreneur Nadhmi Auchi.

Already, most of the Kurdistan Region healthcare improvements are attributed to foreign investment. An example is the Public Private Partnership (PPP) between the Kurdistan Regional Government (KRG) and Raziana Company, which has invested US\$30 million in the Medya Diagnostic Centre. Among the services provided by the centre are radiology tests which are then transmitted electronically to consultants in the UK. In 2013, the centre became the only laboratory in Iraq to receive international accreditation from the College of American Pathology.

However, most Iraqis continue to rely on the State for healthcare provision. While the Ministry of Health is working closely with the WHO to adopt the family practice model, it is also exploring future health financing options. Of total healthcare expenditure, 81% is paid for by the Government and 19% by the individual.

Some observers believe that a mandatory health insurance scheme would be helpful as a viable way forward, since it would shift the financial burden from the Government to employees and employers. This in turn would drive improved standards and transparency in the provision of services.

There is also a need to develop a health professional regulation system, and a way of monitoring performance and defining the structure and functions of the State Company for Marketing Drugs and Medical Devices (KIMADIA), to ensure safety and quality standards.

Iraq has the capacity to complete a radical overhaul of the nation's healthcare system. A key issue is the need for planning, implementation and associated capacity building, to undertake the tasks necessary to reach this goal. There is no shortage of local talent according to WHO representative Dr Syed Jaffar Hussain, who states "Iraq has a wealth of human resources for health, distributed all over the Governorates of the country." ■

# Investment in education aims to provide a new professional elite

Reconstruction and development of the national education system is one of the Government's priority tasks. As a result, the first National Education Strategy was launched in 2012. This Strategy will respond to the needs of over eight million students presently in school and an additional three million students in other educational programmes.

It was drawn up by Education Ministries in both Baghdad and Erbil, with the help of the United Nations Children's Fund (UNICEF), the United Nations Educational, Scientific and Cultural Organisation (UNESCO) and the World Bank. It is designed to provide a serious and ambitious plan to bring about a qualitative improvement in Iraq's education sector, with the investment to improve the political, economic, social and technical structures in the country.

The challenge is huge, even before 2003 basic education services had been eroded throughout the country by decades of under investment and war. Classrooms built to accommodate 25-30 children sometimes have had to cater for more than 80 students. This has meant schools having to operate a shift system with buildings and resources. In 2012, the Education Ministry said that Iraq required 12,000 new schools and 600 additional schools built each year thereafter.

A lack of basic teaching aids and resources together with a lack of clean water, sanitation and waste disposal are also problems to be

remedied. UNICEF figures show more boys than girls in primary school enrolment, while more than half of all those enrolling in primary education do not finish school.

Recent displacements have forced the transformation of an estimated 2,000 schools into makeshift camps for families in Northern Iraq. Apart from the adverse affects on teaching, this has resulted in many examinations being postponed.

Key educational targets in the Strategy include increasing pre-school enrolment rate from 7% to 22% by 2020, and the primary school enrolment rate from 93% to 98% by the end of 2015. The strategy also emphasises the importance of having quality curriculum, institutions and resources in higher education.

The commitment to implementing a National Education Strategy is a big step forward. "We applaud the commitment to ensure all children have the right to a quality education, especially the thousands of children who are currently missing out on the timely development of the competencies, skills and opportunities that a quality education will provide them," says Marzio Babilie, UNICEF's Iraq representative.

"With an emphasis on improving secondary and post secondary education, the Strategy responds to Iraq's basic needs in education in

the short term, while stimulating a longer term competitive knowledge centred economy," says UNESCO Regional Director, Mohamed Djelid.

As well as in both primary and secondary levels, there is also a focus on building new universities, polytechnics and on developing vocational training, a task that is being overseen by Dr Hussain Shahristani, former Oil Minister and now Minister of Higher Education and Scientific Research.

Higher education is one of the sectors which sustained the most serious damage and destruction in and after 2003. More than 60 universities and other college buildings were damaged and systematically looted. The damage was especially severe in laboratories, workshops and libraries.

Instability has undermined normal academic activity in universities and triggered a migration of talent which has further undermined educational opportunities for students seeking education there.

Rehabilitation and expansion of infrastructure is underway, though there is also a need to build academic and administrative capacity to formulate policy and institute high quality curricula which matches global standards of higher education.

In 2013, a plan was proposed to build 13 new universities and 28 colleges throughout Iraq with the support of UNESCO, the World Bank and UNICEF. In May 2014, it was reported that cabinet approval had been given for seven of the new academic institutions, four



polytechnics and three universities, one of which is the Baghdad Information and Communications Technology University.

Meanwhile a scholarship project launched in 2012, has enabled several thousand Iraqi students to attend leading universities abroad, to gain higher degrees. The project is organised by the Higher Committee for Education Development (HCED). The effort is having significant results and proving important in providing newly qualified staff for ailing educational establishments and also for the country's public sector.



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The HCED has sent more than 4,000 Iraqis to study for Masters Degrees and Doctorates at universities in the US, UK and Australia. With funding secured for several thousand more, its General Director, Zuhair Humaidi, believes they are well on the way to creating a group of academics and senior civil servants. Humaidi says that his country has little chance of emerging from its current crisis if it does not train another generation of professionals.

Iraq's links with foreign academic institutions, particularly in the UK, are well entrenched. Higher Education Minister, Shahrastani, for example, holds a Doctorate from Imperial College in chemical engineering.

In 2014, the UK's University of Leicester announced it was to collaborate with Soran University in the Kurdistan Region to establish an International Centre for Natural Resources Research. The Centre is being developed at the new Faculty of Science building, located in the Zagros Mountains, an area thought to be rich in solid mineral resources.

Soran University was first established in 2011, and its first group of students graduated in 2013. It has plans to expand and eventually accommodate 15,000 students. According to Professor Heiko Balzter, Director of Leicester University's Centre for Landscape and Climate Research, "The aim is to build mentoring partnerships between staff, deliver block courses locally to contribute to higher education in the region, to deliver staff development activities and to develop joint research projects."

One issue the Centre hopes to tackle is the challenge the Kurdistan Region faces in effectively managing its natural resource infrastructure, in particular the management of the water supply and its quality. Ultimately, it is the intention of both partners to expand the scope of the collaboration in other subject areas including English, archaeology, cultural heritage management and molecular biosciences. Leicester University has also assisted in setting up an English language teaching and examination centre in Erbil. ■



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## Aviation expansion is a key investment focus

Iraq has one of the most ambitious aviation development strategies in the Middle East. The plans include developing new airports, expanding existing facilities together with the modernisation and expansion of Iraqi Airways, the national carrier.

Confirmed projects and those in the planning stage involve multibillion dollar investments for the construction of new runways and terminals and all aspects of airport operations, including, air traffic control and management systems, safety and security, IT support and maintenance operations.

The Government has a clear vision and plan to develop world class facilities and has a strong strategy for rebuilding Iraqi Airways as an international airline. A major infrastructure enhancement programme is underway. Provincial governments are upgrading existing airports and planning the construction of new airports to cater for a growing demand for passenger air travel as well as cargo flights.

The objectives of Iraq's transport development plan will address the capacity, integration and security of the existing network, along with developing cargo transport to boost the sector's contribution to GDP, according to comments made in 2014, by Hadi Al-Ameri, the former Transport Minister, who added, that executing the many planned transport projects will require both expertise and funding from the private sector. (*Arabian Aerospace online news service*)

Substantial improvements have already been made to airports serving Baghdad, Basrah, Erbil, Sulaymaniyah and Najaf. A further international airport to serve Northern Iraq is due to be built at Dohuk, once the security situation is normalised in the area.

The latter is being developed on an 18,000m<sup>2</sup> site and is planned to accommodate 328,000 passengers a year initially, according to a masterplan drawn up by Lebanon's Dar al-Handasah. In the long term, the facility would be expanded to handle up to one million passengers annually.

Reports indicate that a Turkish consortium comprising Makyol Construction Industry and Cengiz Holding has been awarded a contract to build the airport at Dohuk with South Korea's Incheon Airport Company, which is due to provide management services for the new facility. (*Airport Technology*)

Work is well underway to improve other Iraqi airports. Firstly, Baghdad International Airport has been undergoing a progressive image overhaul over the last five years, helping to upgrade a previously rundown facility into a modern aviation hub.

Around 18 scheduled carriers now serve routes to Europe, the Middle East and Central Asia from Baghdad. These include Egyptair, Emirates Airlines, Etihad Airways, Gulf Air, Iran Air, Middle East Airlines, Qatar Airways and Turkish Airlines. Several dedicated cargo airlines also



operate from the Iraqi capital. These include SNAS/DHL, Etihad Cargo, Coyne Airways, Fits Air and RUS Aviation.

In 2010, plans were drawn up for the renovation of Baghdad's three terminals, with the aim of increasing its capacity to more than two million passengers a year. Modernisation and refurbishment of the airport's Nineveh and Babylon terminals has already been done and work on the Samarra terminal, the last of the three terminals to be overhauled and extended, is due to be completed in 2015.

Iraq also has ambitious plans to construct a major new airport to serve Karbala and its surrounding areas. Designated Middle Euphrates International Airport, the proposed US\$4 billion airport is one of the largest aviation projects in Iraq, and is envisaged eventually to handle as many or more passengers a year than Baghdad. Many of these visitors are expected to be Shia pilgrims drawn to the area's holy sites.

Meanwhile, work on infrastructure required for a new airport at Nasiriyah in Thi Qar Province was reported to have been completed at the end of 2014. The facility is being developed on the site of Imam Ali Military Air Base and is intended to be used for both civil and military flights. The Governor of the Province, Yahya Al Nasiri, has said that companies from Kuwait, the US and Malaysia have expressed interest in investing in the project. (*Emirates* 24/7 -10/12/14)

On 21 January 2015, Iraq's National Investment Commission (NIC) and Kuwait contractor Al Nasiriyah Al Kuwaitiyah, announced the signing of a US\$1.35 billion contract that involves the construction and management of a new airport close to Diwaniyah, the capital of Al-Diwaniyah Province. The airport focusing on air freight traffic is due to be completed in five years time.



The new Diwaniyah airport, is expected to be the largest aviation cargo facility in Iraq and will be constructed over an area close to Highway One, the main road to Baghdad, and adjacent to the railway linking Baghdad with Basrah, the country's main port.

The airport is intended primarily to serve as a cargo hub focusing on attracting logistics companies and international cargo agents as principal users. A further stage would see its development as an international passenger airport, capable of serving the south and central regions of Iraq which are home to more than 11 million people.

The first phase involves building a 45m wide, 3.6km long runway which will be able to accommodate all current types of commercial aircraft. A free trade zone is also to be built at a cost of US\$450 million.



The objectives of Iraq's transport development plan will address the capacity, integration and security of the existing network, along with developing cargo transport to boost the sector's contribution to GDP.



This part of the project is due to be completed by 2017, ahead of the airport itself.

NIC Chairman, Dr Sami Al-Araji, believes that the airport project will be a nucleus for development in Diwaniya Province and the whole of southern and central Iraq, potentially providing 8,000 jobs. It is the first project of its kind in Iraq focusing on air cargo and providing a free zone with logistics services. A key utilisation will be as a centre for distributing imports, as the site is less than two hours by road to all of southern Iraq's main cities.

In addition to the new airport, Al Nasiriyah's contract provides for development of what is described by the company as an Aerotropolis, a futuristic airport city, featuring industrial and commercial sectors, educational, medical and sport facilities, plus residential developments.

Al Nasiriyah's Chief Executive Officer, Sheikha Eman Nasser Sabag Al-Nasser Al-Sabah, commented: "The airport and Aerotropolis will become the engine that drives the socio-economic development of southern and central Iraq for several decades and assist with Iraq's goal of sustainable economic development."

The agreement with Al Nasiriyah marks a further significant improvement in Kuwaiti-Iraqi relations and will serve to foster the further development of closer economic and political ties between Iraq, Kuwait and the rest of the Gulf Cooperation Council (GCC) members. Flights between Iraq and Kuwait were only restarted in 2013, after a break of 22 years.

While Iraq's new Government is determined to press ahead with developing the country's aviation infrastructure, there is also a very strong focus on modernising Iraqi Airways in order to increase the national carrier's role in connecting the country to the rest of the Middle East, Europe and beyond.

Iraqi Airways, one of the region's oldest carriers, was grounded and is now in a period of recovery, and is continuing with a steady route expansion into 2015. In March 2015, it commenced direct scheduled services with two flights a week linking Manchester with Erbil and Sulamaniya in Northern Iraq. The airline already operates five flights a week between Gatwick and Baghdad. The Manchester service is expected to attract up to 15,000 passengers a year initially from the UK's North and West Midlands.

For security reasons, the route's return services to Manchester are routed via Vienna. Services from Baghdad to London Gatwick also stop at Vienna airport for security checks. The airline is also considering starting a direct service from the UK to Basrah in the future. (*Manchester Evening news* 23/1/15)

There are a number of foreign owned budget airlines and independent carriers already operating from Baghdad and other Iraqi airports. These include FlyDubai, Al-Naser Airlines, Zagros Jet, Bawabat and Al-Burhan Airways. Deputy Transport Minister, Bangen Rekani, has said that Iraq is awaiting an assessment from the International Air Transport Association on the viability of setting up an additional low-cost airline.

A privately owned group is reported to be planning to launch an airline to be known as Fly Baghdad to operate regional flights, according to Rekani. Bloomberg has reported that the carrier's start up costs are estimated at US\$25 million and that it plans to operate two Airbus A320-200 airliners and one Bombardier CRJ-200 commuter jet.

Transport Minister, Baqer al-Zubaidi, has said that the national airline is set to receive 13 additional Boeing aircraft in 2015. The current fleet consists of three Airbus A320s and two A321 single-aisle airliners, one wide-body A330-200, twelve Boeing single-aisle 737s, two long range 747s, two Boeing 767s and a Boeing 777-200 and six Bombardier CRJ-900 regional jets.

Special legislation was passed in 2015, empowering the Minister of Finance and Central Bank to sign a loan agreement to help purchase new planes. The orders include 29 Boeing Next Generation 737-800s and ten long range twin-aisle 787s. Iraqi Airways is also planning to purchase commuter jets from the Canadian manufacturer Bombardier Aerospace.

This follows the signing of a letter of intent in November 2013, by Iraqi Airways at the Dubai Air Show to acquire five CS-300 airliners from Bombardier, together with options to purchase a further 11 CS-300s in a deal potentially valued at US\$1.26 million. The airline already operates six Bombardier CRJ-900 regional jets.

The Ministry of Transport is discussing a ten year US Eximbank soft loan of US\$1.6 billion to finance its planned acquisition of Boeing airliners. Iraq's Civil Aviation Authority confirmed that the deal for 30 Boeing aircraft, first discussed in 2008, was still being pursued in September 2014.

Citibank has confirmed that it is advising on financial arrangements for the Boeing aircraft purchase, with a committee drawn from Iraq's transport and finance ministries, Central Bank and Iraqi Airways.

Iraqi Airways Chief Executive and Director General, Captain Saad Al-Khafaji, has stressed that there is a need to acquire fuel efficient and technologically advanced aircraft in order to compete in the European and Middle East airline markets. "Following the successful utilisation of our six CRJ-900s over the past few years, the acquisition of the CS-900 aircraft will complement our network operations and allow us to expand into new markets.

In addition to an expansion of its route network in the region, the Iraqi carrier has also opened up air routes to Austria, Sweden, Denmark, the UK, Malaysia, China and India. Additional routes to Azerbaijan and Russia are under discussion.

There is much riding on Iraqi Airways expansion: Nabil Mohsin, Director of Business Development at Iraq Duty Free, says that "for every new aircraft that joins the fleet a new route will be opened up." (*Duty Free magazine* 22/2/15) ■

# Railway development can transform Iraq and the region

A core part of Iraq's transport strategy is to rejuvenate and expand the country's international, long distance and urban railways. This effort requires a full range of railway industrial planning, engineering, manufacturing and management services. Some progress has already been made but most of the outstanding work has yet to be contracted.

Iraq's railways date back more than 100 years, when a line was built by German engineers for the Ottoman Empire to connect Baghdad with Dujail, 60km to the north of the capital. It was quickly extended through present day Jordan and Saudi Arabia to reach Medina. The ambitious aim before it was curtailed by the outbreak of the First World War, was to connect Baghdad with Berlin by rail.

Between the end of the Second World War and the early 1980s, the railway network in Iraq was extended with around 3,000km of track laid. Iraq's railways were at their heyday in the 1970s and by the early 1980s the network was able to carry a million passengers and three million tonnes of freight a year. The system was supported by sound infrastructure including more than 30 major bridges across the Tigris and Euphrates rivers.

Subsequent wars, economic collapse and political turmoil saw maintenance and investment in the system dry up. War and political conflict led to the destruction, decay and a collapse in investment. This resulted in the system declining by the time the Saddam regime was brought down in 2003. Up until recently, only intermittent services had been restored on the trunk route between Baghdad and Basrah.

Re-investment began in 2005, with orders placed for new locomotives from Turkey and China, and the replacement of damaged track. In 2012, a US\$60 million US assisted project saw a computer-controlled dispatching and control system installed for the state-owned Iraqi Republic Railways (IRR) company.

Iraq has now received 12 diesel powered trains from China's Dongfang Electric Corporation. The US\$115 million contract includes diesel powered locomotives and air-conditioned carriages as well as sleeper cars. Each train is able to accommodate 343 passengers. Turkey's Tuvasas Company has built 14 new carriages for IRR including sleeping cars and restaurant cars under a US\$14.8 million contract.

The new locomotives and air-conditioned carriages have begun to be deployed on the overnight Baghdad to Basrah route, allowing a much more comfortable and faster journey between the two cities, routed through Al Hillah, Diwaniya, Samawah, Nasiriyah to Basrah.

Other projects are gradually moving ahead. Iraq needs to construct just 32km of new track in order to link Basrah with the Iranian rail network at Shalamchah, on the border between the two countries. When it is completed, this link will help facilitate the transit of Iranian pilgrims to religious sites in Karbala and Kazmain. Iraq also wants to cooperate on accelerating a railway project designed to connect the cities of Karbala and Najaf, both of which are pilgrimage sites for Iranian visitors. (*Fars News Agency 30/12/14, Iraq Tradelink 12/1/15*)

China Harbour Engineering Company has also held talks with Iraq's Transport Minister, Baqir al-Zubaidi, on railway cooperation, including studies on lines between Najaf and Karbala as well as a rail track to connect Basrah with the Fao terminal.

However, there are much bigger projects on the horizon. Iraq's latest National Development Plan (2013-2017) aims to rehabilitate and expand the country's old railway network to generate economic growth by transporting both freight and passengers around the country as well as to neighbouring countries and eventually to Europe and Central Asia.



The Ministry of Planning's first National Development Plan (NDP) adopted in 2010, set ambitious targets but implementation was hindered by political uncertainty as well as violence and administrative weaknesses. The revised NDP calls for "a competitive rail transportation system which complements the road transport system." At present almost all freight is transported by road in Iraq. Rail options when available will provide economies of scale to logistics companies, particularly for carrying bulk commodities.

The NDP aims to rehabilitate and expand the old railway network to be a reliable link between the Gulf and Europe. The system is expected to be competitive and fast in shipping goods and materials between Iraq and neighbouring Gulf countries, Turkey and Europe.



The new locomotives and air-conditioned carriages have begun to be deployed on the overnight Baghdad to Basrah route, allowing a much more comfortable and faster journey between the two cities.



One of the main goals is for the railways to act as the distribution backbone of bulk commodities, augmenting pipelines transporting oil and finished petroleum products. The strategy is to unload goods from Asia at southern Iraqi ports and transport them through the northern Iraqi city of Zakho into Europe via Turkey once the country's giant Al-Faw port project is completed.

The future IRR network is expected to be comprised mainly of electrified track and extending over 10,659km and designed to carry both passengers and freight. Faster travel is also a key aim in addition to robust security and safety. With these elements in place the plan envisages Iraq's geographical position as a transit link between East and West being firmly established in global trade.

Apart from the substantial improvement to internal transportation in Iraq, the planned investments will create connectivity with neighbouring countries. Jordan has approved a new 500km railway from the port of Aqaba on the Red Sea to link with Iraq railways at Trabil on the border. From there an electrified 400km dual-track line through Anbar and Karbala provinces is envisaged to link Ramadi with Trabil.

The track would be designed to transport up to 4.5 million passengers a year and 12 million tonnes of freight. The cross-border connection

could eventually form part of a longer term network that will see the integration of the Gulf Cooperation Council countries by rail and their connection to rail systems in Turkey, Jordan, Iran, and the Caucasus region via Iraq.

Jordan's Prime Minister, Abdullah Ensour, met Iraq's Transport Minister, Baqir Al-Zubeidi, to discuss the project in March 2015. Jordan is among 13 Arab countries that have agreed under the auspices of the UN Economic and Social Commission for Western Asia to link their railway systems over the next 10-15 years.

Iraq's cities also envisage rail investments playing a leading role to overcome urban congestion. A US\$40 million contract for design work covering the first phase of a planned 25km, US\$1.5 billion monorail network in Baghdad was initialled by France's Alstom Company in 2013. Another French company Systra has also looked at proposals for a metro system to serve the city. The company was appointed in 2011, to provide design and tendering services for a proposed 40km dual track line.

All the planned investments require very high capital expenditure. Given the constraints on the national budget, Iraq is keen to attract private finance initiatives to bring forward the many urgently needed railway developments and other major infrastructure projects. ■



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## Iraq ports strategy is vital for economic development

Iraq would be totally landlocked but for its short 48km of coastline to the Arabian Sea. This stark fact serves to reinforce government policy and is imperative that this access be fully utilised in order for the country's economic development to progress.

Transport Minister, Baqir Al-Zubeidi, stressing the importance of this policy says that the current security environment has not prevented the Government moving ahead to implement planned projects. Work continues to develop ports and construct new maritime facilities and also to seek joint investments with foreign companies to enhance existing facilities and to develop infrastructure for new ports, he says.

Phillip Marsham, Chief Executive Officer of Basra Gateway Terminal (BGT), also known as Al Maqal Port, says that "Iraq is presently undergoing a rebuilding and growth phase, of which port developments comprise a major factor supporting this."

At present, the country's main ports are Khor Al-Zubair and Umm Qasr, both located on a channel south of Basrah city. Khor Al-Zubair is the country's biggest petroleum export hub and also handles general cargo. Umm Qasr ranks as Iraq's main deep sea commercial port.

There are two smaller ports consisting of the Port of Basrah, also known as Al Maqal, which is located on Basrah city's shoreline and the Abu Falous River Port, which acts as a feeder for vessels and dhows.

"We have focused over the last six months on field visits to see development of Umm Qasr, Khor Abdullah and al-Maqal ports and we have received bids from both Iraqi and international companies to develop and start operations at these ports," Al-Zubeidi told Al-Monitor in May 2015.

The state-owned General Company for Iraq's Ports (GCIP), which is responsible for all the country's 48 berths, has plans to raise overall

handling capacity from 15.9 million tonnes to 53 million tonnes a year by 2018. As part of this strategy GCIP is seeking to implement projects to provide 13 more commercial berths over this period at Umm Qasr and Khor Al-Zubair respectively.

Substantial improvements have already been made. Umm Qasr was Iraq's only access to the sea after 2003, and was relaunched following investment by France's CMA-CGM, while the Sharjah based Gultainer became the first foreign operator to establish a dedicated terminal. BP signed an agreement in 2013, to build an advanced terminal intended initially to receive refined oil product shipments and in a second stage to export products. (*Reuters 1/5/13*)

Philippines based International Container Terminal Services Inc (ICTSI), a global ports operator, signed agreements worth US\$130 million in April 2014, with the GCIP to operate, develop and expand Umm Qasr Port.

The concession, operated by BGT, an ICTSI subsidiary, is located in the North Port of Umm Qasr at Berth 20. The owner of ICTSI, Enrique Razon, has described the investment as "the largest ever private investment in Iraqi ports." (*World Maritime News 11/4/14*)

Two gantry cranes and one mobile crane have been deployed there. Hans-Ole Madsen, ICTSI's Senior Vice President, says that in January 2015, BGT handled in excess of 12,000 TEUs. By improving the services and infrastructure available in its ports, Iraqi cargo is coming back to the country for forwarding instead of being carried by truck via neighbouring countries, though obviously a lot is still moving through Kuwait and Aqaba in Jordan, Madsen observes.



The agreement permits ICTSI to manage and operate an existing container facility at the port's Berth 20 for a period of ten years. The company took over the operation in November 2014, and renamed it Basra Gateway Terminal.

With operations progressing, the focus is now on performance. The company is investing US\$30 million to improve the berth. Under a US\$100 million build-operate-transfer arrangement, the company will also construct and operate two new terminals to handle containers and general cargo respectively, under a 26 year concession period.

"Good hinterland infrastructure has been a pleasant surprise. The highway up to Baghdad from Umm Qasr is in decent condition, in spite of many years of war. The highway was built by the Germans in the



The state-owned General Company for Iraq's Ports, which is responsible for all the country's 48 berths, has plans to raise overall handling capacity from 15.9 million tonnes to 53 million tonnes a year by 2018.



1980s and road itself is pretty good. A rail line exists and there are trains running. Obviously, a lot will have to be done with the railways, but it is a perfect rail corridor, a nice distance of 500-600km to Baghdad," Madsen says. (*Seatrade* 12/2/15)

BGT's CEO, Phillip Marsham, identifies the oil & gas sector as key drivers for Iraq's future growth and as such "ICTSI intends to support not only the strictly containerised cargo but also look at opportunities to support the logistical chain for the oil & gas industry."

As part of BGT's investment programme, purpose built container handling equipment and the latest IT systems are being deployed in order to take advantage of the very strong cargo potential in Southern Iraq as a result of on-going expansion of the region's oilfields, he says.

In February 2015, he told the magazine *Port Strategy*: "We are presently undertaking major refurbishment on the existing cranes and equipment. At the same time, we are constructing a new 50 hectare terminal which will have additional equipment to cater for the new operation." The first 250m of berth and 13 hectares of terminal are set to be operational in 2016.

NAWAH Port Management (NPM) a subsidiary of North America Western Asia Holdings, has also committed to further expansion of its

Iraqi operations. In 2014, NPM announced that it had signed a formal agreement with Iraq's Ministry of Transportation and General Company for Ports of Iraq, to quadruple the size of its operations running a terminal at the Port of Basrah which is also known as Al Maqal Port. It is located in an historic part of the city on the Shatt al-Arab waterway.

NPM began operating its Basrah container terminal at the port's number 14 berth in October 2013. While it is not a deep port it accommodates feeder vessels carrying a wide variety of cargo from consumer products to critical equipment and materials for Iraq's oil & gas fields, coming from the giant free zone of Jebel Ali in Dubai. A significant amount of imported cargo is also moved beyond Basrah to cities such as Najaf and Karbala. Basrah port is also an important route for the export of Iraqi products.

NPM's latest agreement involves the rehabilitation of a 150m long waterfront site at the ports Berth 13, and an adjacent 40,000m<sup>2</sup> cargo yard.

Paul Brinkley, NAWAH's President and CEO says that the demands on Iraq's ports continue to grow significantly each month and that NPM is committed to providing a viable alternative for local traders and international companies to move time sensitive, high demand cargo into Iraq.

“Recent announcements by the Governments of Iraq and Iran regarding the upcoming restoration of the Shatt al-Arab to full deep draft only increase the importance of our operation in Basrah’s city centre. As the market demands continue to increase, our expansion to Berth 13 will help us support that growth.” (*Reuters 14/4/14*)

This step will propel Iraqi maritime operations into the global league and involves completion of the planned Al Faw Grand Port. Captain Omran Radi, the GCIP Director General, has predicted that Al Faw port, for which Italy’s Verona based Techital has prepared designs, will eventually be the largest in the Middle East and the third largest commercial port in the world after Singapore and Shanghai, when it reaches planned full capacity. A channel, 400m wide and 24km long, will need to be dredged to connect the port to deep water.

Currently Faw, which is located on the Kawr Abdullah channel near the mouth of the Shatt al-Arab waterway, is little more than a landing place for small vessels and is mainly used as a fishing dock.

The new port will be designed to move about 36 million tonnes of containerised freight (equivalent to four million TEUs) annually, in addition to 22 million tonnes of dry bulk by 2028, with this capacity rising to 7.5 million TEUs and 33 million tonnes of dry bulk cargo by 2038. (*Techital/Obelisk 16/5/15*)

The depth of the quays will allow the operation of a new generation of container ships according to Techital. Special quays for the operation of container ships will be 7,000m, long providing 20 berths and quays designed for moving dry bulk goods and will provide around 12 berths along a 3,500m length.

According to the National Investment Commission the US\$6 billion project will be developed in three stages. The aim is to complete the first phase by 2018, when the port would be able to handle two million TEU containers in addition to general cargo. A second stage would see annual handling capacity at the port increased to 40 million tonnes of containerised cargo and 32 million tonnes of general freight. Stage three would be completed by 2038, increasing capacity to 70 million tonnes of containerised cargo and 44 million tonnes of general cargo.

The GCIP has pre-qualified 18 companies and consortiums to tender for some of the largest marine works according to Asaad Rashid, Al Faw Port’s Project Director. Preliminary works on the mega project are already underway. Greece’s Archirodon Company has a US\$280 million design and build contract to complete 8km of breakwater construction to the east of the proposed port. South Korea’s Daewoo Engineering & Construction has also signed a US\$700 million contract to build the port’s 16km western breakwater.

In addition to the construction of the four terminals and harbour works, major contracts are pending for landside facilities. These include roads and other utilities and not least the concession to operate and manage the new port. Companies working on the port will be exempt from customs duties and taxes according to a government statement issued in August 2013. (*Al-Monitor 14/9/13*)

A whole new city development near the new port to provide staff accommodation, schools, hospitals, retail, commercial and industrial areas is also part of the plan. A 100km railway is also due to connect Al Faw Grand Port with Basrah and beyond. (*Zawya Thomson Reuters 27/8/14*) ■

# Iraq - Image versus reality

Padraig O'Hannelly - Publisher of Iraq Business News



Padraig O'Hannelly

What lies ahead for Iraq? Reading the mainstream media you could be forgiven for thinking that the country was doomed to a future of violence, corruption and stagnation.

And let's be clear, Iraq has its problems, but that is far from being the whole story.

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\*Google Analytics, June 2014 – July 2015

## Minerals offer investors a varied range of opportunity

Oil & gas play a pivotal role in attracting foreign private investment to Iraq. However, there are many other mineral resources open to foreign investors which can be profitably exploited for both the domestic and international markets. While a wide variety of industrial minerals have been produced in Iraq for many years, production has been modest and is insufficient to meet local requirements.

Given the country's vast underlying resources and its present budget constraints there is an urgent requirement to focus on mining opportunities. Paul Attenborough, a researcher at the London School of Oriental and African Studies and former advisor to Iraq's Ministry of Industry and Minerals, points out that Iraq has a clear requirement to reduce its imports of industrial and construction materials which are costing billions of dollars.

Iraq has been one of the world's top importers of steel and the main importer of cement in the region for several years, with Iran as a principal source. About 80% of Iranian cement production was exported to Iraq in 2014, totalling 14.4 million tonnes. There is no need for Iraq to be so dependent on outside suppliers with many of its provinces containing vast deposits of limestone, kaolin and other elements used in cement manufacture. Prospects for import substitution are not limited to cement.

According to the National Investment Commission, there are many raw materials in Iraq which are available from multiple sources and in many areas of the country, allowing flexibility in choosing locations for mining and then processing them.

Gypsum, used in the production of plaster among other products, is abundant in the middle and north of Iraq. Industrial grade sand needed to make concrete and stone products is concentrated in Karbala Province.

There are large deposits of dolomite in Anbar Province, a mineral which is used in the manufacture of thermal bricks as well as glass and iron products. The Province also contains substantial reserves of silica and quartz sands. Silica powder is used in oil well drilling, while quartz is used to line smelters and furnaces.

Iraq's mineral wealth also offers major opportunities for the downstream processing of petrochemicals, since the country is able to produce all three types of fertiliser from the production of its nitrogen, phosphates and potassium.

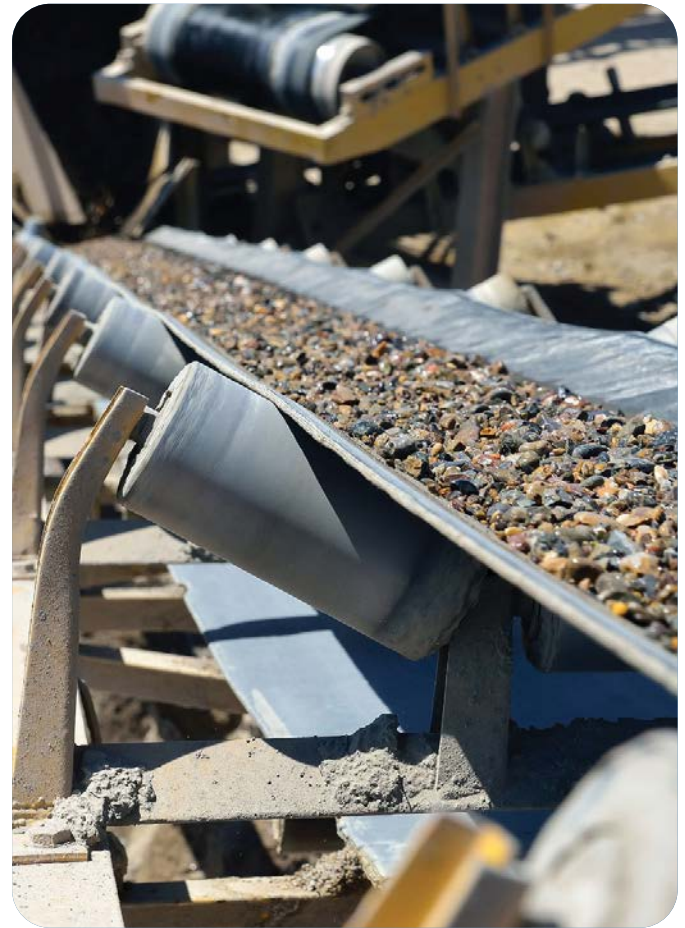
Some of the deposits are among the largest reserves in the Middle East and have barely been touched. The Iraq Geological Survey (Geosurv-Iraq) which was undertaken in 2012, estimates reserves of phosphate

at ten billion tonnes and limestone at eight billion tonnes, in addition to 1.2 billion tonnes of kaolitic clay stones, 330 million tonnes of dolomite, 130 million tonnes of gypsum and 50 million tonnes of salt.

Some 600 million tonnes of native sulphur reserves also provide the foundation for a substantial sulphur production operation. According to Dr Qusay Al Suhail, Assistant Professor at Basrah University's Department of Geology, Iraq's free sulphur deposits are world class.

In the north of Iraq, the Kurdish Regional Government is seeking private developers to exploit its potential minerals industry. Officials point to good potential for mining iron ore, chromium, nickel, platinum, gold, copper, barite and zinc in a 15-25km belt running through the region's mountainous area. A good deal of exploratory work in many areas of the country has already been done and this research material is available for potential investors.

Al Suhail told a London conference of Middle East mining organised by Symexco in April 2015, that good maps of resources have been published on a 1:25,000 scale. These have identified very good prospects for investment in Iraq's industrial minerals such as



bentonite, industrial clay, gypsum, iron ore, kaolin, limestone, nitrogen phosphate rock and fertilisers as well as salt, sand and gravel.

Geosurv-Iraq has identified a dozen investment opportunities in the country's minerals sector. These project opportunities include phosphate rock mining and beneficiation at Al Hirri Wadi and Swab Wadi in Anbar Province, as well as mining and processing of





There are many raw materials in Iraq which are available from multiple sources and in many areas of the country, allowing flexibility in choosing locations for mining and then processing them.



native sulphur (brimstone) deposits at Lazzaga and Mishraq in Nineveh Province. Both ventures have the potential to be global ranking operations.

Anbar also promises project opportunities for silica sand processing, a sodium carbonate production plant using the Solvay process, in addition to plants to produce alumina and ceramic materials. A feldspar concentrate plant in Najaf Province, a mine to produce calcium carbonate and sodium glauberite at Shari Saltern in Salah Al-Din Province are among other opportunities available.

Foreign investors are interested in the potential. Geosurv-Iraq has an agreement with Beijing Trading and Development Company of China, to build a bentonite activation plant at Fallujah in Anbar Province. This is designed to convert calcium based bentonite into sodium based bentonite for use as a drilling mud for oil & gas wells. The proposed 75,000 tonnes a year plant would tap into Iraq's estimated 22 million tonnes of bentonite, located in the Traifawi area in the western desert.

The World Bank's private sector development affiliate, the International Finance Corporation, has backed the rehabilitation of Karbala's cement plant by France's Lafarge as well as the Bazian Cement Plant in the

Kurdistan Region. China National Building Materials has a US\$250 million contract to build a greenfield cement plant near the city of Samawah in Muthanna Province in southern Iraq, with an initial production capacity of one million tonnes a year.

The London based minerals analysts CRU Group says that a plant at Al-Qaim, owned by the State Enterprise for Phosphate, has the capacity to produce phosphoric acid and filterable phosphorus, a phosphates based fertiliser which would be dependent on the reliable supply of raw materials including phosphate rock, sulphur and ammonia.

There are hopes that Iraq can rebuild its once strong sulphur production base. The main source is the state-owned Misraq mine. At its peak the mine, located 45km north of Mosul, had an annual production capacity of 820,000 tonnes according to the US Geological Survey, which published a study on Iraq in 2011. In recent times, production has fallen to around 70,000 tonnes a year according to CRU estimates.

The expectation is that the mine at Mishraq will reach an initial production level of 500,000 tonnes a year, following the delivery of new equipment from Devco, a US engineering company under a

US\$53 million contract. However, the mine's status is unclear at present, since the Mosul area is in insurgent hands and it will need reappraisal once Government Forces take back control.

Once the security situation is also brought under control in Anbar, Iraq's largest Province, it is likely that efforts can be made to find investment to develop the country's phosphate potential. Iraq possesses around 3% of estimated world phosphate rock deposits, making it a potential major player in global production of this mineral, which is an essential component of fertilisers.

Most of the largest reserves are located in Anbar. The Ministry of Industry and Minerals is seeking international investment to build a phosphate rock processing plant at Akashat, utilising rock from the area as well as other phosphate formations in the Province at H3, Ethna and Swab. Officials envisage production of one million tonnes a year of phosphate fertiliser in addition to phosphoric acid.

The Government is also seeking foreign investors for mining silica sand deposits in Anbar Province, which could supply plants to produce ceramic and glass products. A US\$150 million flat glass factory with an annual production capacity of 100,000 tonnes has also been

proposed in Anbar. This plant could draw on raw materials, including alumina oxide, limestone, silica sand, sodium carbonite and sodium sulphate, from several sites in the Province.

Gold deposits also exist in the western desert and in the Kurdistan Region of Northern Iraq. Near Iraq's border with Turkey, there is potential to mine lead and zinc and in other northern areas there is also evidence of copper, chromium, iron and manganese. In western Iraq there are said to be large deposits of iron, bauxite, zirconium and bentonite.

Prospects for Iraq to evolve into a major regional exporter of mineral products are promising. Natural gas could provide feedstock in the form of nitrogen for production of urea with major plants proposed for Anbar, Basrah and Nineveh provinces.

There are certain mineral sectors in the country, which because of increasing industrial construction demands look particularly promising says Paul Attenborough, who identifies several production sectors which Iraq needs to focus on for economic development and to save on import costs. These include iron and steel, cement and phosphates. "The potential is enormous," he says. ■

# Key Facts



Situated in Western Asia, Iraq covers an area of some 438,000km<sup>2</sup>, slightly smaller than Morocco or Sweden. The country borders Turkey to the north, Syria to the northwest, Iran to the east, Jordan to the southwest and Saudi Arabia and Kuwait to the south. The country has 58km of coastline on the northern Gulf.

Aviation services have expanded considerably since 2003 and there are regular international flights to Baghdad, Basrah, Erbil and Najaf. Flying time from Baghdad to London is five hours 30 minutes, two hours and 30 minutes to Istanbul and two hours and 15 minutes to Dubai. Umm Qasr is the principal deepwater port and connects Iraq to the northern Arabian Gulf.

Iraq is a parliamentary democracy. Head of state is President Fuad Masum (2014 to present) and the Head of Government is Prime Minister, Haider Al-Abadi (2014 to present). A Council of Representatives (parliament) of 325 seats is elected by universal suffrage for a four year term in which some 30 political parties are currently represented. The Council of Ministers consists of the Prime Minister and ministers who are approved by parliament. Next elections are due in 2018.

Bounded by Syria to its west, Turkey to the north and Iran to the east, the Kurdistan Region of Iraq has substantial autonomy. Three provinces, Dohuk, Erbil and Sulaymaniyah, constitute the core of the Kurdistan Region and have a combined population estimated at 3.5 million people.

Iraq is a dry zone. Average temperatures can range above 48°C between June and August. Rainfall occurs mainly between December and April averaging 100-180mm. The mountainous region in Kurdistan receives much more rainfall than the central or southern areas. Around 13% of the land is arable. Iraq is home to an estimated 32 million people, two thirds of which live in urban areas. Baghdad, Basrah, Mosul, Erbil and Sulaymaniyah are the largest cities.

While primarily Islamic and Arab, Iraq displays a diverse culture due to a profound history dating back 6,000 years. Many different ethnic groups and traditions developed in a region that was known as Mesopotamia, in reference to its location between the Tigris and Euphrates rivers. After the First World War when Ottoman control ended and most of the country's modern borders were demarcated, Arab, Kurdish, Turkmen, Assyrian and various other communities continued to live within Iraq. The country's official languages are Arabic and Kurdish while other dialects are recognised as regional languages. English is the most widely spoken European language. ■



# IRAQ



**Head of State:** President Faud Masum

**Prime Minister:** Haider Al-Abadi

**Last national elections:** 30th April 2014, next election scheduled for 2018

**Area:** 438,317km<sup>2</sup>

**Coastline:** 58km on Northern Gulf

**Border countries:** Iran, Saudi Arabia, Syria, Kuwait, Turkey, Jordan

**Governorates (provinces):** Baghdad, Salah Al-Din, Diyala, Wassit, Missan, Basrah, Thi Qar, Muthanna, Qadissiya, Babil, Karbala, Najaf, Anbar, Nineveh, Dohuk, Erbil, Sulaymaniyah, Kirkuk

**Capital:** Baghdad

**Total Population:** 37,056,169 (July 2015)

**Population of capital:** 7.2 million

**Main cities:** Basrah, Karbala, Najaf, Mosul, Kirkuk, Erbil, Sulaymaniyah

**Climate:** Hot and dry in summer, cold and damp in winter while both spring and autumn are shorter and mild. From May to September the daily average temperature is around 41 °C

**Languages:** Arabic, Kurdish and Turkish

**Religions:** Islam 97% (Shia and Sunni), Christians 3%

**Ethnic groups:** Arabs, Kurds, Turkmen

**Monetary unit:** Iraqi dinar (IQD)

**Natural resources:** Crude oil, natural gas, phosphates, sulphur, iron, limestone, silicon sands and other industrial minerals as well as precious metals and stones

**Major exports:** crude oil

**Main industries:** oil refining, light industries, construction materials, processing of food, fertiliser, metal fabrication/processing

**Main export trading countries:** China (23.8%), India (18.4%), US (15.7%), South Korea (7.7%), Greece (5.9%), Italy (4.9%)

**Major imports:** food, medicines, manufactured goods,

**Main import trading countries:** Turkey (23.3%), Syria (17.3%), China (16.6%), US (4.5%)

**Internet domain:** .iq

**International dialling code:** +964

Source: IMF, UN, USAID, CIA Factbook

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 Ericsson: [www.ericsson.com](http://www.ericsson.com)  
 Erinyes: [www.erinyes.net](http://www.erinyes.net)  
 Energies Industries Council: [www.the-eic.com](http://www.the-eic.com)  
 Epsilon Telecom: [www.epsilon.com](http://www.epsilon.com)  
 Ernst & Young Iraq: [www.ey.com](http://www.ey.com)  
 Essar: [www.essar.com](http://www.essar.com)  
 Etihad: [www.etihadairways.com](http://www.etihadairways.com)  
 Eversheds: [www.eversheds.com](http://www.eversheds.com)  
 Exxon Mobil: [www.exxonmobil.com](http://www.exxonmobil.com)

**F** Farab: [www.farab.com](http://www.farab.com)  
 Fastraq: [www.fastiraq.com](http://www.fastiraq.com)  
 Fluor: [www.fluor.com](http://www.fluor.com)  
 Flydubai: [www.flydubai.com](http://www.flydubai.com)  
 Foster Wheeler: [www.fwc.com](http://www.fwc.com)  
 Fourth Dimension: [www.4th-dim.com](http://www.4th-dim.com)  
 France Telecom: [www.rtelecom.fr](http://www.rtelecom.fr)

FrontierMEDEX: [www.frontiermedex.com](http://www.frontiermedex.com)  
 Frost & Sullivan: [ww2.frost.com](http://ww2.frost.com)  
**G** G4S: [www.g4s.com](http://www.g4s.com)  
 GardaWorld: [www.garda-world.com](http://www.garda-world.com)  
 Gazal Logistics: [www.glsww.com](http://www.glsww.com)  
 Genel Energy: [www.genelenergy.com](http://www.genelenergy.com)  
 General Company of Iraqi Ports: [www.iraqports.com](http://www.iraqports.com)  
 General Electric: [www.ge.com](http://www.ge.com)  
 Genie: [www.genielift.com](http://www.genielift.com)  
 Geosurv-Iraq: [www.geosurviraq.com](http://www.geosurviraq.com)  
 GlaxoSmithKline: [www.gsk.com](http://www.gsk.com)  
 Global Communities: [www.globalcommunities.org](http://www.globalcommunities.org)  
 GS Engineering: [www.gsengineering.kr](http://www.gsengineering.kr)  
 GSM Association: [www.gsma.com](http://www.gsma.com)  
 Gulf Air: [www.gulfair.com](http://www.gulfair.com)  
 Gulf Bridge International: [www.gbiinc.com](http://www.gbiinc.com)  
 Gulf Commercial Bank: [www.gib.com](http://www.gib.com)  
 Gulf Cooperation Council: [www.gcc-sg.org/eng](http://www.gcc-sg.org/eng)  
 Gulfsands Petroleum: [www.gulfsands.com](http://www.gulfsands.com)  
 GulfTainer Group: [www.gulftainer.com](http://www.gulftainer.com)

**H** Habtoor Leighton Group: [www.cowi.com](http://www.cowi.com)  
 Haimour Group: [www.haimour.com](http://www.haimour.com)  
 Halliburton: [www.halliburton.com](http://www.halliburton.com)  
 Hanwha Engineering & Construction: [www.hwenc.com](http://www.hwenc.com)  
 Hanwha Chemical Corporation: [www.hcc.hanwha.co.kr](http://www.hcc.hanwha.co.kr)  
 Harlow International: [www.harlowinternational.com](http://www.harlowinternational.com)  
 Harsco Track Technology: [www.harsco.com](http://www.harsco.com)  
 Hill International: [www.hillintl.com](http://www.hillintl.com)  
 Hilton Worldwide: [www.hiltonworldwide.com](http://www.hiltonworldwide.com)  
 Honda: [www.honda.com](http://www.honda.com)  
 Huawei: [www.huawei.com](http://www.huawei.com)  
 HWH & Associates: [www.hwhassociates.com](http://www.hwhassociates.com)  
 Hyundai: [worldwide.hyundai.com](http://worldwide.hyundai.com)  
 Hyundai Development Company: [www.hyundai-dvp.com](http://www.hyundai-dvp.com)

**I** IBBC-Iraq Britain Business Council: [www.webuildiraq.org](http://www.webuildiraq.org)  
 ICR Integrity: [www.icr-world.com](http://www.icr-world.com)  
 IKB Travel & Tours: [www.youshouldtravel.com](http://www.youshouldtravel.com)  
 IKG Property: [www.ikgproperty.com](http://www.ikgproperty.com)  
 ILF Consulting Engineers: [www.ilf.com](http://www.ilf.com)

IMF: [www.imf.org](http://www.imf.org)  
 International Energy Agency: [www.iea.org](http://www.iea.org)  
 International Finance Corporation: [www.ifc.org](http://www.ifc.org)  
 Investment Bank of Iraq: [www.ibi-bankiraq.com](http://www.ibi-bankiraq.com)  
 Investment Consulting Associates: [www.ic-associates.com](http://www.ic-associates.com)  
 Investment & Technology Group of Companies: [www.itc-grp.com](http://www.itc-grp.com)  
 IQPC: [www.iqpc.com](http://www.iqpc.com)  
 Iran Khodro Industrial Group: [www.ikco.com](http://www.ikco.com)  
 Iraqi Airways: [www.iq-airways.com](http://www.iq-airways.com)  
 Iraqi Company for Seeds Production: [www.zawya.com](http://www.zawya.com)  
 Iraqi Insurance Diwan: [www.iraqinsurance.org](http://www.iraqinsurance.org)  
 Iraqi Islamic Bank: [www.iraqiislamicb.com](http://www.iraqiislamicb.com)  
 Iraqi Middle East Investment Bank: [www.imeib.com](http://www.imeib.com)  
 Iraq Business Council: [www.ibc-jordan.org](http://www.ibc-jordan.org)  
 Iraq Business News: [www.iraq-businessnews.com](http://www.iraq-businessnews.com)  
 Iraq Civil Aviation Authority: [www.iraqcaa.com](http://www.iraqcaa.com)  
 Iraq Middle Market Development Foundation: [www.immdf.org](http://www.immdf.org)  
 Iraq Republic Railways: [www.iraqrailways.com](http://www.iraqrailways.com)  
 Iraq Star: [www.iraq-star137.com](http://www.iraq-star137.com)  
 Iraq Stock Exchange: [www.isx-iq.net](http://www.isx-iq.net)  
 Iratrac: [www.iratrac.com](http://www.iratrac.com)

**J** Jaguar UK: [www.jaguar.com](http://www.jaguar.com)  
 Japan International Cooperation Agency: [www.jica.go.jp](http://www.jica.go.jp)  
 Jeep: [www.jeep.com](http://www.jeep.com)  
 JGC Corporation: [www.jgc.co.jp](http://www.jgc.co.jp)  
 Jordans Mass Global: [www.massgroupholding.com](http://www.massgroupholding.com)  
 Jotun Iraq: [www.jotun.com](http://www.jotun.com)

**K** KAR Group: [www.kar-k.com](http://www.kar-k.com)  
 Karbala Chamber of Commerce: [www.k-coc.org](http://www.k-coc.org)  
 KBR: [www.kbr.com](http://www.kbr.com)  
 KCA Deutag: [www.kcsdeutag.com](http://www.kcsdeutag.com)  
 Kentz: [www.kentz.com](http://www.kentz.com)  
 Kia Motors Company: [www.kia.com/worldwide](http://www.kia.com/worldwide)  
 Kier Construction: [www.kier.co.uk](http://www.kier.co.uk)  
 KIMADIA: [www.kimadia.iq/en](http://www.kimadia.iq/en)  
 Kingston University: [www.kingston.ac.uk](http://www.kingston.ac.uk)  
 Korek Telecom: [www.korektel.com](http://www.korektel.com)  
 Kurdistan Board of Investment: [www.kurdistaninvestment.org](http://www.kurdistaninvestment.org)

Kurdistan International Bank: [www.kibid.com](http://www.kibid.com)  
 Kurdistan Regional Government: [www.krg.org](http://www.krg.org)  
 Kuwait Energy: [www.kec.com.kw](http://www.kec.com.kw)

**L** Lafarge: [www.lafarge.com](http://www.lafarge.com)  
 Land Rover: [www.landrover.com](http://www.landrover.com)  
 LGC Limited: [www.lgc.co.uk](http://www.lgc.co.uk)  
 Lotus: [www.lotuscars.com](http://www.lotuscars.com)  
 Louvers LED International: [www.louversintl.com](http://www.louversintl.com)  
 Lufthansa: [www.lufthansa.com](http://www.lufthansa.com)  
 Lukoil: [www.lukoil.com](http://www.lukoil.com)  
 Luthardt: [www.luthardt-group.com](http://www.luthardt-group.com)

**M** Maersk: [www.maersk.com](http://www.maersk.com)  
 MAN: [www.man.eu](http://www.man.eu)  
 Marmon Crane Services: [www.marmon.com](http://www.marmon.com)  
 Marriott Hotels: [www.marriott.com](http://www.marriott.com)  
 Martrade: [www.martrade-shipping.de](http://www.martrade-shipping.de)  
 Maurel & Prom: [www.maureletprom.fr](http://www.maureletprom.fr)  
 MEED: [www.meed.com](http://www.meed.com)  
 Melak Investments: [www.melakinvestments.com](http://www.melakinvestments.com)  
 Menara Systems: [www.menara-systems.com](http://www.menara-systems.com)  
 Middle East Airlines: [www.mea.com](http://www.mea.com)  
 Middle East Association: [www.the-mea.co.uk](http://www.the-mea.co.uk)  
 Middle East Bank: [www.middleeastbank.ir](http://www.middleeastbank.ir)  
 Milio International: [www.milio.com](http://www.milio.com)  
 Millennium & Copthorne Hotels: [www.millenniumhotels.com](http://www.millenniumhotels.com)  
 Ministry of Agriculture: [www.moagr.com](http://www.moagr.com)  
 Ministry of Communications: [www.iraqimoc.net](http://www.iraqimoc.net)  
 Ministry of Construction & Housing: [www.moch.gov.iq](http://www.moch.gov.iq)  
 Ministry of Culture: [www.ministryofculture.gov.iq](http://www.ministryofculture.gov.iq)  
 Ministry of Displacement & Migration: [www.modm-iraq.net](http://www.modm-iraq.net)  
 Ministry of Education: [www.moedu.gov.iq](http://www.moedu.gov.iq)  
 Ministry of Electricity: [www.moelc.gov.iq](http://www.moelc.gov.iq)  
 Ministry of Finance: [www.mof.gov.iq](http://www.mof.gov.iq)  
 Ministry of Foreign Affairs: [www.mofa.gov.iq](http://www.mofa.gov.iq)  
 Ministry of Health: [www.moh.gov.iq](http://www.moh.gov.iq)  
 Ministry of Higher Education & Scientific Research: [www.moheiraq.org](http://www.moheiraq.org)  
 Ministry of Human Rights: [www.humanrights.gov.iq](http://www.humanrights.gov.iq)  
 Ministry of Industry and Minerals: [www.industry.gov.iq](http://www.industry.gov.iq)

Ministry of Interior: [www.moi.gov.iq](http://www.moi.gov.iq)  
 Ministry of Labour & Social Affairs: [www.molsa.gov.iq](http://www.molsa.gov.iq)  
 Ministry of Municipality & Public Works: [www.mmpwirq.com](http://www.mmpwirq.com)  
 Ministry of Oil: [www.oil.gov.iq](http://www.oil.gov.iq)  
 Ministry of Planning & Development: [www.mop-iraq.org](http://www.mop-iraq.org)  
 Ministry of Science & Technology: [www.most.gov.iq](http://www.most.gov.iq)  
 Ministry of Tourism: [www.tourismiq.com](http://www.tourismiq.com)  
 Ministry of Trade: [www.mot.gov.iq](http://www.mot.gov.iq)  
 Ministry of Transport: [www.motrans.gov.iq](http://www.motrans.gov.iq)  
 Ministry of Water Resources: [www.mowr.gov.iq](http://www.mowr.gov.iq)  
 Missan Oil Company: [www.moc.oil.gov.iq](http://www.moc.oil.gov.iq)  
 Mitsubishi Corporation: [www.mitsubishicorp.com](http://www.mitsubishicorp.com)  
 Mobitel: [www.mobi-tel.net](http://www.mobi-tel.net)  
 MOBY Group: [www.mobygroup.com](http://www.mobygroup.com)  
 Mond Group: [www.mondigroup.com](http://www.mondigroup.com)  
 Monique Quant: [monique@moniquequant.com](mailto:monique@moniquequant.com)  
 Mosul Bank: [www.mosulbank.com](http://www.mosulbank.com)  
 Mott MacDonald: [www.mottmac.com](http://www.mottmac.com)

**N** Najaf Chamber of Commerce: [www.najafchamber.net](http://www.najafchamber.net)  
 Nasri Group of Companies: [www.ngcompanies.com](http://www.ngcompanies.com)  
 National Bank of Iraq: [www.nbirq.com](http://www.nbirq.com)  
 National Bank of Kuwait: [www.NBK.com](http://www.NBK.com)  
 National Holding: [www.nh.ae](http://www.nh.ae)  
 National Islamic Bank (BNAI): [www.nibiq.com](http://www.nibiq.com)  
 National Investment Commission: [www.investpromo.gov.iq](http://www.investpromo.gov.iq)  
 NAWAH: [www.nawah.com](http://www.nawah.com)  
 Nessco Group: [www.nessco.co.uk](http://www.nessco.co.uk)  
 Newroz Telecom: [www.newroztelecom.com](http://www.newroztelecom.com)  
 Nissan: [www.nissan-global.com](http://www.nissan-global.com)  
 Nokia Siemens Networks: [www.nsn.com](http://www.nsn.com)  
 North America Western Asia Holdings: [www.nawah.com](http://www.nawah.com)  
 North Bank: [www.northbankiq.com](http://www.northbankiq.com)  
 Nucor Steel: [www.nucor.com](http://www.nucor.com)

**O** Occidental Petroleum Corporation: [www.oxy.com](http://www.oxy.com)  
 Olive Group: [www.olivegroup.com](http://www.olivegroup.com)  
 ONGC: [www.ongcindia.com](http://www.ongcindia.com)  
 Ooredoo: [www.ooredoo.com](http://www.ooredoo.com)  
 OPEC: [www.opec.org](http://www.opec.org)

**P** Parsons Brinckerhoff: [www.pbworld.com](http://www.pbworld.com)  
 Partner Teknik: [www.partnerteknik.com](http://www.partnerteknik.com)  
 PCCW Global: [www.pccwglobal.com](http://www.pccwglobal.com)  
 Pell Frischmann: [www.pellfrischmann.com](http://www.pellfrischmann.com)  
 Penspen Group: [www.penspen.com](http://www.penspen.com)  
 Perkins & Will: [www.perkinswill.com](http://www.perkinswill.com)  
 Petrofac: [www.petrofac.com](http://www.petrofac.com)  
 Petronas: [www.petronas.com](http://www.petronas.com)  
 Pinsent Masons: [www.pinsentmasons.com](http://www.pinsentmasons.com)  
 Polaris: [www.polaris.com](http://www.polaris.com)  
 Punj Lloyd: [www.punjilloyd.com](http://www.punjilloyd.com)  
 PricewaterhouseCoopers: [www.pwc.com](http://www.pwc.com)  
 Prokop Engineering: [www.prokop-engineering.cz](http://www.prokop-engineering.cz)  
 Personal Transition Services (PTS): [www.ptsgp.co.uk](http://www.ptsgp.co.uk)

**Q** Qaiwan Group: [www.qaiwangroup.com](http://www.qaiwangroup.com)  
 Qatar Airways: [www.qatarairways.com](http://www.qatarairways.com)

**R** Raban Al-Safina Contracting: [www.rabanalhafina.com](http://www.rabanalhafina.com)  
 Rabee Securities: [www.rs.iq](http://www.rs.iq)  
 Regional Telecom Company: [www.regional-telecom.com](http://www.regional-telecom.com)  
 Reliance Global: [www.relianceglobalcall.com](http://www.relianceglobalcall.com)  
 Reliance Industries: [www.ril.com](http://www.ril.com)  
 Restrata: [www.restrata.com](http://www.restrata.com)  
 Reuters: [www.reuters.com](http://www.reuters.com)  
 Roland Berger Strategy Consultants: [www.rolandberger.co.uk](http://www.rolandberger.co.uk)  
 Rosneft: [rosneft.com](http://rosneft.com)  
 Rotana: [www.rotana.com](http://www.rotana.com)  
 Royal Jordanian: [www.rj.com](http://www.rj.com)  
 RPS Energy: [www.rpsgroup.com](http://www.rpsgroup.com)

**S** Saba Group: [www.sabafreight.com](http://www.sabafreight.com)  
 Saipa: [www.saipacorp.com](http://www.saipacorp.com)  
 Saipem: [www.saipem.com](http://www.saipem.com)  
 Sardar Group: [www.sardargroup.com](http://www.sardargroup.com)  
 Satarem: [satarem.com](http://satarem.com)  
 Severn Glocon Group: [www.severnglocon.com](http://www.severnglocon.com)  
 Scania: [www.scania.com](http://www.scania.com)  
 Schlumberger: [www.slb.com](http://www.slb.com)  
 Siemens: [www.siemens.co.uk](http://www.siemens.co.uk)  
 Serco Group: [www.serco.com](http://www.serco.com)

Shaw Group: [www.shawgrp.com](http://www.shawgrp.com)  
 Shell: [www.shell.com](http://www.shell.com)  
 Sheraton: [www.sheraton.com](http://www.sheraton.com)  
 Simatech: [www.simatech.com](http://www.simatech.com)  
 SKA International Group: [www.ska-arabia.com](http://www.ska-arabia.com)  
 SNC Lavalin: [www.snclavalin.com](http://www.snclavalin.com)  
 Solar Turbines: [mysolar.cat.com](http://mysolar.cat.com)  
 Soran University: [www.soran.edu.iq](http://www.soran.edu.iq)  
 Southern Cement State Company: [www.southern-cement.com](http://www.southern-cement.com)  
 South Gas Company: [www.sgciraq.com](http://www.sgciraq.com)  
 South Oil Company: [www.sociraq.com](http://www.sociraq.com)  
 Standard Chartered Bank: [www.standardchartered.com](http://www.standardchartered.com)  
 State Company for Automotive Industry: [www.scai.industry.gov.iq](http://www.scai.industry.gov.iq)  
 State Company for Iron and steel: [www.steel-iraq.com](http://www.steel-iraq.com)  
 Statoil: [www.statoil.com](http://www.statoil.com)  
 Stirling Group: [www.stirling-group.com](http://www.stirling-group.com)  
 SSH: [www.sshic.com](http://www.sshic.com)  
 Strategy&: [www.strategyand.pwc.com](http://www.strategyand.pwc.com)  
 Sulzer: [www.sulzer.com](http://www.sulzer.com)  
 Sumer Commercial Bank: [www.sumerbankiq.com](http://www.sumerbankiq.com)  
 Sumitomo Corporation: [www.sumitomocorp.co.jp](http://www.sumitomocorp.co.jp)  
 Swagelining Limited: [www.swagelining.com](http://www.swagelining.com)  
 Swedish International Development Cooperation Agency:  
[www.sida@sida.se](http://www.sida@sida.se)  
 Swiss-Belhotel International: [www.swiss-belhotel.com](http://www.swiss-belhotel.com)  
 Symexco: [www.symexco.com](http://www.symexco.com)  
 Systra: [www.systra.com](http://www.systra.com)

**T** Tata Daewoo: [tata-daewoo.com](http://tata-daewoo.com)  
 Techital: [www.techital.com](http://www.techital.com)  
 Technip: [www.technip.com](http://www.technip.com)  
 Thyssen Krupp: [www.thyssenkrupp.com](http://www.thyssenkrupp.com)  
 Tishknet: [www.tishknet.com](http://www.tishknet.com)  
 TonenGeneral Corporation: [www.tonengeneral.co.jp](http://www.tonengeneral.co.jp)  
 Toa Corporation: [www.toa.jp](http://www.toa.jp)  
 Total: [www.total.com](http://www.total.com)  
 Toyo Construction Company: [www.toyo-const.co.jp](http://www.toyo-const.co.jp)  
 Toyo Engineering Corporation: [www.toyo-eng.co.jp](http://www.toyo-eng.co.jp)  
 Toyota: [www.toyota.com](http://www.toyota.com)  
 Toyota Tsusho Corporation: [www.toyota-tsusho.com](http://www.toyota-tsusho.com)

TRAC Developments: [www.tracdevelopments.com](http://www.tracdevelopments.com)  
 Trade Bank of Iraq: [www.tbiraq.com](http://www.tbiraq.com)  
 Trans Iraq Bank for Investment: [www.iraqtransbank.co.en](http://www.iraqtransbank.co.en)  
 Triton Container International: [www.tritoncontainer.com](http://www.tritoncontainer.com)  
 TRC International: [www.trc-international.com](http://www.trc-international.com)  
 Turkish Airlines: [www.turkishairlines.com](http://www.turkishairlines.com)

**U** UB Holding: [www.ubholding.com](http://www.ubholding.com)  
 UK Trade & Investment: [www.ukti.gov.uk](http://www.ukti.gov.uk)  
 Unaoil: [www.unaoil.com](http://www.unaoil.com)  
 Unatrac: [www.unatrac.com](http://www.unatrac.com)  
 UNESCO: [www.unesco.org](http://www.unesco.org)  
 UNICEF: [www.unicef.org](http://www.unicef.org)  
 UN Industrial Development Organisation: [www.unido.org](http://www.unido.org)  
 United Arab Shipping Company: [www.uasc.net](http://www.uasc.net)  
 Union Bank of Iraq: [www.ubiraq.com](http://www.ubiraq.com)  
 United Bank of Iraq: [www.unitedbank-iq.net](http://www.unitedbank-iq.net)  
 University of Sheffield: [www.sheffield.ac.uk](http://www.sheffield.ac.uk)  
 University of Wolverhampton: [www.wlv.ac.uk](http://www.wlv.ac.uk)  
 Upstream Technical Consultants: [www.upstream.co.uk](http://www.upstream.co.uk)  
 Uruk Engineering & Contracting: [www.urukgroup.com](http://www.urukgroup.com)  
 US Export Import Bank (Exbank): [www.exim.gov](http://www.exim.gov)

**V** Vitol: [www.vitol.com](http://www.vitol.com)  
 Vodafone: [www.vodafone.com](http://www.vodafone.com)  
 Volkswagen: [www.vw.com](http://www.vw.com)  
 Volvo Construction Equipment: [www.volvoce.com](http://www.volvoce.com)

**W** Wamar International: [www.wamar.com](http://www.wamar.com)  
 Weatherford International: [www.weatherford.com](http://www.weatherford.com)  
 Weir Group: [www.weir.co.uk](http://www.weir.co.uk)  
 Welspun Corporation: [www.welspuncorp.com](http://www.welspuncorp.com)  
 Wood Group: [www.woodgroup.com](http://www.woodgroup.com)  
 World Bank: [www.worldbank.org](http://www.worldbank.org)  
 World Health Organisation: [www.who.int](http://www.who.int)

**X** X-Press Feeders: [www.x-pressfeeders.com](http://www.x-pressfeeders.com)

**Y** Yang Ming: [www.yml.com.tw](http://www.yml.com.tw)

**Z** Zagros Company: [www.zagros-group.net](http://www.zagros-group.net)  
 Zain: [www.zain.com](http://www.zain.com)  
 Zarubezhneft: [www.zarubezhneft.ru](http://www.zarubezhneft.ru)



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