

The New IRAQ



2013 Discovering Business

in association with



UK
TRADE &
INVESTMENT



Uncovering the potential

PwC Iraq offers industry focused assurance, tax and advisory services, enabling you to explore the opportunities and make the best of them.

Our International & local team can offer you in-depth knowledge of the Iraqi economy, regulations, local business standards and customs with extensive coverage, breadth of resources and quality assurance.

Building on years of success and local knowledge, we strive to be the professional advisors of choice, helping clients to build value, manage risk and improve performance in Iraq's fast-changing complex and challenging business climate while setting high standards for the conduct of business and leading our profession in Iraq.

To help you create the value you're looking for in Iraq, contact :
Ismail Maraqa
Country Senior Partner, Iraq
Iraq.info@ae.pwc.com
Tel: +964 7901 450 473



pwc

© 2012 PwC. All rights reserved. Not for further distribution without the permission of PwC. "PwC" refers to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL), or, as the context requires, individual member firms of the PwC network. Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm's professional judgment or bind another member firm or PwCIL in any way.

CDC / 313 / (11/2012)

Contents

Introduction	
The New Iraq - the story so far...	5
Messages	
Dr. Sami Al-Araji: Chairman of the National Investment Commission	6
HMA Simon Collis: British Ambassador to Iraq	8
Baroness Nicholson of Winterbourne: Executive Chairman, Iraq Britain Business Council	10
UKTI	
UK Trade & Investment in Iraq	12
Business Matters	
Iraq: Land of opportunities - PricewaterhouseCoopers	15
Establishing your legal presence in Iraq - Sanad Law Group in association with Eversheds LLP	19
Finance	
Investing in the Iraq Stock Exchange - Rabee Securities	23
Banking offers a wealth of opportunities	30
Financing the Iraqi private sector - IMMDF	34
Invest in Iraq - Investment Consulting Associates	36
Emerging insurance markets: Iraq - AAIB	41
Trading	
Al Burhan Group's successful efforts to revive business	46
Risk Management	
Operating in partnership - Control Risks	50
Oil & Gas	
Hans Nijkamp: Shell Vice President & Country Chairman, Iraq	53
Shell in Iraq: a history of development	54
Ambitious targets for oil & gas development	59
Role in rebuilding Iraq's oil & gas industry - Mott MacDonald	65
Infrastructure	
Iraq's 'massive market' in infrastructure renewal	68
Utilities	
Power problems on schedule for solution	71
Continuing lasting partnerships - Parsons Brinckerhoff	76
Construction & Civil Engineering	
Investment spurs massive housing boom	79
Turning commercial vision into trading reality - Harlow International	83
Telecoms	
Investment rings the changes	86



Mining	
Mining helps diversify the economy	90
Agriculture	
Government makes increasing food production a priority	92
Transport	
Ambitious transport plans drive forward	96
Iraq is back on global aviation map	100
Fly Gulf Air and experience a host of benefits	102
Airport growth reflects dynamism of Kurdish economy - Erbil International Airport	104
Diversified firms rebuild Iraq - Sardar Group	108
Tourism	
Rising visitor numbers spurs hotel expansion	111
Healthcare	
Healthcare overhaul gathers pace	114
Education	
Education is foundation of Iraq's future prosperity	117
Media	
Economic development needs reliable business reporting - Iraq Business News	121
Key Facts	124
Featured Contacts	127



Copyright © Allurentis Limited 2012. All rights reserved.

Allurentis is delighted to have been involved in association with the National Investment Commission of Iraq and UK Trade & Investment on this, the fourth 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.

Electronic copies of this publication may be downloaded from Allurentis Limited's website at www.allurentis.com, provided that the use of any copy so downloaded, complies with the terms and conditions specified on the website.

Except as expressly stated above, no part of this publication may be copied, reproduced, stored or transmitted in any form or by any means without the prior permission in writing from Allurentis Limited.

To enquire about obtaining permission for uses other than those permitted above, please contact Allurentis by sending an email to info@allurentis.com

Photos courtesy of: www.istockphoto.com

The New Iraq - the story so far...

I am delighted to introduce readers to the fourth edition of our publication and welcome all sponsors, partners and friends.

It is a good time to reflect on four years of "The New Iraq" and to explain the history behind the publication's continuing development and success.

In early 2009, the National Investment Commission of Iraq was launched and the highly experienced Dr. Sami Al-Araji was appointed Chairman. One of his first initiatives was to hold a major Iraq Investment Conference in London, in April 2009.

It was at this conference that Dr. Al-Araji and members of his delegation met with representatives of UK Trade & Investment and myself, to discuss plans to provide material to an international audience, in order to publicise the many ideas and policies required and business opportunities available, in the huge redevelopment of Iraq's post-conflict economy.

Allurentis was commissioned to undertake the task and in October 2009, we published "The New Iraq". This publication has since been updated annually.

Its influence has grown through the continued use of expert analysis and informed editorial content.

Over the period, many companies and organisations have been attracted to the marketing potential presented by the publication. They have brought their insight and expertise to its pages, creating interest among readers and significant business opportunities for their services.

Allurentis sincerely thanks all those partners and organisations who are or have been involved with us, either from those early days or along the way since.

"The New Iraq" will continue to be published in hard copy, at the express wish of many of our partners. The book's distribution at conferences, events and business to business circulation has consistently proved to be a very effective means of reaching its audience. That said, its already wide online presence and development will continue to increase significantly.

With very best wishes,



Laura Curtis - Managing Director, Allurentis Ltd

Dr. Sami Al-Araji:

Chairman of the National Investment Commission



Dr. Sami Al-Araji

Greetings and welcome to the latest edition of The New Iraq - Discovering Business. This fourth edition is published at an especially opportune time as Iraqi reconstruction projects as well as developments in the country's oil & gas sector gather momentum.

As economic development takes off, this invaluable dependable resource provides incisive background on Iraq's economic and cultural landscape together with expert insights into the country's key economic industry drivers.

It is a time of profound but positive change for Iraq. Rebuilding the country's economy is one of the biggest global investment opportunities to emerge in the past 50 years, with every sector open for investment. Iraq is set to become one of the fastest growing economies in the world over the next ten years.

The potential is clear with a largely untapped market and rapidly increasing and young population, predicted to reach 40 million in the next 15 years. Proven oil reserves have recently been re-evaluated to 143 billion barrels and could be much higher and an estimated natural gas reserve of 126.7 trillion cubic feet (tfc) making Iraq one of the most important global energy producers for years to come.

Oil revenues are well over US\$100 billion a year and are set to increase greatly over the next decade and as gas processing projects, refinery projects and

petrochemicals projects come on stream, hydrocarbon revenues will increase greatly in the next decade.

Our Five Year National Development Plan for 2010-2014 targeted economic growth of 9.4% a year and included some 2,700 of projects valued at US\$186 billion. However, the economy has grown faster than initial predictions and reconstruction and development needs have also widened.

The Investment Law of 2006, was designed to assist foreign investment and is due to be further improved. In this, the Government intends to examine the legislation to make it more flexible to remove any obstacles facing local and foreign investors.

The country's infrastructure requirements are immense and while the oil & gas sector is an immediate priority, the Government is committed to diversify the economy away from hydrocarbons. This is vital to provide the employment opportunities that need to be generated for a young population that will build the country's future.

Infrastructure renewal and expansion is one of the key areas for development. In the transport sector, more than 2,000 kilometres of new railway is expected to be developed by 2017, including cross-border links to neighbouring countries. Airport projects are starting up throughout Iraq including a Middle-Euphrates airport to serve Karbala and Najaf. Baghdad and other existing facilities are being extended.

A range of other industrial, manufacturing and construction developments are already showing results. Reliable electricity supplies will speed up these investment projects. The nationwide shortage of power is planned to be resolved within the next three years, as new generation comes on stream.

Construction and housing development in particular offer many opportunities. More than a million new housing units are planned to be built in the next five years and many more in the longer term. A series of contracts have already been agreed or are at advanced stages.

Iraq as well needs to vastly increase its capacity to produce cement, steel and other inputs for the construction surge due to occur within the next few years. Many more investment opportunities are opening up in manufacturing, financial services, consultancy, training and tourism development among others

However, we are only at the beginning of dramatic economic and social improvements in Iraq covering a wide range of sectors. Around US\$11 billion is to be spent on agricultural development projects. Huge opportunities exist for water engineering companies to improve conservation and distribution of the country's water resources.

Education is to receive US\$5.6 billion over the next five years, which will help finance the building of

5,000 new primary and secondary schools. Another US\$5.2 billion has been allocated to healthcare and the construction of 34 new hospitals.

As Chairman of Iraq's National Investment Commission (NIC), my mission, with the support of my team, is to help foreign companies and investors become involved in this massive reconstruction opportunity.

We work on a national and provincial level, acting as a one-stop-shop to assist foreign companies enter and operate efficiently in Iraq and to help investors to obtain licences, tax exemptions and land. We are committed to creating mutually beneficial relationships with investors from all parts of the world and encourage you not to miss out on Iraq's huge investment potential.

The NIC is committed to providing all necessary services to investors to achieve a mutually beneficial relationship and look forward to welcoming you to Iraq, a land of unique opportunity.

Iraq has all the ingredients and national drive to become one of the region's richest and most successful economies. The country is determined to be a vibrant part of global commerce. We are happy to address any questions, concerns and receive any suggestions you may have. Please email us or visit our headquarters in Baghdad. The NIC is here to help you and your business seize this unique opportunity. ■

HMA Simon Collis:

British Ambassador to Iraq



Simon Collis

As Iraq moves away from three decades typified by conflict and reconstruction efforts, the vision for the future has to be one of normalisation and sustainable economic prosperity. With national oil production back up to three million barrels per day and with the fifth largest proven oil reserves globally, Iraq has a source of wealth which, if properly managed and diversified, has the potential to fuel the country's economic development for the decades to come.

Of course there are well publicised obstacles on the pathway to fulfilling this potential, including around security, the provision of services and corruption. But significant levels of business are already being done here, including by British companies who are well placed to succeed in a country with such a strong historic affinity with the UK and where 'British' remains a byword for quality.

Since returning to Iraq as Ambassador in June 2012, I have been encouraged to see growing interest from UK companies wanting to come here. British expertise from firms including BP, Shell and Mott Macdonald is

already playing a significant role in developing the Iraq of tomorrow - not just through increasing hydrocarbons production but also through the crucial development of the country's infrastructure and human resource base. With the British Government placing overseas trade and investment as one of the principle elements of its future growth strategy, the challenge now is to encourage and support more UK firms to follow that lead and to consider Iraq as a market in which to secure profitable business, now and well into the future.

One of the ways in which I and my team are helping to deliver this ambition is through the establishment of the new Joint Ministerial Trade Council, announced during the Foreign Secretary's visit to Iraq in September 2012. Bringing together Government and private sector representatives from Iraq and the UK, the new Trade Council will identify and address barriers to doing business between our two countries, increasing our bilateral trade and investment partnership and further unlocking Iraq's future prosperity.

“Since returning to Iraq as Ambassador in June 2012, I have been encouraged to see growing interest from UK companies wanting to come to Iraq”.

By the time this publication comes to print, we will also have opened the new UK Visa Application Centre in Baghdad, allowing Iraqi citizens to apply for UK visas without having to leave the country – something which we know has been a major obstacle to UK companies winning business up until now.

And at the same time we are putting in place new ways of working across Iraq, allowing us to make best use of our diplomatic and commercial resources in the market. Improved security and ease of moving around the country have allowed us to re-evaluate the need for

a permanent Consulate in Basrah, with the savings generated from the closure of the Consulate allowing us to expand our commercial teams in Baghdad and Erbil and to establish a smaller Embassy Office in Basrah.

These actions and the ongoing support and advice of UK Trade & Investment commercial teams on the ground, leave British companies better supported than ever to identify and secure business opportunities in this exciting market. The potential for trade here is vast and I hope that your companies will be part of it. ■

Baroness Nicholson of Winterbourne:

Executive Chairman, Iraq Britain Business Council

It is more than three years since the Iraq Britain Business Council was formed and I am very proud to say we are now the leading business group of major corporations either working in Iraq or contemplating investment there.

From modest beginnings in 2009, we have 46 members representing several sectors including oil & gas, construction and infrastructure, accounting and financial services and education and training.

Our board and staff plan to double membership over the next year or so and to increase our sectors to include telecommunications, agriculture and food and healthcare.

Another priority in the years ahead will be increasing the number of Iraqi companies and chambers of trade to our membership. Four major Basrah companies, the Basrah Chamber of Commerce and the Erbil Chamber of Commerce are already members - but we want many more.

As a charitable company, we have strong commitment to corporate and social responsibility. Fighting corruption is also a top priority.

It is all about relationships

Doing business in Iraq is all about building relationships on the ground and I and/or members of the IBBC team normally visit Baghdad, Basrah or Erbil at least once a month.

As a hugely important step for us in July 2012, we opened our first office in Basrah; the next will be in Erbil and then another will open in Baghdad.

As part of building relationships, in the last 12 months, IBBC members and I have held key meetings with Iraq's Prime Minister, Nouri Al-Maliki, Iraq's Deputy Prime Ministers, Dr. Hussein Shahrastani and Dr. Rosch Shaways and Kurdistan Regional Government President, Massoud Barzani, as well as the Chairman of Iraq's National Investment Commission, Dr. Sami Al-Araji.

Our conferences and trade missions to Baghdad, Basrah, Erbil and London continue to be a huge success in terms of quality of speakers and the deals struck during networking sessions.

Former British Prime Minister, Tony Blair, was the opening speaker at our latest London conference and two Iraqi Deputy Prime Ministers, Dr. Hussein Shahrastani and Dr. Rosch Shaways attended our most recent Baghdad conference.

Mr Blair said he was "proud" to be attending a conference aimed at boosting trade between the two countries. His speech was reported in over a 150 media outlets around the world including major newspapers, radio and television channels such as Al Jazeera and Al-Arabiya.

At the same London conference, British Energy Minister, John Hayes MP, paid tribute to the "importance" of the IBBC's work.

Meanwhile Iraq Oil Minister, Abdulkareem Luaibi Bahedh, Foreign Minister, Hoshayar Zebari, the Governor of Basrah, Dr. Khalaf A Khalaf and Trade Bank of Iraq President, Ms Hamdiyah al Jaff, have all been our special guests in London in the last year.



Former British Prime Minister, Tony Blair, speaks at the IBBC's fourth London conference



IBBC members attending "retreat" weekend at Wilton Park, West Sussex

Our personal links with leading Iraqi politicians and officials are now exceptionally strong and one Iraqi minister recently described the IBBC as, "the business bridge between the UK and Iraq".

Help for SMEs

I am especially pleased that in November 2012 - and in conjunction with UKTI - the IBBC held what I believe is the first conference for British small to medium businesses interested in working in Iraq. The feedback from that conference has been terrific.

Year book

In 2012, we also published our first year book and I am hugely grateful to Prime Minister, Nouri Al-Maliki and British Prime Minister, David Cameron, for their contributions.

The road ahead

Iraq is at an enormously important crossroads. Oil revenues are already generating US\$100 billion a year and vast amounts are being allocated to rebuilding the oil & gas industries from the ground up, after decades of neglect. Billions will be spent on new housing, roads, highways and other infrastructure.

Power generation is undergoing a revolution with captured gas set to be the fuel for all Iraqi power stations by the end of the decade.

However, for a country undergoing historic changes it is not surprising massive problems remain, not least security, bureaucracy and corruption.

The IBBC will be working on all these issues by facilitating meetings between executives from our membership and Iraqi government officials and through discussions at our conferences.

Hopefully these difficulties will be overcome and there will be a significant step change in the level of investment by British companies in particular, in Iraq.

IBBC membership:

Aegis, AMEC, Anwar Soura GCC LTD, ATC, Basrah Chamber of Commerce, Basrah Engineering Co, BP, Chevron, CCC, Clyde & Co, Control Risks, Deloitte, Dome Group, DLA Piper, Erbil Chamber of Commerce, Ernst & Young, ExxonMobil, Fluor, Foster Wheeler, G4S, Genel Energy, Gulfsands Petroleum, KBR, KCA Deutag, Kier Construction, Kuwait Energy, LGC Ltd, Mamnoon Limited, Mott MacDonald, Olive Group, Penspen Limited, Petrofac, PwC, RPS Energy, Saipem, Shell, SKA International Group, SNC Lavalin, Swagelining Limited, Trade Bank of Iraq, UB Holding, Vitol Group of Companies, Weir Group, Wood Group, Zain. ■

UK Trade & Investment in Iraq

Chris Maskell, Head of UK Trade & Investment, Iraq

It is often said that business in the Middle East is based on relationships. That is certainly true in Iraq and is one of the reasons why British companies have an advantage in the marketplace, given the UK's longstanding relationship with the people of this country. For British companies willing to build on this, provided they can demonstrate the appetite and patience to approach what is undoubtedly a challenging market, there are huge opportunities to win business here.

Few countries in the world can boast Iraq's forecast GDP growth rates and anticipated export revenue, whilst at the same time having such a considerable and urgent requirement for infrastructure, services and human capital development.

With massive hydrocarbons reserves and low oil production costs, Iraq is set to benefit from an estimated US\$5 trillion of revenue from oil exports alone between now and 2035ⁱ. Yet at the same time, substantial investment is required in the country's water, sanitation and power systems; and major programmes are being put in place to construct schools, hospitals, houses and transport links to meet current and anticipated future demand. These programmes, coupled with the Government's drive to diversify its oil wealth and train its growing population, offer enormous potential for international trade. Iraq's import demand is set to increase by over 150% by 2020ⁱⁱ, with particular opportunities in housing and

construction, oil & gas, power generation, healthcare, financial services, telecoms, security, ICT, education and (in the Kurdistan Region) retail.

As the Ambassador mentioned in his introductory remarks, British companies are uniquely placed to capitalise on these opportunities. The reputation for quality of British goods and services, coupled with the certainty that comes in doing business with British firms, makes the UK offering attractive. Iraqi decision makers consistently report that they want to see more UK firms active in this market. That is why, in addition to the well known efforts of some of our bigger companies in the oil & gas and construction fields, many smaller British companies are being encouraged to consider investing in Iraq. More than 60 organisations attended the UK trade mission to the Erbil International Fair in October 2012; and in December 2012, 15 UK companies exhibited at the Oil & Gas Fair in Basrah - many of whom were visiting the market for the first time.

Challenges, of course, remain. Corruption, bureaucracy, legislative uncertainty and poor communications and infrastructure all contribute to Iraq continuing to score poorly on global ease of doing business rankings. In addition, the need for foreign companies to regularly travel to Iraq to demonstrate their commitment to winning business and the



ongoing requirement for private security support when doing so, both add to the cost of doing business here and need to be considered when approaching the market.

In many ways, doing business in Iraq therefore needs to be viewed as a long term investment. This is not a market for the faint hearted or underprepared exporter, and business won't be won here overnight. But in Iraq, as in so much of the Middle East region, reputations and relationships built and properly maintained have the potential to pay dividends over a long period of time.

It is also worth highlighting that British companies entering the market do not have to do so alone. Through teams in Erbil and Baghdad, UKTI

offers local, in-market expertise and a wide range of support to help UK firms understand the Iraqi market and overcome barriers to winning business here.

Through the Overseas Market Introduction Service ('OMIS'), UKTI's commercial teams on the ground make use of an extensive network of Government and business contacts and in-depth knowledge across a range of sectors to provide tailored market analysis for companies, advise organisations on the best approach for entering the market, identify potential customers and partners and arrange programmes, meetings and receptions for visiting UK businesses.

In addition, the UKTI team in Baghdad has recently launched a 'British Business Embassy' service, through which new-to-market companies on their first visits to Iraq can make use of the Embassy's accommodation, transport and business services and be accompanied to meetings by UK commercial staff. More information on this and all of UKTI's services can be provided by contacting Baghdad.commercial@fco.gov.uk

Iraq has massive economic potential and is increasingly open for business. Taking advantage of the opportunities this presents is not always easy. But UKTI is on hand to ensure that whether you are a new-to-market exporter or an established operator, the decisions you make are well informed and that your business is properly supported to succeed here in Iraq.

ⁱSource – IEA Iraq Energy Outlook, November 2012

ⁱⁱSource – IMF World Data Outlook, October 2012

IT'S IN THE BLOOD

Many things have changed since the original Land Rover was first conceived in 1947, but despite 65 years of design and engineering our vehicles will always be Land Rover at heart.

landrover-me.com



ABOVE AND BEYOND



Iraq: Land of opportunities

Ismail Maraqa, Country Senior Partner, Iraq, PricewaterhouseCoopers



Ismail Maraqa

Iraq is a strategically located nation with an educated and enterprising population and vast natural wealth. It is poised to emerge as a global economic player and a regional political powerhouse. As political stability deepens and turmoil abates, Iraq's business climate has improved dramatically. Foreign investment is surging. Strategic and financial investors from around the world are seeking ways to invest in Iraq with reliable, experienced, well connected partners.

The Iraq reconstruction opportunity is singular in scale and scope. Iraq possesses what could prove to be the largest oil reserves in the world and it is the only important oil & gas producer in the world with the potential and the intention to increase production by a factor of four or more times over the coming decade.

Current risk status

The risk of continued conflict and instability in Iraq is evident in the scores on the Failed States Index (FSI). Developed by the US think tank, Fund for Peace, this index ranks countries according to their vulnerability to violent internal conflict and societal deterioration on the basis of 12 social, economic and political-military indicators.

For the period 2006 to 2008, Iraq received a very high score ranking as the fifth most unstable country in the

world after Somalia, Sudan, Zimbabwe and Chad. Recently, there have been some improvements and Iraq has been rated ninth on the list of unstable countries for 2011 and 2012, which has sent positive signals for opportunities in Iraq. Dr. Sami Al-Araji, Chairman of the National Investment Commission, says that Iraq has "a minimum of US\$600 to US\$700 billion of investment requirements and this figure could push towards US\$1 trillion by 2022". Dunia Frontier Consultants, estimates that the amount of FDI including contracts and services flowing into Iraq, totalled over US\$55 billion in 2011, up from US\$42.6 billion in 2010 and US\$28.7 billion in 2009. These investments have mainly been in real estate, transportation, electricity, industry and energy sectors.

The growth in Iraqi and foreign investment has also been reflected in the development of the Iraq Stock Market, which was opened in 2007. The index had a record increase of 52% in 2011. Iraq's Five Year (2010 - 2014) National Development Plan, aims to boost the country's economic performance through enhancing political stability and security, building and improving infrastructure, promoting investment in non-oil sectors and supporting the development of the financial sectors. The Plan involves almost US\$200 billion in investment, creating 3.5 million new jobs and

reducing unemployment by the end of 2014. In achieving these goals, the private sector can play an important role contributing to Iraq's future growth throughout the economy and larger society.

Current industry status

Oil & Energy: With the cost of oil & gas production in Iraq being among the lowest in the world and having one of the largest oil reserves in the world, the opportunity in this sector is huge. The Iraqi Government gave its priority to oil & gas resources. In 2008, Iraq invited International Oil Companies (IOC) to pre-qualify for auction process. Since 2008, The Iraqi Ministry of Oil has managed four Licencing Rounds, 15 oilfields and three gas fields were awarded to IOCs. A fifth round was launched as well for the Al Nasiriyah field, which includes oil extracting and building a refinery. Iraq aims to increase its daily oil production from 2.7 to 12 million bpd.

Healthcare: Despite great measures to improve a health sector that provides universal free care, it has yet to recover from decades of conflict and neglect. It doesn't help that only 4.4% of the 2012 federal budget is spent on healthcare, which equates to around US\$250 per person – about a quarter of the global average per WHO statistics. According to WHO, the current doctor-to-patient ratio is very low and stands at 0.7 per 1,000 (less than a quarter of neighbouring countries). To improve this situation, the country needs tens of thousands of new doctors and more than 100,000 new hospital beds.

More money could be made available from the rising oil revenues to drive the improvements, however it needs to be channelled more effectively alongside the introduction of basic skills in management, planning and administration. Private sector investment is pivotal. A number of new contracts have been signed recently with international companies and a new five year country cooperation strategy agreement with the WHO, focused on partnering the international institution to improve patient outcomes, manage the adequate financing of the healthcare system and guarantee universal access.

Transportation: Much of the Iraqi transportation infrastructure was built in the 1970s and 1980s and needs extensive rehabilitation and replacement. Improving infrastructure will be a key element for opening Iraq to other markets throughout the Middle East and Europe. The Iraqi Government has commenced with plans to develop new railways and port infrastructure and upgrade existing roads and aviation infrastructure. This has led to increased investment opportunities allowing the transfer of knowledge and expertise in areas including technical infrastructure, operations and management, security and concessions of various modes of air, land and sea transportation.

Telecommunications: Mobile phone usage has increased drastically in Iraq, with the number of mobile phone users reaching 27 million in 2012. Iraq's national mobile operators such as Korek, Asiacell and Zain, have been growing in recent years and are in the process of being listed on the Iraq Stock Exchange. In the coming years, the mobile phone industry and wider telecommunications sector will be a key area of investment as technology, software, hardware and infrastructure improves throughout the country. Market analyst, Informa Telecoms & Media, predicts that Iraq will become the largest 3G market in the Middle East by the end of 2015.

For 3G, the Communication and Media Commission (CMC - a Ministry of Telecommunication division), has proposed two options, either selling the 3G licences to the present Iraqi mobile providers or to launch a bidding round. No decision has been made so far. For 4G, the CMC is intending to launch a Broadband Licencing Process by the beginning of 2014.

Construction & Infrastructure: The construction and engineering sectors are key to the reconstruction of houses, facilities and infrastructure in Iraq. According to the National Development Plan, the Government allocated US\$31 billion to improving housing, buildings and further funds to improve infrastructure. Iraq's National Investment Commission is also heavily seeking private investments in various

“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”.

infrastructure and housing projects, creating many opportunities for foreign investment. Government procurement practices are maturing but investment prioritisation, tendering and decision making still remains challenging. Contracting needs to consider risk sharing, the creation of local content and how work is packaged up to make it worthwhile for international companies to invest.

Socioeconomic status

The growth of the economy, stabilisation of society, rebuilding social infrastructure and reform of administrative bodies, will all help to improve the situation for the Iraqi people.

The World Bank and the International Monetary Fund (IMF) predict GDP will grow by 12% in 2012 and 10% in 2013 onwards, driven primarily by rising oil production and higher oil prices over the forecast period. Economic growth will be buttressed by robust increases in government expenditures. Iraq’s 2012 capital budget is up nearly 35% over the previous year and with mounting pressure to provide basic services, the Government is expected to expend a larger proportion than this allocation.

According to Iraq’s 2010-2014 National Development Plan, Iraq must mobilise US\$186 billion in investment, create 3.5 million new jobs and cut unemployment by half from 15%. Priority sectors include oil, electricity, agriculture, transportation, telecoms, education, healthcare, construction and the industrial sector. Non-oil sector growth will be dependent on the reconstruction and development of decrepit

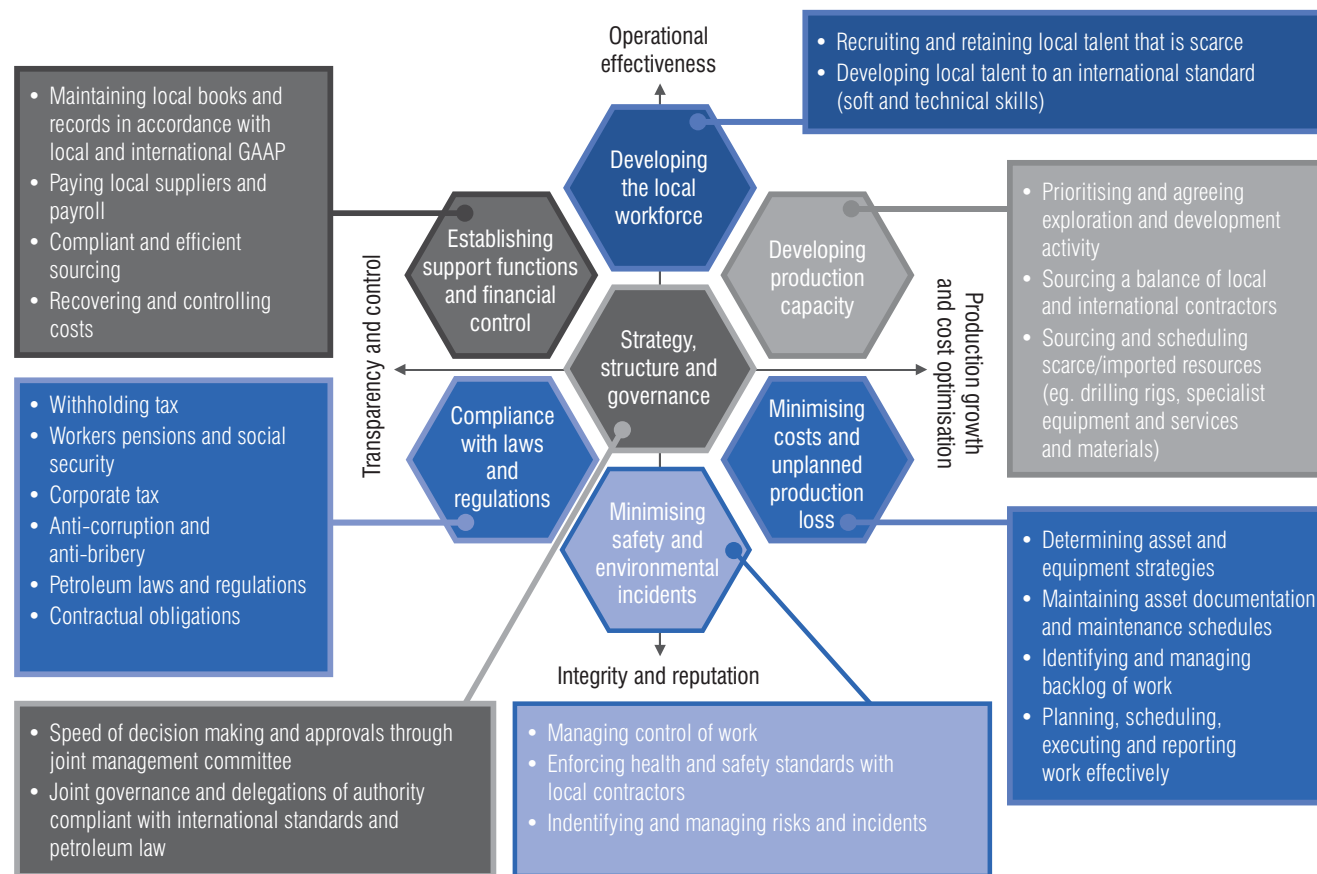
infrastructure throughout the country. Improving electricity generation capacity, which currently stands at around 60% of estimated demand, is critical to non-oil sector growth.

How are we helping?

At PwC, we are committed to being a 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 benefiting Iraq and its people. We have been part of the restructuring and reform processes for various government bodies and banks throughout Iraq. We have also been heavily involved in supporting the new joint ventures who are challenged with growing sectors such as oil & gas, financial services and government. 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. And, through PwC’s Middle East Public Sector Institute (MEPSI), we have been contributing towards building national capacity through training employees in a range of vocational courses including leadership, soft skills and technical skills such as HR, finance and accounting, change management, strategic planning and government specific knowledge.

We have been very active in Iraq since 2006 and have two offices in Erbil and Baghdad. We are now in the process of setting up a permanent office in Basrah. We operate across the country utilising our local, regional and international resources with around seventy people working currently across Iraq. ■

Key challenges to consider in Iraq



Establishing your legal presence in Iraq

Sanad Law Group in association with Eversheds LLP

For foreign investors looking to enter into the Iraqi market, limited liability companies (LLC), branch and representative offices are the most attractive legal forms for setting up a presence in Iraq. The section below provides an overview of the main features and requirements of registration.

(A) Limited Liability Company

Private companies are governed by Law No. 21/1997 (the “Companies Law”), as amended. According to the Companies Law, foreign investors have the right to establish or participate in Iraqi companies without any restriction but may require prior approvals from competent Iraqi ministries/departments. For example, the establishment of an LLC engaged in oil services will require the approval of the Ministry of Oil.

Some of the important characteristics of the establishment of LLCs and their formation under the Companies Law are explained below.

1. Memorandum of Association

The Memorandum of Association of an LLC is its governing document and should contain the following:

- Name and form of the company and its objects;
- Head Office address in Iraq;
- Name, address, occupation and nationality of the founder(s); and
- Share capital.

2. Minimum capital

The minimum capital of an LLC is IQD1,000,000 (equivalent to approximately US\$850). The nominal value of each share is one Iraqi Dinar. The Companies Law prohibits the issue of shares with a higher

or lower value. The share capital must be fully paid when the company is established. Cash contributions must be paid into an account with a bank authorised to operate in Iraq and are frozen in the account, until documents are presented to the bank, showing that the establishment formalities have been completed. Contributions in kind must be stated in the Memorandum of Association and the value must be approved by all founders. In certain sectors, the prescribed minimum capital could be higher than the minimum capital. Notably, in the oil services sector, the minimum capital set by the Ministry of Oil is IQD2 billion.

3. Shareholders

An LLC must not have more than 25 shareholders who may be either legal entities or individuals. An LLC may be established by a single person (including legal person), there being no minimum requirement for the number of shareholders.

The share capital of an LLC is divided into indivisible shares of a uniform nominal value. Transfers of shares are permitted, subject to a pre-emption right in favour of the other shareholders, as illustrated below.

4. Management

While an LLC cannot be managed by a Board of Directors, it is managed by a General Manager. There is no requirement for managers to be Iraqi nationals; however, the appointment of foreign nationals must be approved by the Ministry of Interior.

The powers of the manager, as well as his salary and bonuses, are determined by the General Assembly. A manager’s authority includes the power to conduct all transactions and business relating to the performance of the company’s normal corporate activity. According to

the Companies Law and subject to the decision of the General Assembly, the manager of an LLC has the same powers and is subject to the restrictions that apply to the Board of Directors of a Joint Stock Company.

A manager of an LLC may be removed from his position by virtue of a decision of the authority that appointed him. The authority must give the manager a reason for such decision.

5. Liability of partners

The liability of LLC partners towards third parties is limited by law. They are only liable to the extent of their investment in the capital of the company.

6. Establishment procedures

Persons wishing to found a company under the laws of Iraq must complete an application and submit it to the Companies' Registrar.

The application must include the following information concerning the business entity proposed to be registered by the Companies' Registrar, Ministry of Trade:

- name;
- type of business activity;
- business address, phone number, facsimile number and email address of its offices in Iraq;
- ownership structure (wholly Iraqi owned, wholly or partially foreign owned);
- Memorandum of Association

The following documentation must be submitted with each application:

- certificate of registration, as issued and authenticated by the competent authority in the home country of origin and legalised by the Ministry of Foreign Affairs and Iraqi Embassy in country of origin;
- a copy of the company's Articles of Association or equivalent, authenticated by the competent authority in the home country of



origin and legalised by the Ministry of Foreign Affairs and Iraqi Embassy in country of origin;

- a power of attorney authorising the registration of the business entity in Iraq, consenting to service of process in Iraq and authorising an attorney to register the company with the Company Registrar in Iraq, also legalised by the Ministry of Foreign Affairs and Iraqi Embassy in country of origin;
- a bank statement from a bank operating in Iraq evidencing that the founders of the proposed company have deposited, for the proposed company pending registration by the Companies' Registrar

Timeline for establishment of LLC

The Companies' Registrar must get the approval of the Ministry of Interior (MOI) before issuing its acceptance to register a limited liability company owned by foreign parties. The timeline for such

approval is three to six months and in some cases it can take longer. Following MOI's approval, a registration certificate is issued by the Companies' Registrar.

(B) Branches and representative offices of foreign companies

Branch offices may only be opened by companies that have a Government contract or a contract with a prime contractor of the Iraqi Government.

A representative office may be engaged in business development and marketing activities only and cannot engage in any business activity in Iraq. A Representative office may be changed to a branch office if a contract is awarded.

Establishment procedures

The application must include the following information concerning the foreign business entity:

- legal name;
- trade name;
- type of business activity;
- business address of its offices in Iraq;
- telephone, facsimile and electronic mail in Iraq, where available;
- to the extent applicable: (1) the amount of its charter or authorised capital (specifying the currency); (2) net worth at close of most recent financial period (indicating date and specifying currency); and (3) the names and addresses of any owners holding 10% or more of its equity.

Also, the following documentation must be submitted with the application:

- certificate of registration, as issued and authenticated by the competent authority in the home country of origin and legalised by Iraqi Embassy in country of origin;

- a copy of the company's Articles of Association or equivalent, authenticated by the competent authority in the home country of origin and legalised by the Ministry of Foreign Affairs and Iraqi Embassy in country of origin;
- an up to date Iraqi Embassy letter on the stationery of the applicant company, signed by an officer or director of the company, authorising the registration of the business entity in Iraq, consenting to service of process in Iraq and identifying the chief management official in Iraq, the authorised agent for service of legal process in Iraq and the representative for filings with the Companies' Registrar in Iraq (all three must reside in Iraq), legalised by the Ministry of Foreign Affairs and Iraqi Embassy;
- the audited financial statements of the company for the last fiscal year legalised by the Ministry of Foreign Affairs and Iraqi Embassy in country of origin;
- Copy of the contract signed with the Iraqi Government or prime contractor and support letter from government entity confirming existence of the contract, its objective, value and duration.

Timeline for establishment of branch or representative office

The timeline for registration of a branch office or representative from date of submission of above mentioned documents is one to two months.

(C) Registration in the Kurdistan Region of Iraq

The Kurdistan Region of Iraq applies the same Companies Law allowing for 100% foreign ownership but has some procedural differences in relation to the registration process. The most significant difference is that the Companies Registrar in Erbil does not require a government contract for the registration of a branch of a foreign company. Furthermore, the timeline for registration of an LLC or branch office in the Kurdistan Region is considerably shorter; estimated between three to five weeks. ■



Shaping the future of Iraq

Delivering the success of your business

Eversheds is a leading international law firm. Our office in Baghdad focuses on corporate and commercial law, foreign investment and litigation and arbitration. We can help you to shape your future in this exciting market.

Iraq@eversheds.com

SANAD LAW GROUP

In association with



EVERSHEDS

www.eversheds.com

Musanada Law Company is a limited liability company registered with the Iraqi Ministry of Trade and operates under the name Sanad Law Group.

Investing in the Iraq Stock Exchange

Shwan Ibrahim Taha, Chairman, Rabee Securities

An Efficient way to buy into the future of Iraq

Iraq is a wounded country. For the past 30 years we have had three major wars and 13 years of excruciating sanctions. These events took place from 1980 onwards, a period when the internet and deregulation were driving the expansion of the finance industry throughout the globe. But Iraq missed the train. Consequently, when we emerged out of our final war in 2003, whatever financial sector remained was rudimentary at best and completely cut off from the global financial system. Being in this unique position had some advantages, namely Iraq was shielded from the financial meltdown later in the decade. Although that was an enviable position to be in, it is by no means an advantage when Iraq is trying to attract foreign investment. Iraq today needs massive investments, (US\$600 billion this decade by some estimates) to realise its full potential and take its rightful place in the global economy.

The Iraq Stock Exchange (ISX)

Stock exchanges are efficient conduits for attracting large foreign investments. They are also a means by which to ensure the public participation in the country's growth but most importantly, it enables entrepreneurs and businesses to accumulate much needed capital for growth.

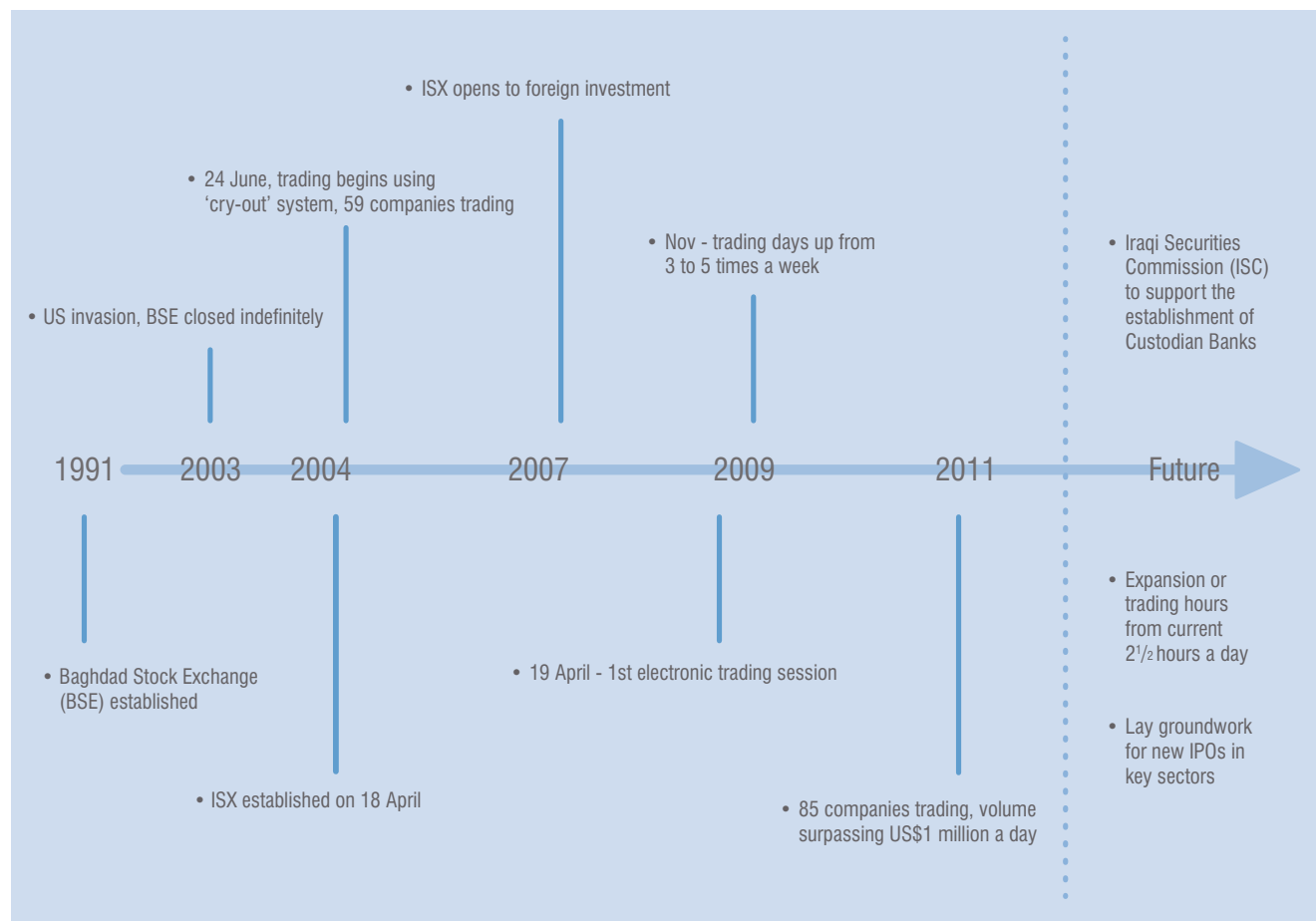
The ISX is a not for profit, member owned and self regulated organisation operated under the direction of a nine member, elected Board of Governors (BOG).

- The BOG affirmed several new Committees in 2011. For example:
 - **Disciplinary Committee:** investigated and took action in 35 cases regarding trading regulation violations
 - **Secondary Market Committee:** setting regulation for this market – pending approval from the ISC
- In 2011, the BOG took the decision to 'market' the ISX to international investors, for example, November 16-18, 2011, conducted presentations in Washington and NYC to explain the ISX
- Training - the BOG is determined to disseminate awareness in Iraq of nature of investing in the ISX. Multiple training and workshops were delivered in 2011. For example:
 - Trained over 600 students across Iraq on the basics of investing
 - Delivered workshops over a two week period in October for investors to further their knowledge

	2007	2011	% Change
No. of listed companies	94	87	-7%
No. of trading companies	85	83	-2%
No. of traded shares (billion)	153	492	222%
Trading volume (billion IQD)	427	941	120%
Trading volume (US\$)	341 million	784 million	130%
No. executed tickets	30,885	132,574	329%
RSISX Index (point)	1023.1	1503.6	46.96%
Market Cap (billion IQD)	2,142	4,930	130%
Market Cap (US\$)	1.76 billion	4.11 billion	133%
Daily trading rate (US\$)	2,862 million	3,379 million	18%

Source: ISX 2007, ISX 2011 Summary, 2011 Annual Reports

Major Milestones

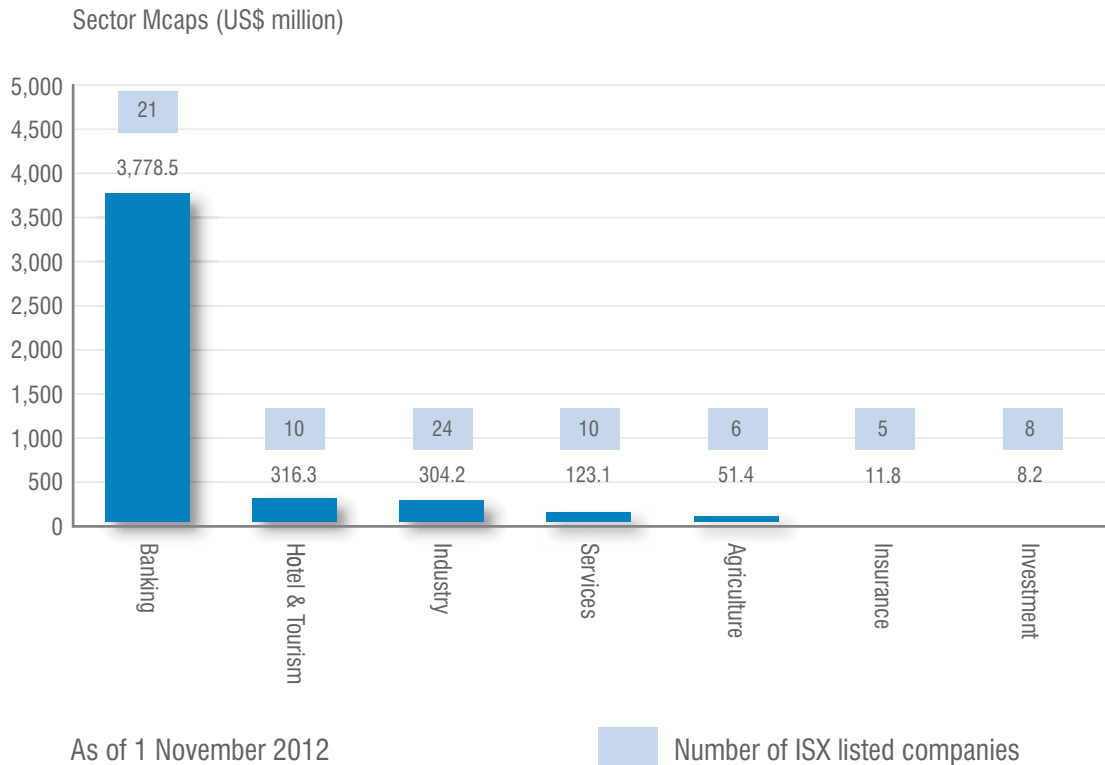


Market composition

The ISX is composed of seven sectors: banking, hotels & tourism, industry, services, agriculture, insurance and investment. Soon, we will add telecoms.

The most significant portion is the banking sector. However, we are expecting the listing of the three mobile phone operators, combined they will triple the market cap of the ISX.

Table: Sector market caps and number of companies in each



Source: ISX, Rabee Securities

RSISX Index Performance

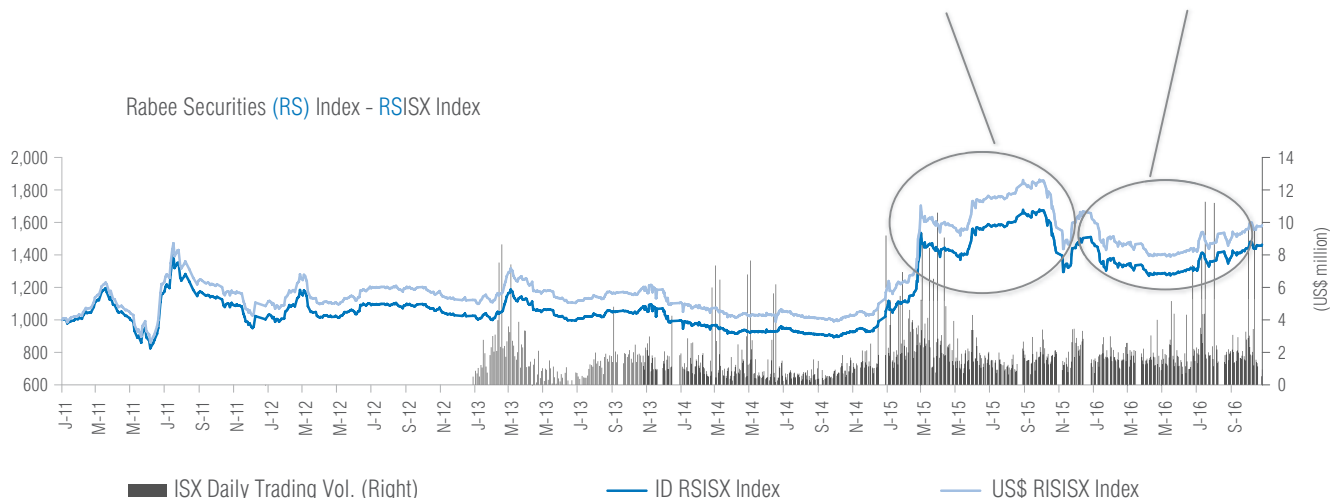
After a very good 2011 when the RSISX index increased about 52%, 2012 proved to be a more difficult year. Many analysts blamed the withdrawal of US troops from Iraq at the end of 2011 for this decline. Some looked at the mandatory capital increases in the banking sector as a strain on liquidity in the market, yet others believed that liquidity is being reserved for the upcoming listings.

Whatever the reasons for the decline of the stock market, companies and banks on the ISX still had higher profits than in 2011 and actually higher than any previous year. As prices declined and profits increased, valuations became very reasonable. The ISX is one of the cheapest markets around today.

- RS started the Index in February 2008
- A free float weighted index of 10 ISX stocks
- Index companies represents 60%* of the liquidity in the ISX
- RS rebalances Index quarterly

RSISX Index increased significantly by around 52% in 2011, which was supported by the increase in daily trading volumes.

RSISX Index decreased by around 3% YTD, as of 1 November 2012

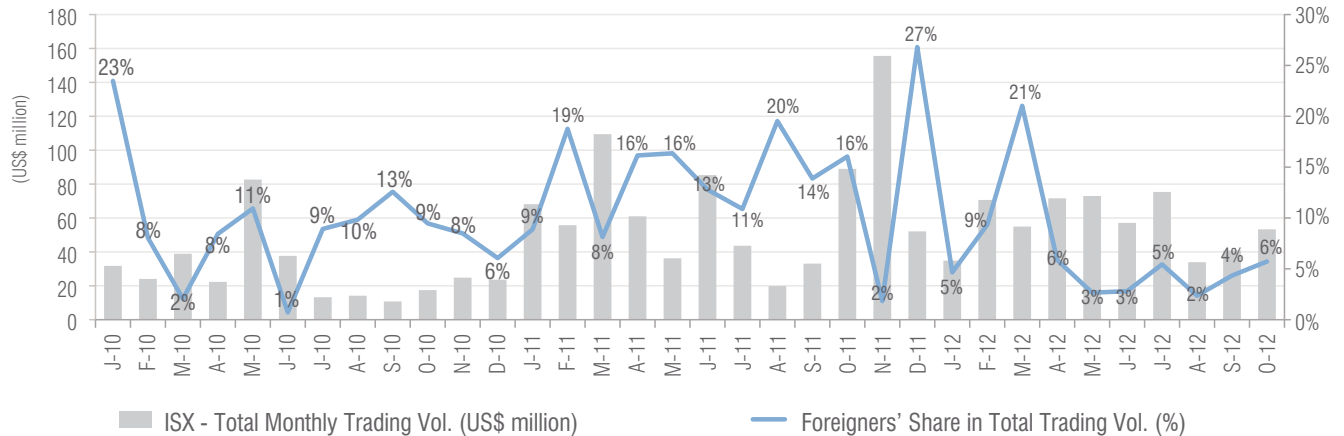


Source: ISX, Rabee Securities
*As of 1 November 2012

Foreign Trading on ISX

ISX opened to foreign traders in August 2007. The average foreigners' share of total trading volume reached 12% in 2011 from 8.9% in 2010. However, in the first nine months of 2012, this decreased to 6.7%. We expect as larger listings take place and International Custodians become present to see an increase in foreigners' share of trading volumes.

Chart: ISX - Total Monthly Trading Vol. (US\$ million) & Foreigners' Share in Total T. Vol. (%)



Source: ISX, Rabee Securities

Banking sector

The banking sector comprises about 83% of the market capitalisation of the ISX. There are 21 banks on the ISX with a total market cap of US\$3.8 billion.

In 2012, all private banks had to increase their capital to IQD150 billion (US\$125 million). This has to increase to IQD250 billion (US\$208 million) by June 2013. By October 2012, 16 of the 21 ISX listed banks reached the IQD150 billion capital benchmark, these were: Ashur Bank, Bank of Baghdad, Economy Bank, Elaf Islamic Bank, Investment Bank of Iraq, Iraqi Islamic Bank, Iraqi Middle East Investment Bank, Kurdistan International Bank, Mansour Bank, National Bank, North Bank, Credit Bank, Sumer Commercial Bank, United Bank. United Bank and Kurdistan Bank have already reached the capitalisation set for June 2013.

Mansour Bank and North Bank should have no problem getting to that level by capitalising their profits for 2012. Finally, most of the banks will have to issue rights in 2013 to reach the IQD250 billion level.

Very profitable year

Collectively, the ISX listed banks, including four Islamic and 17 private banks, made IQD257 billion profit in the first half of 2012, a 74% increase compared with IQD147 billion profit for the same period of 2011. Second quarter was 53% higher than the first quarter of 2012 and 84% higher than the same period of 2011. 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 needs to increase the capacity of its banking sector.

Table: ISX Listed Banks - Ranked According to Paid-in Capital

Bank name	ISX code	Current capital (IQD billion)	The planned capital increase according to target capital of		Mcap (IQD billion)	Mcap (US\$ million)
As of 18 October 2012		(IQD billion)	IQD150 billion for 2012 (IQD billion)	IQD250 billion for June 2013 (IQD billion)	(IQD billion)	(US\$ million)
Kurdistan Int. Bank*	BKUI	300	-	-	648	540
United Bank*	BUND	250	-	-	458	381
Mansour Bank*	BMNS	236	-	14	281	234
North Bank	BNOR	210	-	40	489	408
Bank of Baghdad*	BBOB	175	-	75	263	219
Investment Bank*	BIBI	155	-	95	158	132
Iraqi Islamic Bank*	BIIB	152	-	98	169	141
Elaf Islamic Bank*	BELF	152	-	98	135	113
National Bank of Iraq*	BNOI	152	-	98	122	101
Sumer Commercial Bank*	BSUC	151	-	99	121	101
Credit Bank of Iraq*	BROI	150	-	100	297	248
Middle East Bank	BIME	150	-	100	195	163
Economy Bank*	BEFI	150	-	100	158	131
Ashur Bank*	BASH	150	-	100	140	116
Gulf Com. Bank*	BGUC	125	25	125	128	106
Dar Es Salam Bank	BDSI	106	44	144	358	298
Commercial Bank	BCOI	100	50	150	127	106
Mosul Bank	BMFI	100	50	150	90	75
Union Bank of Iraq*	BUOI	100	50	150	83	69
Babylon Bank	BBAY	100	50	150	75	63
Dijla and Furat Bank	BDFD	50	100	200	43	35

Note:

*The banks that are in the process of capital increase. Only the original shares are trading in the market. The new shares from the capital increase haven't resumed trading yet. So, while we are calculating Mcap, we multiply the number of shares that the company will reach after the capital increase with the market price of the share, adjusted according to new capital by the market.

Rabee Securities (RS)

RS is a premier broker established in 1995 headquartered in Baghdad. We bought it in 1999, hoping that sanctions would 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. 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:

- Daily Bulletins
- Weekly Bulletins
- Company Reports
- Monthly Banking Sector Report
- Monthly Oil Sector Report

In 2008, RS signed a partnership agreement with US based company, Auerbach Grayson. This agreement helped us to facilitate buying of Iraqi shares by US Institutions. Currently, we are making the most of 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 a representative office in Turkey.

The future

As a participant in the financial sector in Iraq, we believe that the sector like the country is just beginning

to emerge. In both cases it is time to establish a strong economic and financial foundation to ensure rapid and smooth growth of the country and safeguard the rights of future generations.

Some immediate steps could be taken to strengthen the market: namely the establishment of International Custodians in Iraq. This will open the market to a whole new array of institutional investors. The liquidity available for those funds will ensure the ISX's access to new capital that otherwise will filter to other frontier and emerging markets, regardless of the attractiveness of investing in Iraq.

We should also expect public education and promotion to encourage the public to invest in the ISX. To date this is only done by professional investors and market "players," the average educated Iraqi does not know of the existence of the market or how to invest in stocks. This effort will also encourage more entrepreneurs to look at the ISX as a source of capital. At the moment, no Iraqi businessman believes that he could utilise the stock exchange to increase his capital and grow. This mentality, which does not exist elsewhere in the region, is bound to change but again we need to expedite this by providing incentives for private businesses to go public.

Finally, we need to upgrade our professional financial class. At the beginning of this piece we said Iraq had missed the train, now the only thing to do is quicken developments to catch it. Without massive training and allowing the younger professionals to take the lead, the sector could be left even further behind. ■



Shwan Ibrahim Taha
Chairman, Rabee Securities

Banking offers a wealth of opportunities

Iraq's financial sector is ready for development. A study by the United States Agency for International Development estimates fewer than 5% of the country's small to medium size enterprises have ever received a bank loan and fewer than 10% have a bank account.

The Government recognises that Iraq has little chance of attracting the scale of foreign investment capital needed to accelerate economic development without restructuring its banking system.

"The banking sector is at a very early stage of development in Iraq, one could even describe it as embryonic," according to Shwan Taha, Chief Executive of Rabee Securities.

Iraq has seven state owned banks. These are the two largest, Rafidain and Rasheed, as well as Industrial Bank of Iraq, Agricultural Cooperative Bank, Real Estate Bank, Iraq Bank and Trade Bank of Iraq. There are also 23 private banks and 12 Islamic banks, in addition to several foreign banks established since 2005.

However, the banks have less than 800 branches in total throughout Iraq to serve a population of some 32 million people. An estimated 87% of money circulation happens outside of the banking system. This results in a reliance on cash transactions with associated security and logistical concerns.

The banking system is overdue to play a much bigger role in development. The World Bank estimated that banks extended US\$8.1 billion of credit to the economy in 2010 or 9.8% of GDP compared with an average of 55% in the rest of the Middle East.

It is estimated that in order to bring the ratio of credit to GDP to the Middle East regional average, an increase of credit of IQD45 trillion will be required.

The entire sector must be enlarged and new detailed legislation developed, with improved links to international monetary markets. In addition, the sector's skills need development, especially in terms of accounting and auditing. There is no general insolvency law, which makes loan collection for banks more challenging and judicial enforcement proceedings, even for simple claims, can take several years to be completed.

State sector reform

The seven state owned banks control almost 90% of the sector. Any tax or payments to the Government have to be directed through state owned banks. State companies are not permitted to deal with privately owned banks.

Former Finance Minister, Ali Allawi says, "The starting point must be the restructuring of the state owned banks".

This is echoed by the World Bank, which believes that Iraq needs to clean up banks' balance sheets, boost supervision of the financial system and level the playing field for competition from the private sector. State owned banks need to be restructured and turned into independently capitalised corporations and restrictions on the state sector dealing with private banks must be ended.

Development of services and credit

At present, Iraqi banks' profits come mainly from money transfers abroad, through option sales and investment in treasury bills, banking activities that are almost risk free.

While the strength and business expertise of Iraq's small private banks appears to be improving, their range of services is still limited, although several have acquired foreign involvement.

“Since its foundation in 2004, the Iraq Stock Exchange (ISX) has made steady progress and begun to attract international attention”.

Observers note that Iraq's banks need to; expand their loan portfolios by taking on greater calculated risk, increase returns and offer competitive interest rates to attract deposits.

The Central Bank, which reportedly wants to reduce the number of banks to 22, laid out a three stage programme in 2009 for private banks to raise their capital, first by June 2012 to IQD150 billion (US\$128 million) and then to IQD250 billion (US\$213 million) by June 2013. Institutions that fail to meet capital adequacy requirements, risk being taken over by the Government and placed in receivership. This happened to Warka Bank in 2012.

These processes will stimulate greater transparency and encourage the development of the private sector with more foreign investment.

Stock exchange ready for take off

Since its foundation in 2004, the Iraq Stock Exchange (ISX) has made steady progress and begun to attract international attention. There are some 85 companies listed with a mix of privately owned, joint stock companies and mixed companies. Around 50 brokerage firms are operating, with other applications pending.

The ISX is open five days a week, with all shares traded electronically through an integrated trading, clearing and settlement platform,

provided by the US' Nasdaq DMX. All trades are settled in the Iraq Depository Centre, to which all brokerage firms have to belong. Plans are also advanced for the creation of custodian banks, which will make it easier for foreign and large domestic investors to trade.

The ISX is still relatively small and under developed. Total market capitalisation in 2011 was approximately US\$4 billion compared with Jordan's Amman Stock Exchange's US\$31.5 billion or Dubai's US\$54 billion. Daily trading is also very small compared with other regional bourses.

Nevertheless, the ISX has huge potential to provide access to sources of permanent and long term capital via the issuance of equity and corporate bonds to institutional and retail investors, both domestic and foreign.

Anastasios Dalgiannakis, Head of Institutional Trading at Dubai's Mubasher Financial Services believes "Iraq's stock market has the potential to grow to the size of Saudi Arabia's Stock Exchange, which has a capitalisation of US\$338 billion".

Unlike the Saudi Taduwal bourse, the ISX is open to non-Iraqis and some international emerging market funds have already begun to invest in domestic stocks, in what is seen as a frontier market. There is

as yet a lack of liquidity and trades in private banks make up 22% of the ISX listings, accounting for 80% of turnover by volume and value. This is likely to change as more companies come to market.

A major stimulus will result from Iraq's three leading cellular phone operators. Asiacell, Zain Iraq and Korek are obliged to list 25% of their equity on the ISX. The new listings will double the exchange's capitalisation.

"These companies initial public offerings will establish a new sector on the ISX and will encourage investors in Iraq and also foreigners to come in", says Taha Abdul Salam, ISX's Chief Executive. The privatisation of 296 state owned companies is expected to open even greater long term opportunities.

New technology set to revolutionise banking

Iraq is still very much a cash based society but the adoption of new technologies in the financial sector is likely to bring about huge changes to banking and introduce more people to basic services.

An electronic cheque clearing system was started in 2011 with a pilot project involving six banks and is this being extended to include all banks.

Deputy Central Bank Governor, Mudher Kassim says, "the state banks' biggest weaknesses are a lack of internal networks connecting their branches. They have struggled with electronic cheque clearing because they lack an electronic link with the Central Bank's payments system". Banks are still using stand alone systems of ATMs and points of sale. There are about 240 ATMs in Iraq but these only connect to specific banks. If they fail, they can remain unserved for extended periods.

A short term solution is the introduction of an electronic routing system for processing ATM and credit card transactions. This will

connect all ATMs in the country and credit card point of sale scanners to a common platform, ending a system where each card issuer operates a dedicated system.

A second important innovation due in 2013 is the establishment of an Iraq Interoperable Mobile Payments System. This will allow banking to be conducted by mobile phone users and could potentially open up access to financial services to millions of Iraqis currently without bank accounts.

HSBC's Dar Es Salaam Investment Bank uses a satellite communications system to connect its own 16 branches. Observers believe that a mobile payment system could be established fairly rapidly if the various banks work together.

Foreign institutions could reap rewards of retail expansion

The consolidation of Iraq's private banks is likely to encourage foreign banks to partner with local institutions who are recapitalised and audited to international standards.

Ali Allawi has pointed to the opportunities that international investment banks can take in the restructuring of the banking sector, with the prospect of fees generated at between US\$1 billion and US\$2 billion.

For foreign institutions prepared to become involved, the country's banking and financial sector is ready for development. Retail banking is in its infancy, with just a handful of banks offering credit cards or ATM services. With plans underway for millions of new homes, mortgage lending is another potential growth area.

The potential mandates on offer include raising tens of billions of dollars, for project finance and initial public offerings. There is also a requirement for advisory work to establish a sovereign credit rating for Iraq, leading eventually to the country's first sovereign bond.

HSBC via Dar Es Salaam Investment Bank, Qatar National Bank through Mansour Bank and National Bank of Kuwait with the local Credit Bank, have proved that profitable operations are possible in Iraq. HSBC acquired a majority share of Dar Es Salaam Investment Bank in 2006 and is the only global bank operating in Iraq. Dar Es Salaam earned US\$361 million in 2011, compared with US\$305 million in 2010. The bank recently structured a US\$24 million, five year financing tranche for Asiacell, the largest mobile operator in Iraq.

Reports suggest that foreign presence could be expanded in the near term with the possible entry of France's Societe Generale and Bank of Abu Dhabi. In July 2012 it was reported that Qatar National Bank was also buying further shares in Mansour Bank, raising its holding in the Iraqi private bank from 23% to 51%.

Lebanon's Fransabank, Banque Libano-Francaise, Lebanon & Gulf Bank and Turkey's Isbank have also recently established representation in Iraq. Citigroup has formed a partnership with Bank of Baghdad, owned by Kuwait's Burgan Bank providing access to Citi's global network. Turkey's Al Baraka Bank and Vakifbank have also received authorisation to establish a presence in Iraq.

Foreign institutions could take a stake in another six Iraqi banks. "We expect to see increasing movement from foreign banks entering as shareholders of Iraqi banks", says Waleed Eedi, Head of the Central Bank's statistics and research department. ■



Financing the Iraqi private sector

Jorge R Vila, General Manager, IMMDF

An increasing number of Iraqi private sector small and medium size enterprises (SMEs) are demanding larger and better access to credit to support their growth. From a national perspective, providing this credit is essential to generate employment and economic growth.

The Iraq Middle Market Development Foundation (IMMDF) has been providing loans to SMEs since 2005. From our offices in Baghdad, Erbil and Sulaymaniyah, we have disbursed more than US\$100 million in loans to SMEs which do not generally have access to other commercial financing sources on affordable terms.

Our loans finance acquisitions of local or foreign equipment; factory expansions; working capital for manufacturing, industrial, services and agricultural projects. Specific examples of financed activities include producing copper cables for industries, aluminium frames, electrical panels, wooden doors and tiles. Other financed activities include water and juice bottling, cement batching, food processing, feed and flour milling, poultry farming, cold storing, IT services and buying equipment for infrastructure and other construction projects.

We offer loans up to US\$3 million for up to five years, subject to terms that are competitive under present Iraqi commercial lending conditions, with repayment schedules reflecting the needs of each project. Higher amounts for larger projects are possible where co-financing with local and international financial institutions is available.

SMEs must present three year financial statements and evidence of the project profitability and sustainability to apply for IMMDF financing. If, after a credit assessment and risk analysis is completed, the loan is approved, the borrower must comply with substantial reporting requirements until the loan is repaid. We are a not-for-profit



organisation and therefore our relatively lower interest rates and fees only cover our operating costs.

We are proud to be part of the process to support Iraqi SMEs financially to generate employment and economic growth. We plan to increase our loan portfolio as well as to expand our presence in Iraq in the near future.

If you are an SME with a manufacturing, industrial, services or agricultural project that generates employment or economic growth; or an Iraqi top tier company that outsources its supply of goods or services from SMEs; or a foreign company that wants to sell equipment to SMEs or to start a joint venture in Iraq and you believe that you may qualify for an IMMDF loan, please contact us at any of our offices in Iraq or at our office in Amman, Jordan.



iraq middle market development foundation | www.immdf.org

Financing Iraq-based, private sector, small and medium size companies since 2005

- We finance purchases of local or foreign equipment, expansions, inventory and joint ventures for manufacturing, industrial and agricultural projects in Iraq
- Loans from US\$250,000 to US\$3,000,000, up to five years (terms apply)
- Offices in Iraq (Erbil, Sulaymaniyah and Baghdad) and Jordan (Amman)



For more information please contact:

Jorge R. Vila | General Manager | jvila@immdf.org |

+964 750 735 2798 (Erbil) | +964 066 256 9980 (Erbil) | +962 6 586 4960 (Amman) | office@immdf.org |

Invest in Iraq

Douglas van den Berghe, Managing Director & Matthijs Weeink, Senior Consultant, Investment Consulting Associates

Introduction

Investment Consulting Associates is a global Foreign Direct Investment (FDI) advisory boutique that uses its corporate site selection experiences to advise and enhance the investment promotion capabilities of companies in many different parts of the world.

In 2009 and 2010, Investment Consulting Associates (ICA) worked with the National Investment Commission (NIC) of Iraq, to train, develop and enhance the investor attraction skills of more than 150 Provincial Investment Commissioners. The Provincial Investment Commissioners are at the very heart of Iraq's Regional Investment Promotion and responsible for branding and marketing their Province, assist and guide corporate investors and provide aftercare services for existing investors. Although the level of understanding of FDI and investment promotion skills differed from one province to another, they all shared an excitement and eagerness to rebuild Iraq. Training these investment commissioners in combination with improvements in the country's infrastructure, safety, policies and macro-economic stability will lead to more and sustained levels of FDI in Iraq.

A closer look at today's economic outlook shows that oil production is increasing and violence is declining. Iraq's economy is indeed starting to speed up. For 2012, the IMF forecasts an 11.1% GDP growth rate to approximately US\$144 billion and for 2013 it predicts an average 13.5% growth rate. To further stimulate growth and

redevelopment of the country in specific sectors and business activities, Iraq has been putting more and more emphasis on attracting FDI in its development plans.

Attracting FDI is a proven growth strategy for developing countries. As an example, Singapore and Botswana managed to transform from low-income to middle-income countries in just one generation. When FDI flows into the host country it creates direct jobs, enables knowledge transfer, stimulates domestic spending and increases personal income. It also creates indirect jobs with companies supporting or servicing the foreign companies. Since most developing countries are aware of the importance of FDI, the competition among countries is increasing. However, the large oil & gas reserves of Iraq should give the country an advantage to speed up the developments to overcome the immediate challenges and secure stable supply of utilities, infrastructure and equipment to start up operations.

However, the presence of developed infrastructure and supply of utilities is not a guarantee of companies' willingness to invest. Increasing market demand, repatriation of foreign currency, investor protection, skilled workforce, levels of corruption and supply chain optimisation are among other reasons to influence investment decisions. These factors are captured in various indices, such as the World Bank Doing Business report, the World Economic Forum Competitiveness Index, the Freedom House World Report and the



Transparency International Corruption Perceptions Index. Although there is considerable debate about the value of such rankings, it is interesting to see into what direction Iraq is heading and how the country advanced over the past three years?

Iraq's competitiveness score

A first assessment shows that in 2012, Iraq dropped five positions on the global Doing Business In ranking from the World Bank, falling to 164 place out of 183 countries. This report provides information on a wide range of topics relating to the ease of doing business. Although these general statistics are only marginally used by corporate investors, it provides Iraqi policy makers with a list of factors which need direct attention. The index covers topics such as Starting a Business, Dealing with Construction Permits and Getting Credit and since the index is one of the very few that deals with concrete and actual domestic issues, it should be used as a guideline for formulating new improvement plans. However, despite the major ongoing developments and improvement programs, the fall in this ranking shows the difficulty of repositioning in the global market for FDI.

A second important index is an annual report by the Freedom House called the Freedom in the World report. The country is rated "Not Free", with the Freedom Rating scoring 5.5, Civil Liberties scoring 6 and Political Rights scoring 5 (all out of a maximum of 10). This score has been relatively stable over the past four years, yet is still alarming. Only a slight improvement was shown in the third index, which is the Transparency International Corruption Perceptions Index. Iraq scored 1.8 out of 10, putting the country 175 out of 183. Unfortunately, Iraq is not yet included in the World Economic Forum Competitiveness Index.

The heritage of war has left Iraq with an incredibly difficult situation to grow from. Alarming is the lack of growth on all these indices, which are signs for corporate investors that the ease of doing business in Iraq remains a significant presence. Is it all negative? No, the country also provides unparalleled business opportunities and it is fair to say that the high risk, high return paradigm is truly applicable here.

FDI in reality

Although the international rankings leave room for improvement, investors are recognising the country's potential and responding to it. In a regional perspective and in terms of attracted FDI projects, Iraq ranks in eighth position with 178 projects (2003 - 2011) above countries such as Syria, Lebanon and Iran.

Destination Country	FDI projects	Capex	Jobs Created
UAE	2,434	145,863,7	284,499
Saudi Arabia	657	153,069,9	114,409
Qatar	396	108,112,3	70,474
Bahrain	333	24,679,9	47,633
Oman	242	40,709,7	59,399
Israel	234	14,407,4	23,066
Jordan	210	30,493,1	58,819
Iraq	178	69,299,1	46,075
Syria	147	38,246,2	52,605
Lebanon	132	10,881,8	31,691
Iran	129	45,226,8	43,192
Kuwait	98	9,057,1	10,364
Yemen	41	10,918,8	13,371
Palestine	13	1,209,1	3,645
Total	5,244	702,174,9	859,242

From 2003 to 2011, the country attracted almost US\$70 billion in FDI, with a sharp increase in FDI projects after 2008. Although 2011 showed an increase in the number of jobs created and capital attracted, the total number of FDI project declined for the first time since 2007.

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
Number of projects	32	4	9	6	3	20	26	46	31	178
Jobs created	3,502	155	1,524	2,573	698	13,004	12,909	5,498	6,212	46,075
Capital Investment	6,085	197	1,464	8,334	474	23,978	12,849	5,332	10,588	69,299

If we look at industry sectors that are being invested in, it shows that the single most important sector remains real estate, followed by investments in the oil & gas extraction industry (fdiMarkets, 2012). The real estate sector is mainly boosted by the acute housing shortage, where the Iraqi Government estimates that between one and two million houses are still needed. These significant housing development contracts are often granted by the Government, which gives more guarantees to investors and lowers default risks. Companies such as Shell, BP and Lukoil are investing heavily in oil exploration and production, which will raise the oil production to 3.5 million bpd by the end of 2012 (Economist 2012, June 16 2012). The oil sector will continue attracting investments and growth for the upcoming years, as Iraq tries to reach the goal of increasing oil production to ten million bpd by 2017.

The case of Royal Dutch Shell

Shell was among the first companies to sign an agreement with the new Iraqi Government and has already built a sizable portfolio making it one of the largest investors in post-war Iraq. It is currently developing the Majnoon Oilfield, which is expected to reach investments of US\$2.5 billion by the middle of 2013. This is a Greenfield investment, meaning all equipment is brought in and a brand new facility is constructed. Shell is also involved in a US\$17 billion gas project near Basrah, to capture natural gas that is now flared off by oil production. This gas will be used for production of electricity, which Iraq desperately needs to accommodate other large industrial as well as commercial developments. Large fossil fuel FDI projects such as these, provide Iraq with the necessary capital to rebuild the country and

prove that in cooperation with the Government, companies can capitalise on their investments in Iraq.

Conclusions

For a country that has gone through such turbulent times, Iraq is making a remarkable recovery. Iraq's governmental organisations are all working hard to provide the basic fundamentals for sustainable economic growth. With violence levels decreasing and oil production getting up to speed, the economy is now reaching double figure growth rates. Statistics show that despite the negative business climate ratings, investors still recognise and appreciate Iraq's business potential. However, the high return on investment comes hand in hand with a high level of operational risk.

Despite many attempts to diversify the Iraqi economy away from oil & gas, still most foreign investments are made in this sector in which world demand is secured, entry barriers are extremely high and revenues are significant. In general, corporate investors considering locating in Iraq must be aware of the many hidden costs that can seriously hamper business achievements. As a result, companies must have easy and flexible access to additional budgetary means to take into account unexpected costs or disrupted supply chains. Contact the National Investment Commission (NIC) and get in touch with the appropriate Provincial Investment Commission (PIC) for additional information at national and regional level. The Investment Commissioners are more than happy to assist corporate investors in any way they can. By definition, you cannot rule out all business risks but there are certainly ways to mitigate the risks as much as possible. ■

Sources:

Dunia Frontier Consultants (2012)

Economist (2012) "Lots of Black Stuff", June 16, 2012 <http://www.economist.com/node/2155697?zid=308&ah=e21d923f9b263c5548d5615da3d30f4d>

fdiMarkets (2012)

Freedom House (2012) Freedom in the World Report 2012

IMF (2012)

LocationSelector.com (2012)

Reuters (2012) "Shell Sees Majnoon Resuming Oil Output in Q1", <http://uk.reuters.com/article/2012/09/18/uk-shell-iraq-majnoon-idUKBRE88H11120120918>

Transparency International (2012) Corruption Perceptions Index

World Bank (2012) Doing Business Index 2012



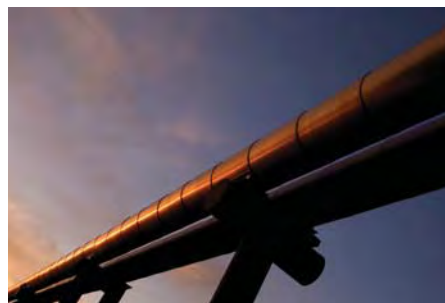
GLOBAL INSURANCE, LOCAL KNOWLEDGE

SERVICE YOU CAN TRUST!

We work in-country with our clients to provide tailored and flexible insurance solutions with highly competitive premiums. You can feel safe in the knowledge that your cover is compliant with Iraqi Insurance legislation.



| CONSTRUCTION | CARGO | EMPLOYEE BENEFITS | ENERGY | LIABILITIES |



IRAQ'S NO.1 INTERNATIONAL INSURANCE BROKER



UNDERWRITTEN WITH 'A' RATED
SECURITY - MANY PRODUCTS CAN
INCLUDE WAR AND TERRORISM COVER

TEL: +962 (0)6 550 3222 | WEB: WWW.AAIB-INSURANCE.COM

www.aaib-insurance.com

Emerging insurance markets: Iraq

William Wakeham, CEO, AAIB



William Wakeham

In this article I'd like to consider the main responsibilities of broking insurance products and services in emerging markets and to give an overview of the main trends that are underway in the Iraqi insurance market.

Organisations will take into account the differences between operating in emerging markets and operating in developed and mature markets when looking to invest and set up operations. They will attempt to factor into their plans the resources, procedures and risk management activities that will help mitigate the potential impacts of the higher risk profile which they will be faced with.

Such organisations will need to obtain insurances for various reasons; to meet contractual requirements, transfer risk and limit company exposures and to attract staff etc. but whatever the reason, it's important that the insurance cover obtained is arranged properly and legally.

It follows that the role played by insurance and reinsurance brokers in emerging markets, is key in this respect. Broking facilitates the mechanism of risk transfer, protecting investments, staff, companies and reputations; fundamentally it enables risks to be placed and a wide array of projects to go forward.

So what are the requirements and responsibilities that arise when broking in emerging markets, besides having professional, experienced staff who have sufficient knowledge of insurance law, markets, products and client needs?

Looking at the most important factors that companies look for when selecting an insurance and reinsurance broker to assist them in a country like Iraq and what they value most, can help answer this question.

A recent AAIB survey of companies operating in Iraq, found that from a range of reasons listed for selecting a broker, the top three requirements were (1) having practical experience of working in Iraq, (2) the breadth of cover under the insurance policies and (3) the quality of the claims service. Factors such as the broker's reputation and being locally registered and licenced, the price of the insurance and ease of insurance administration were also felt to be important.

This is understandable considering the distinctive challenges and obstacles that can arise when working in an emerging market, as opposed to a more established one.

The survey also indicated that brokers are expected to be able to comment on insurance legislation and advise on risk management topics etc.



Insurance regulation overview

A strong and independent regulator is a prerequisite for a well supervised and active, expanding insurance sector where contract certainty, transparency, prudential standards and customer protection are enforced.

The Insurance Business Regulation Act 2005, marked a step change in terms of regulation of the sector. It constituted a major improvement in terms of supervision, establishing the Iraqi Insurance Diwan as the supervisor, bringing added clarity to the law, allowing private insurers to bid on government contracts and facilitating the entry of new companies.

Some important Articles of the law are as follows; Article 1 states that it applies to all insurers and reinsurers conducting, wholly or partially, insurance or reinsurance business in Iraq, regardless of the entities status (private, public, foreign or local). Articles 13 and 14 require that unauthorised insurers cannot carry out insurance activity in Iraq. Article 16 states that an insurance contract concluded by an unlicensed insurer is considered to be invalid, while Article 76 confirms that insurance brokers and reinsurance brokers practicing in Iraq must be registered and licenced with the Iraqi Insurance Regulator, the Diwan.



A recent World Bank study of the insurance sector concluded that further strengthening of legislation, bringing additional resources to the Diwan and giving it more financial and administrative independence are all warranted and would enable a more robust compliance and enforcement regime to be applied.

The current view of the Diwan regarding regulatory supervision, is that matters are under review and plans will be formed to strengthen regulation in some areas. This may well involve using the assistance of insurance and reinsurance experts within Iraq and internationally, as permitted by law. The Diwan has dealt with the growth in the number of insurance companies that have applied for registration and licencing and the total number of companies registered now stands at twenty nine.

It's felt that challenges which are faced in expanding the market at a faster rate include the level of public awareness of insurance and the benefits that it can bring. Also, as there are a limited number of technical and actuarial staff in the industry, this is a constraint on the pace of growth.

Table 1 shows the list of registered insurance companies. We can see that Baghdad, as the commercial and political centre of the country has attracted most companies; and the majority of insurers have a low

	Table 1. Iraqi Insurance Company	Area	Capital (Iraqi Dinar)
1	National Insurance Company	Baghdad	IQD15,000,000,000
2	Asia Insurance Company	Sulaymaniyah	IQD15,000,000,000
3	Al Aqtsaad Insurance company	Baghdad	IQD5,000,000,000
4	Shatt Al-Arab Insurance Company	Baghdad	IQD5,000,000,000
5	Wadi Al Rafedien for General Insurance	Tikrit	IQD5,000,000,000
6	Iraqi General Insurance Company	Baghdad	IQD3,200,000,000
7	Iraqi Reinsurance Company	Baghdad	IQD3,200,000,000
8	Al Ahlia Insurance Company	Baghdad	IQD2,500,000,000
9	Awr International Insurance Company	Erbil	IQD2,250,000,000
10	Dar Al Salaam Insurance Company	Baghdad	IQD2,200,000,000
11	Al Ameen Insurance Company	Baghdad	IQD2,000,000,000
12	Al Badia Insurance Company	Baghdad	IQD2,000,000,000
13	Al Batik Insurance Company	Najaf	IQD2,000,000,000
14	Gulf Insurance Company	Baghdad	IQD2,000,000,000
15	Kurdistan Insurance Company	Erbil	IQD2,000,000,000
16	Union International Insurance Company	Baghdad	IQD2,000,000,000
17	Iraq International Insurance Company	Baghdad	IQD1,815,000,000
18	Al Hamra Insurance company	Baghdad	IQD1,500,000,000
19	Al Maseer Insurance Company	Baghdad	IQD1,500,000,000
20	Ard Al Watan Insurance Company	Baghdad	IQD1,500,000,000
21	Jihan Insurance Company	Baghdad	IQD1,500,000,000
22	Middle East Insurance Company	Baghdad	IQD1,500,000,000
23	Dar Al Theqa Insurance Company	Baghdad	IQD1,012,000,000
24	Al Khair Insurance Company	Baghdad	IQD1,000,000,000
25	Dar AL Iraq Insurance Company	Baghdad	IQD1,000,000,000
26	Dilnia Insurance Company	Sulaymaniyah	IQD1,000,000,000
27	Al Reham Insurance co.	Baghdad	IQD500,000,000
28	Star Kar Insurance Company	Erbil	IQD500,000,000
29	Moalem Insurance Company (Branch Office. Iranian)	Baghdad	-

Source: Iraqi Insurance Diwan. June 2012

capital base. This will limit their ability to underwrite the larger risks and further reinforces the need for support from and collaboration with the international insurance market.

There is a large range in the size of capitalisation; from IQD500 million (approximately US\$430,000) to IQD15 billion (approximately US\$12.8 million).

This is one factor that is driving pressure for an increase in the legally required minimum level of capital for an insurer.

Drivers of insurance demand

Figures on the size of the insurance market are not published but it is estimated by the World Bank that Gross Written Premiums from insurance and reinsurance may be in the region of US\$350 million to US\$575 million, and growing.

Insurers are attracted by the increasing demand (primarily driven by the corporate and government sectors) for insurance products. Demand for the services of local insurers also grows, as more international companies look to establish themselves in Iraq and insist on locally issued policies.

A recent survey carried out by AAIB found that local insurers felt that demand would be strong over the next twelve months; this growing demand partly reflects the surge in Foreign Direct Investment (FDI) that has occurred as many sectors of the economy continue to rebuild and modernise. In 2011, Dunia Frontier Consultants, estimated that the amount of FDI flowing into Iraq totalled over US\$55 billion.

Analysis of FDI patterns shows the sectors where investment is going. The power, energy and residential real estate sectors are dominant, attracting two thirds of all investment. The water and sanitation, defence, commercial real estate, telecommunications, industrial, transportation and tourism sectors accounted for the balance.

The size and the types of the investments made bring into focus the need for clients (and local insurers) to access and harness capacity in global markets.

This combination of local and international expertise in risk management, insurance intermediation, risk assessment and underwriting, plus the role that insurance and reinsurance brokers play, all help to achieve optimum solutions for clients.

Iraq: the future

So what does the future hold for the Iraqi insurance sector? Based on feedback from insurers, clients and industry observers, in the short term we can expect to see the following;

- **Regulation**

Regulation will be revisited and we will see further strengthening of supervision with more regulations issued and an increase in the insurance company minimum capital figure. Further focus will be given to reporting requirements and company inspections and more attention will be placed on deterring activities of non-registered insurance brokers.

- **Insurance supply**

Pressure for consolidation in the insurance market will build if the legal minimum capital level is increased. The interest in improving education, training and technical standards within the sector will continue and there will be more attention from and involvement of the international insurance and reinsurance community. It will become more engaged, bringing additional capacity and a wider product range to the market.

- **Insurance demand**

The impressive investment flows seen recently will continue, the energy and the construction sectors will be important drivers of insurance demand as projects progress. Domestic demand will increase at a slower pace as general economic recovery continues.

In summary, I feel that the trends underway in the insurance sector are positive. The potential for more growth is clear. Although challenges exist, these can be managed with sufficient planning, resources, commitment and a long term vision. I'm very optimistic about the sector and how it can evolve to play its part in the country's economic future. ■



UK Trade & Investment

UK Trade & Investment (UKTI) is the Government Department that helps UK-based companies succeed in global markets and assists overseas firms in bringing their high-quality investment to the UK.



UKTI has a global network of 2,400 staff. Its International Trade Advisers (ITAs) around the UK have years of business experience to draw on when advising companies. In over 100 markets based in British Embassies and other Diplomatic offices around the world, UKTI staff can offer local, in-market knowledge and expertise.

UKTI has helped many thousands of businesses achieve international success by providing tailored services with specialist support covering a

wide range of industries. Its clients consistently cite the importance of UKTI support in helping them to overcome barriers to new overseas business and improve their business performance.

UKTI services have helped its customers to:

- Understand how to do business overseas;
- Identify opportunities and open doors;
- Reach customers/business partners not otherwise accessible;
- Raise their profile and credibility overseas;
- Overcome barriers to entry or expansion;
- Improve overseas marketing strategy;
- Gain access to information not otherwise available;
- Understand the competition;
- Access powerful research to inform management decisions; and
- Have the confidence to explore or expand in overseas markets.

Al Burhan Group's successful efforts to revive business

Since the Al Burhan Group (ABG), a multifaceted Iraq registered commercial company, moved into Iraq's aviation industry, it has dramatically changed its investment and performance landscape. An early entrant, ABG has helped develop the aviation sector by partnering with renowned global companies to provide high quality solutions.

ABG has been central to the planning, designing and construction of some of the most complex projects and advanced facilities within the aviation sector. For example, its knowledge of the entire upgrading process has allowed ABG to work on existing projects such as Air Traffic Control (ATC) operations in Baghdad International Airport.

In order to achieve more sustainable growth in the Iraqi aviation industry, ABG is focusing on three areas: air traffic control management, improvement in airframe technology and creating a secure aviation environment.

Air traffic control

To hit the first target, ABG has cooperated with its partner Serco, a leading global company, to develop a proactive approach to modernising the aviation industry in Iraq. ABG won a contract to supply an advanced ATC system for Erbil International Airport (EIA) as part of its effort to establish efficient control and communication systems covering the Iraqi airspace. It is also another step made by ABG to ensure that Iraq's aviation industry meets the highest technical and

operational safety standards, regulates its airspace and airports, in addition to providing air traffic services to airlines.

There are enormous benefits from these projects to harmonise and unify Iraq's airspace and increase airline routes. These projects will increase Iraq's GDP and diversify its economy, which currently relies on oil & gas exports, providing 95% of its revenues. They have also increased the potential for restoring Iraq as a main hub, linking the Middle East with the rest of the world.

ABG's efforts have been noted. Its Managing Director, Imad Burhan, won the Serco Pulse Award 2011 for the excellent performance and efficient management he showed with the giant aviation contract in Iraq. The ceremony which took place in Dubai, UAE, on 15 March 2012, recognised ABG's excellence in business, commitment and leadership. Zafar Raja, CEO of Serco Middle East, said that Imad Burhan was selected in recognition of "his valuable contribution to Serco's aviation contract in Iraq".

Iraq's Ministry of Transport has acknowledged ABG's dedicated work by extending its Serco contract for two years, in order to allow completion of the nationwide ATC systems and integrate its nationwide aviation network in a professional and efficient manner. The extension also involves an ambitious plan to modernise the Iraqi Aviation Institute to be fully accredited to train Iraqi air controllers and



maintain the honing of their skills to the highest levels. The institute contains one of the largest departments for training on ATC simulators along with English courses. The ultimate aim of the training programme is building an infrastructure capable of running the ATC operations in Iraqi airports with locally trained and professional Iraqi staff.

As the contract extension requires the increase in the numbers of Serco international staff in Iraq, ABG is building an extension to its accommodation centre near Baghdad International Airport, which provides housing and catering services to Serco staff. The expansion includes state of the art, ensuite rooms supplied with features such as Wi-Fi internet access and satellite TV. The extension will contain facilities including a gym, catering services, dining hall and conference rooms. ABG will continue providing visa as well as “meet and greet” services to Serco newcomers. It will also offer a full range of business support services, financial guidance and legal assistance.

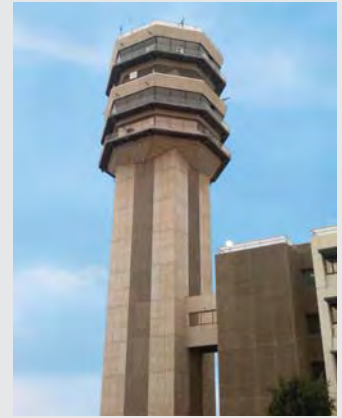
Advanced technologies

One of the current priorities for ABG is to bring in new and advanced technologies in air traffic control and aviation management. To achieve this, ABG has cooperated with Raytheon, a recognised international company in radar technology, as a main contractor to install radar systems in three major airports: Baghdad International Airport,

Mosul International Airport and Al-Rutba Airport. The project aims to enhance Iraq’s control over its airspace and provide safe air routes for international airlines.

ABG realises that the Iraqi aviation sector is facing significant challenges. The pressures from global airlines now willing to enter Iraq and from their host countries, for compliance with required standards, global competition and security issues in addition to the regulatory international aviation bodies, require a range of responses that have to be managed within an independent and international network.

To deal with these tasks, ABG is expanding its cooperation with G4S, a major international security company, for airport security services. The two are working on a bid to provide secure and safe environments for Baghdad International Airport, Basrah International Airport and several other Iraqi airports and involves a holistic approach to provide security, technical information and training for Iraqi staff. ABG and G4S are working on steps to ensure Iraq aviation is compliant with ICAO standards and Annex 17 of the Chicago Convention for Aviation Security. To meet these requirements, they focused on how to upgrade the Iraqi standards of performance and improving the skills of domestic staff in order to be independently capable of providing a safe environment for airlines. This work is aimed at increasing the influx of



international airliners into the country and has already helped major global airlines, such as Austrian Airlines, Emirates and Qatar Airways, to resume flights into Iraq.

In a sign of ABG's growing role in Iraq aviation, it represented its partner G4S in the meeting held between UK Department for Transport (DfT) and the Iraqi Ministry of Transport (MoT) delegation in London. The DfT request for the visit was to discuss the development of security procedures at Iraqi airports and the exchange of security and technical information. The discussions also aimed at expediting the preparations for the operation of direct flights between UK and Iraq. The flights for this route aim at consolidating the trading business between the two countries and helping the influx of foreign companies into Iraq's investment opportunities.

ABG's performance in these works clearly demonstrates its sincere efforts to carry out new projects on time and on budget, maximising returns on public spending and ensuring that the country's image be changed into a haven of business and safety. ABG understands the unique issue transport departments face and works closely with them to improve customer satisfaction, deliver safe and convenient services that boost the country's investment effectively.

Building works

As ABG has a particular interest in the construction and housing industry, it has started building a factory to produce hollow ceilings

and wall panels in Iraq's southern province of Wassit. Germany's renowned Weiler Company will be in charge of constructing the plant facilities and installing the machinery of its production lines. The factory will be fully automatic and equipped with the latest technology of construction machines in order to plug the growing need of Iraq's industrial and residential infrastructures.

The project is another addition to the history of ABG, illustrating its prompt response to the needs of the local market and sincerity to build Iraq's vital facilities and sound infrastructures. The plant is a new bid made by ABG to bring quality products to the country and develop its housing and industrial sectors up to international standards.

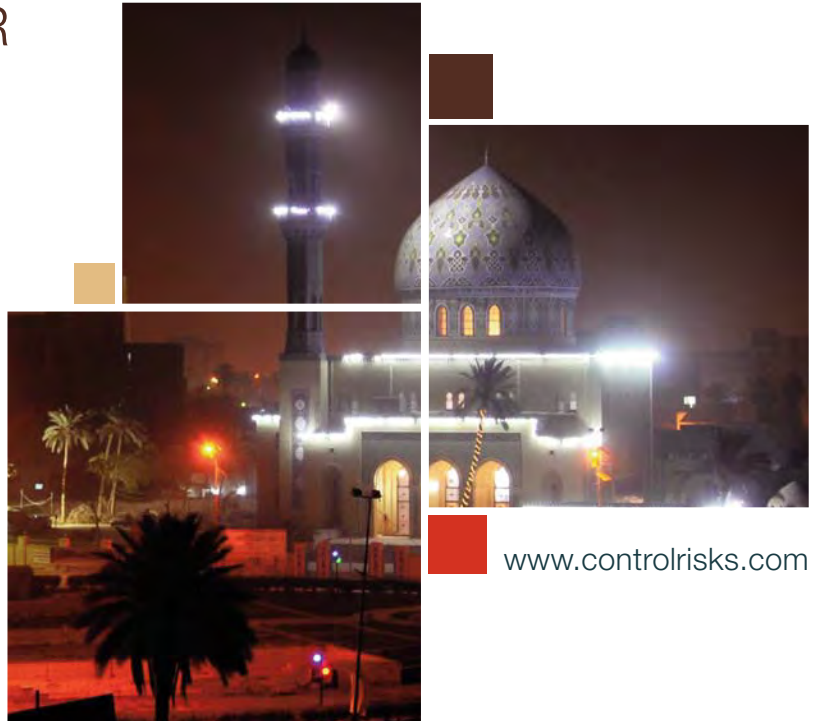
ABG's future plans involve a major project in the railway industry. It is planning to acquire the Concrete Sleepers factory in the southern city of Samawah, in an attempt to meet the growing need for rebuilding railways lines and closely connecting the transport network between the county's regions. This project will enable ABG to play a crucial role in the rehabilitation and modernisation of Iraq's railway and airport infrastructures.

ABG's involvement in these major projects across key and wide ranging sectors clearly showcases its ability to cooperate with major global companies and provide them with local expertise and assistance, in their endeavour to do business in Iraq and revive its economy. ■

Control Risks

DEVELOPING YOUR BUSINESS IN IRAQ

- Market-entry solutions
- Third party screening
- Stakeholder analysis
- Risk assessment
- Business support services



www.controlrisks.com

Managing Risk | Maximising Opportunity

Control Risks is an independent, global risk consultancy specialising in political, security and integrity risk. We help our clients to understand and manage the risks of operating in complex or hostile environments.

Operating in partnership

Toby Chinn, Associate Director - Iraq, Control Risks

Introduction

Since the oil & gas licencing rounds of 2009, the Iraqi Government and International Oil Companies have proven that Iraq is indeed full of opportunity and open for business. The perceived dangers and challenges of the environment, however, have kept many other investors away. While it is true a number of risks remain, a comprehensive risk management strategy, along with intelligent engagement with local partners, can effectively mitigate these and allow for safe, compliant and profitable commercial operations.

Security – can it be managed?

While security risk remains prominent in the mind of many companies considering entry into Iraq, established investors quickly discover that these risks are manageable, through outsourcing. Indeed there is a large supply base for the management of security risks already providing services in Iraq. In addition, the capacity of the Government's own security apparatus is becoming increasingly effective. As a result, most entrants into the Iraq market find security risks to be manageable.

However, one of the effects of security costs is the difficulty and expense of bringing qualified expatriate personnel into the country. This effect, combined with the restrictions of visa processing and other procedures, reinforces the imperative of finding local employees and local suppliers of services which fall outside an investor's core functions.

Outsourcing

A number of non-core business functions, unrelated to security, need considerable attention in Iraq. Examples include IT, logistics and compliance and administration. Failure to resource these areas properly can pose disproportionate risks to the business. In other international markets, companies might bring in specialised expatriate staff to ensure that these support functions are appropriately managed.

Use of expatriate staff would normally continue until such time as local staff can be recruited, trained and tested. However, in Iraq, foreign companies' ability to bring in expatriate personnel is limited by a number of factors, including accommodation space, security costs,

“Since opening our first office in Iraq in 2003, Control Risks has supported a number of companies entering the Iraqi market, including assistance with the process of outsourcing”.

visa processing and a company's own internal procedures, such as HR requirements. These combine to limit the number of expatriate support and business operations staff available in-country.

An effective alternative for companies is, therefore, to shift to local employees and use of local suppliers and partnerships more quickly than they would in other markets, as a means of ensuring that support functions are properly resourced and that timelines are met. Outsourcing the appropriate elements of an Iraq project can allow investors to focus most of their expatriate resources on core business or technical functions and therefore significantly reduce costs.

Key outsourced functions

Since opening our first office in Iraq in 2003, Control Risks has supported a number of companies entering the Iraqi market, including assistance with the process of outsourcing. In our experience, investors have found success with outsourcing and local partnerships to fulfil key functions including but not limited to the following:

Security: As noted above, security services and contingency planning have been a primary example of outsourcing in Iraq. Security will continue to be a key factor in the market entry equation. To increase efficiency, security can be integrated with other functions (eg. medical support or logistics), to create a comprehensive and joined up risk mitigation and market entry programme.

Training: Outsourced training programmes for local staff can help to inculcate personnel into the company culture, reinforce company values and ethics and teach the required technical skills. By way of example, demand for driver training is high across all sectors and such training can be delivered in Iraq, resulting in a material improvement in health and safety compliance.

Business registration: While registration processes in Iraq are relatively straightforward with a defined set of requirements through the National Investment Commission, consistent in-country presence and follow up meetings help to ensure that deadlines are met. Monitoring and steering the administrative process can be a key outsourcing priority for companies in the early stages, before establishing a permanent presence.

Administration: Particularly as projects ramp up, companies typically require a local solution for a number of critical business operations functions including, administrative staffing, visa guidance and support and badging facilitation. These areas require specialised focus in Iraq, given the challenges of new regulations and a complex, evolving bureaucracy.

IT support: IT and other communications requirements are critical, particularly in geographically dispersed areas such as the southern oilfields. Iraq has a surprisingly strong supply of IT skilled personnel

and IT and communications support remains an attractive area for local employment in Iraq, as it is in the rest of the world.

Challenges to outsourcing

The critical challenge is in finding suppliers with the capacity to provide the services of the level and quality which is required. No easy and immediate solution is available, since many of the above mentioned sectors are under supplied. However, the successful partnerships which we have seen include a commitment by the Iraqi supplier to build their capacity in accordance with a clear timetable to support the client's requirements and a willingness on the part of the investor to support the supplier as it develops its capacity. In contractual terms, this equates to a staged process with clear milestones for developing supplier capacity and financial rewards from the client to encourage such progress.

Globally and in Iraq, outsourcing and local partnerships have always brought the potential for reputational risk. With the introduction of the new UK Bribery Act, it has never been more important for investors to ensure that they are properly vetting, monitoring and training staff and partners. In a global regulatory environment dominated by UK and US legislation, selecting the proper individuals and organisations to act on behalf of the company is as critical as any aspect of the project. However, as in other emerging markets, these regulatory risks can be managed through the steps below and should not be viewed as a show stopping impediment to entry.

Clients should adopt a comprehensive strategy to manage these risks. Such a strategy might include the following components:

- Establishing a comprehensive due diligence policy and procedure for vetting partners and suppliers
- A training programme for senior managers to ensure that the potential implications of Iraqi, US, UK and other international regulations are completely understood
- A comprehensive business integrity risk assessment for all staff, partners, agents and suppliers



- Appointment of an overall Project Manager to coordinate compliance for local partners
- Anti-bribery training for all employees

Conclusion

Operating in Iraq is not the impossibility it seemed to companies four years ago. As the opportunities grow, a solutions driven market has emerged in-country and most investors in Iraq will find they can outsource a number of their functions. If handled correctly, outsourcing can be a capability multiplier but legal, regulatory and reputational challenges remain significant. With the appropriate focus on due diligence, training and regulatory roll out, companies entering the Iraqi market can both protect themselves and ensure the success of local partnerships. ■

Hans Nijkamp:

Shell Vice President & Country Chairman Iraq



Hans Nijkamp

Dear Friends,

After decades of conflict and sanctions, Iraq has begun to rebuild itself. As one of the world's largest oil & gas reserves holders, it is hard to see a future in which Iraq will not play a critical role in helping address the global energy challenge. Clearly, the oil & gas sector is a key player in Iraq's overall reconstruction, as increased oil & gas revenues are of economic benefit to all people of Iraq, allowing socio-economic development efforts to continue, also in other industries.

In recent years, we have witnessed an unprecedented level of investment and development in the country. It is our duty to support Iraq and its people in creating the right environment to enable the expansion of local entrepreneurial activities and therefore job creation to generate economic prosperity for all. Sustained economic development needs to be underpinned by a necessary focus on education and skills development for the Iraqi youth.

Shell is proud to be one of the largest foreign investors in the Iraqi oil & gas sector, using its expertise to support the local oil & gas companies and supply chain in upgrading the industry and in turn, help developing the local economy in a responsible and sustainable manner.

Shell remains committed to supporting Iraq and its people for the many decades to come.

With best wishes

A stylized, handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the left.

Hans Nijkamp

Shell in Iraq: a history of development

Shell's presence in Iraq dates back to the early days of the Iraqi oil industry when it helped discover the Kirkuk oilfield in 1927. In 2003, Shell supported the Ministry of Oil in Iraq by conducting detailed reservoir studies under the Memoranda of Understanding that had been signed for the Kirkuk oilfield and those in the Missan region. In 2005, Shell, Mitsubishi and the Iraqi Ministry of Oil started to work on a joint gas masterplan with the Ministries of Industry and Electricity to optimise gas production and utilisation. Iraq has the world's third largest proven petroleum reserves and these resources will play a critical role in helping address the global energy challenge.

Shell has long expressed a commitment to work with the Government of Iraq to support its aim to rebuild the energy infrastructure of the country. At present, Shell has become one of the largest investors in the Iraqi oil & gas sector with several projects on the ground and agreements with the Government. Also, increased oil & gas revenues are of economic benefit to all people of Iraq, allowing reconstruction efforts to continue.

In 2008, the Ministry of Oil and Shell signed a heads of agreement (HoA) to establish a joint venture (JV) in Basrah, to undertake midstream activities - gathering, treating, processing

natural gas and marketing the gas initially for domestic use. The project was finally approved by the Council of Ministers on 15 November 2011 and signed at the Ministry of Oil the same month.

In January 2010, the Ministry of Oil and Shell signed a contract to develop the Majnoon oilfield. The Government of Iraq awarded Shell 45% of the shareholding as a lead operator and Petronas 30%, with the remaining 25% for the Iraqi State Partner (Missan Oil Company).

Also, Shell Global Solutions has signed three licence technology agreements with the state owned North Refineries Company of Iraq, for the new refinery project in Kirkuk. This includes the provision of a kerosene hydrotreater, a diesel hydrotreater and a vacuum gasoil hydrocracker unit as part of the agreement. Furthermore, in February 2011, Shell Global Solutions signed a further two licence technology agreements, for a visbreaker unit and a sulphur recovery unit, with South Refineries Company of Iraq for the Basrah project. Each agreement will include licence, engineering, catalysts and reactor internals. In January 2012, Shell Global Solutions signed a sixth technology licence in Iraq, this time with Oil



Projects Company of Iraq (SCOP), for a flue gas desulphurisation unit for the Nasiriyah new refinery project.

Shell lubricants and chemicals are now available in Iraq via local distributors in Baghdad, Erbil and Basrah. It also holds a 15% interest in the Exxon Mobil led consortium to redevelop and expand the West Qurna Field (Phase 1).

Abating flaring in Iraq: the South Gas Project

Some 20 million cubic metres per day are currently being flared in the South of Iraq. This represents 170,000 barrels of oil equivalent each day (boe/d) of raw gas.

The South Gas Company will have a 51% majority shareholding in the Basrah Gas Company (BGC), a joint venture with additional Shell holding interests of 44% and Mitsubishi Corporation 5%. Over time, the joint venture will gather, treat and process raw gas produced within Basrah and sell the processed natural gas and associated products such as condensate and liquefied petroleum gas (LPG) for use in the domestic and export markets.



BGC has a phased approach to the project: rehabilitation, rejuvenation and expansion. In the initial rehabilitation phase, it aims to return the existing non-operational facilities back to work in a safe manner. The rejuvenation work will return the assets to reliable and efficient operation and addresses further operational improvements. Lastly, the expansion phase intends to develop additional gas gathering (compression), gas processing and power generation facilities.

There are opportunities to export the processed gas, for example, as liquefied natural gas (LNG), creating a new income stream for Iraq's economy and increasing the potential for reliable domestic energy infrastructure, which in turn would spur local economic development. However, exporting excess gas is a decision to be taken by the relevant Iraqi authorities.

A sleeping giant: the Majnoon oilfield

Iraq's Majnoon oilfield is one of the largest in the world, with estimated reserves of 38 billion STOIIP (stock tank original oil in place). But as a one time battlefield, increasing Majnoon's output has so far proved to

be difficult. Majnoon is located in southeastern Iraq, close to the Iraq-Iran border. Shell had agreed a plan with Iraq's Ministry of Oil to develop the field in several phases and now activity on the first phase - referred to as first commercial production - is already well underway.

To achieve this, several activities are ongoing. The drilling campaign continues at a steady pace, with three drilling rigs in place. The rigs will drill between 15 and 20 new wells in total by the end of 2012, giving Majnoon the boost it needs to hit the necessary production for the first development phase.

Everyone working on the project is expected to conform to stringent health and safety standards and given Shell's commitment to employ as many local people as possible on the project, it is inevitable that a certain amount of training is being required.

Being a good neighbour: corporate social responsibility in Iraq
Shell's firms in Iraq have delivered a large range of social investment (SI) projects in the areas of education, health, education and capacity building in the communities directly affected by their operations. This is a testimony to Shell's commitment to invest in Iraq for the long term.

Meanwhile, social investment has extended beyond training and education into other areas of community wellbeing. Shell Iraq already provides equipment and training to doctors and nurses in several clinics and it refurbished a park used by local people, especially children. Also, there are several projects to improve literacy in the local communities, particularly for women.

The company has certainly made major strides in fulfilling its commitment to employ local people. It has a very high number of Iraqis working in Majnoon: about 2,500 of the workers are from the local communities or the wider Basrah province. Shell's aim is to help the local communities in providing employment but it is also working in the implementation of training programmes to ensure people are able to secure jobs in Majnoon and other oilfields in the short to medium term, or other industries.



“Shell has long expressed a commitment to work with the Government of Iraq to support its aim to rebuild the energy infrastructure of the country”.

Training initiatives include on the job training varying from English language to technical training, vocational training and initiatives such as the Iraqi wells training programme, on which a large number of Iraqi graduates from Basrah University were enrolled. Shell Iraq is also looking to develop a large oil & gas training facility in Basrah, jointly with the local authorities and its partner United Nations Development Programme Iraq (UNDP). UNDP and Shell Iraq are working with the local authorities to support the development of the private sector in Basrah through the training of small and medium enterprises (SMEs) and have recently initiated a larger consultation process with the communities, focused on vulnerable groups.

However, job availability will endure during the construction phase. Therefore, it is critical to find alternative ways to stimulate investment and job creation. Shell Iraq is looking into the development and designing of oil & gas training, as well as SME capacity building programmes with the Basrawi local authorities and UNDP Iraq, in order to help the Government efforts in job creation.

Environmentally responsible

Shell Iraq is doing its best to develop the Majnoon oilfield in the most environmentally responsible manner. It has produced the first impact assessment of all the licencing rounds that includes consultation with local communities in Iraq and where there is a commitment to working with a local partner, the South Oil Company (SOC), to implement social and environmental international standards over time.

The northern part of Majnoon used to be a marshland and the little that now remains is considered to be part of the Al Hawizeh marshes. According to Shell's environmental standards, there has been a decision to avoid entering the northern part of the field until a bio-diversity action plan is undertaken - to help protect the Ramsar site (Wetlands of International Importance under the Ramsar Convention), which are part of a unique ecosystem in the Middle East.

The bio-diversity action plan is underway, looking at the ecosystem and the state of the flora and fauna in the area. Initially, the required data is collated in order to establish a good understanding and define the impact of possible water re-flooding. However, natural flooding has been hampered by the lack of water sources in the area. Only then, a decision can be taken together with the local authorities, local and international experts in the area and the national environmental bodies, to determine the best way to develop the northern part of the field.

The benefits of Majnoon, the South Gas Project and other Shell businesses to Iraq as a whole are compelling. These mega projects play a critical role for Iraq, as they contribute to the reconstruction of the oil & gas industry and the economic development of Basrah and Iraq. Shell, with its venture partners Petronas, Mitsubishi, the South Oil Company and South Gas Company are working together on world class operations through meeting its environmental and social responsibilities in Iraq. Shell is leading the way creating flagship projects of the future Iraqi oil & gas industry. ■

Integrated Energy Services from Petrofac

With a backlog of US\$10.8 billion in 2011, we are a leading provider of oilfield services to the international oil & gas industry.

Petrofac designs and builds oil & gas facilities and operates, manages and maintains them on behalf of its customers.

We also invest in new or mature field developments under innovative service contracts, leaving control of the reserves with the resource holder. We provide world-class training to develop local capability, with around 60,000 delegates completing Petrofac training annually.

We have had a presence in Iraq since 2010, and are currently executing a number of major projects including EPC contracts for the development of the Majnoon and Badra oilfields. We have also been awarded operations and maintenance contracts for BP Rumaila and South Oil Company, and a range of engineering services contracts across South Iraq.

To learn more visit www.petrofac.com
call +964 780 6750000 or +44 207 811 4758
or email investment@petrofac.com



Petrofac 

Ambitious targets for oil & gas development

Iraq's plan to massively expand its oil & gas industries is central to meeting the world's growing demand for energy.

Oil Minister, Abdelkarim al-Luaybi says, "We are implementing a plan that is unprecedented in the history of the country's oil industry, multiplying oil & gas production four fold and building gigantic infrastructure projects to turn Iraq into a key global energy source".

Iraq's oil production reached 3.28 million barrels per day (bpd) in September 2012 and provided exports of 2.484 million bpd.

The Government predicts oil production will reach 3.4 million bpd by the end of 2012, 3.9 million bpd by the end of 2013 and 4.5 million bpd at the end of 2014.

Oil exports account for 90% of government revenue and earned Iraq US\$83 billion in 2011, compared with US\$52 billion in 2010. The increase in production is vital for the country's extensive reconstruction programme.

Fatih Birol, Chief Economist of the International Energy Agency (IEA), which represents the principal oil consuming nations, says, "Developments in Iraq's energy sector are critical for the country's prospects and also for the health of the global economy".

Evidence of Iraq's potential to double its production is illustrated in BP's latest statistical review of world energy, which has upgraded estimates of Iraq's oil reserves from 115 billion barrels to 143 billion barrels. These reserves represent 8.7% of total global oil reserves, which seems likely to rise further as new exploration gets underway.

Iraq has 22 oilfields each with more than one billion barrels of reserves and nine fields, which are considered super giants, each containing reserves of more than five billion barrels, of these Rumaila, Kirkuk, Zubair and West Qurna are the largest. Oil reserves could be as high as 250 billion barrels.

In addition, proven gas reserves are 3.6 trillion cubic metres (tcm). Probable gas reserves are about 9.2 tcm, of which 4.6 tcm is estimated to be extracted at the same time as oil and 0.5 tcm non-associated gas.

In total, Iraq has about 80 oil & gas fields of which 23 are producing, mainly in the southeast.

The cost of bringing oil & gas production on line in Iraq is among the lowest in the world. The country's crude lies in enormous fields that can be tapped by relatively shallow wells. More than a third of the country's petroleum is believed to lie just 600 metres below the surface. This means oil can be produced for as little as US\$1.50 a barrel.

The reason why oil companies have been attracted to the country's vast unexploited hydrocarbon resources is shown by the reserve estimate for West Qurna field, which is thought to contain 43 billion barrels of crude, double previous estimates. Zubair field's reserves have similarly been assessed upwards from 4 billion to 7.8 billion barrels.

Expanding oil production

Iraq's fourth auction of energy concessions in June 2012 added three more contracts to the 15 already awarded to foreign companies to develop the country's oil & gas fields. The concessions this time were



for fields in Diyala, Wassit, Thi Qar and Basrah provinces. Iraq's Oil Minister has said that preparations are going ahead for a fifth round with more than 60 blocks still to be offered.

Seven of the 12 fields awarded in the first two licencing rounds were brownfield sites already producing oil. Foreign expertise and investment is set to dramatically raise output from these areas.

They include Rumaila, which produces almost half of Iraq's total production. BP and China National Petroleum Corporation, who are developing the field, expect to raise their production level to 2.85 million bpd within three years. This compares with the 960,000 average bpd rate in 2010. Shell and Malaysia's Petronas are to increase the Majnoon field's production from 50,000 bpd to 1.8 million bpd. Italy's ENI, together with the US' Occidental Petroleum, South Korea's Kogas and Iraq's state owned South Oil Company, aim to increase the Zubair field's production from 250,000 to 700,000 bpd by the end of 2013.

Developments are well advanced in other concessions. Russia's Gazprom expects to start exporting from east Badra oilfield in Wassit province early in 2013, due to good progress in clearing mines and other ordnance. Lukoil expects West Qurna-2 oilfield to be producing 150,000 bpd by the end of 2013 and rise to 500,000 in the first half of 2014.

China National Petroleum Corporation said in June 2012, that the first phase of Iraq's Halfaya oilfield had started operating at 100,000 bpd, 16 months ahead of schedule. Beijing's state owned concern, which leads a consortium including France's Total and Malaysia's Petronas, says that work had already started to bring the field's production capacity up to 200,000 bpd.

So far, investments have been directed to meeting initial oil production target increases. Much more extensive expenditure is due to commence on processing facilities, pipelines, storage and other permanent infrastructure.

“So far, investments have been directed to meeting initial oil production targets increases. Much more extensive expenditure is due to commence on processing facilities, pipelines, storage and other permanent infrastructure”.

With at least US\$300 billion of energy project contracts predicted over the next decade, Iraq is set to become the main focus of the global hydrocarbons projects market. Contract awards reflect a widening range of activity from staff camp construction and mine clearing to dedicated power plants and compressor stations to capture flared gas in the south's oilfields.

Oil companies which were successful in earlier licencing rounds have been launching tenders for new facilities and rehabilitating existing infrastructure in their allocated oil & gas fields. The potential investment in the Rumaila oilfield alone could reach US\$34 billion in the next seven years.

Greater involvement of international firms

In parallel with planned production levels being achieved, the pace of contracts being awarded by international oil companies in Iraq has picked up considerably in 2012.

The US' Weatherford International, for example, has been awarded a US\$843 million contract for power generation facilities at Zubair, while Italy's SICIM and Dubai based Drake & Scull have a US\$359 million contract to lay pipelines in the oilfield.

The UK's Mott MacDonald is project manager and consultant for Russia's Gazprom, which is developing the Badra oilfield in southeast Iraq. The UK firm is also carrying out front end engineering and design for tank farm facilities and a gas pipeline to Zubida. China Petroleum Engineering and Construction Company is vying for pipeline construction work in southeast Iraq valued at US\$300 million. The company was awarded a US\$162 million contract in 2011, for facilities in the Halfaya oilfield in Missan province. The latter is being developed by China National Offshore Oil Company.

Contracts have also been signed for the development of three gas fields. Almost all the gas associated with the extraction of oil in southern Iraq is flared due to a lack of processing infrastructure. This wasteful and environmentally damaging practice is due to end.

Shell is leading an estimated US\$17 billion project to collect 57 million cubic metres a day of associated gas from the main southern Iraq oilfields. According to Shell's Middle East VP, Mounir Bouaziz, more than 40 contracts have been awarded for project development and nine more are imminent. The work includes construction of a US\$4.4 billion liquefied natural gas (LNG) export plant, as well as

US\$12.8 billion of work on gas gathering and processing facilities and rehabilitation of existing facilities at four oilfields - Zubair, Rumaila, West Qurna 1 and West Qurna 2.

Future gas production is essential for exports, fuelling domestic power generation requirements and helping the growth of the petrochemicals industry. Achieving the stated goals requires huge effort. The declared aim to reach a production capacity of 12 million bpd by 2017 is very ambitious. The only two countries that have pushed through the ten million bpd barrier are the former Soviet Union and Saudi Arabia in the 1960s. Observers point out that they did not face the same infrastructural challenges as Iraq does today.

Mooring capacity increased

Nevertheless, production has moved steadily upwards in the past two years and export capacity is also rising, with the commissioning of new offshore mooring facilities through the Iraq Crude Oil Export Expansion Project (ICOEEP).

Southern oil export capacity has tripled as a result of the introduction of offshore loading at the Al-Faw peninsula near Basrah. Five single point moorings (SPMs), each of which can process 850,000 bpd, are expected to be in operation by the end of 2013.

The Saudi-Dutch owned Smit Lamnalco company has been awarded a turnkey contract to support SPM operations and is mobilising 14 vessels and 200 personnel to support the work 20 kilometres offshore. The company's Chief Executive, Daan Koornneef, describes the exercise as "one of the largest ever SPM operations and maintenance contracts".

Eventually, Iraq wants to build an extensive modern oil terminal on a par with the vast petroleum export port at Ras Tanura on Saudi Arabia's Red Sea coast and Iran's Kharj oil terminal on the Gulf.

Much more oil related infrastructure is going to be needed to accommodate the production increases planned. Water or gas injection is going to be required to maintain pressure for extraction as field development grows.

Tank farms will need to be built to store the increased production. Industry observers believe that these will have to provide storage capacity of up to 60 million barrels to accommodate different grades of crude oil, to sustain potential exports of ten million bpd. In addition, the state owned Oil Pipelines Company faces the task of overhauling the country's decaying network of pipelines that extend over 7,000 kilometres. The existing network has limited capacity and suffers corrosion from a lack of repair and maintenance, requiring extensive rehabilitation. Total replacement could cost US\$12 billion. Feasibility studies have been carried out by Canada's SNC Lavalin on proposals to build a new 42 inch national gas pipeline, running from the south through to Turkey's Ceyhan port, as well as a pipeline extending through eastern Iraq and west into Syria to connect with Baniyas and Tartus on the Mediterranean. Another potential pipeline route is suggested to extend through Jordan to connect with a projected new oil port at Aqaba on the Red Sea. The timescale for many of these mega projects is moving closer.

Shifting oil production up a gear

When Iraq's production reaches four million bpd, it will be a watershed moment for international oil companies as they shift up a gear from an emphasis on rehabilitation and makeovers, to drilling many new wells and construction of billions of dollars of new permanent facilities. No country has attempted to develop their hydrocarbon resources as rapidly as this and not every problem, technical or administrative, can be overcome quickly.

Nevertheless, steady progress is being made. Intensive efforts are underway to reach agreement on a long awaited National Hydrocarbon Law of which three drafts have been submitted since 2007. Resolution of the status of contracts signed with foreign oil companies by the Kurdistan Regional Government is also being sought.

Ministers also say that a production level of nine million bpd by the end of the decade is a realistic target. The IEA predicts that by the 2030s, Iraq will have invested US\$530 billion in its hydrocarbon industry and have overtaken Russia to become the world's second largest oil exporter.

Refining strategy aims at exports

Iraq is forced to import a third of its gasoline and other refined oil products, including liquefied petroleum gas, despite being one of the world's main oil producers. This is due to a lack of capacity and degradation of refining facilities, resulting from inadequate maintenance and investment over the past 30 years.

Iraq has about 18 oil refineries with a nameplate capacity of 886,000 bpd. The main facilities are the Salah Al-Din complex at Baiji, 140 kilometres north of Baghdad, with a capacity of 310,000 bpd, the Doura refinery near the capital, which is the oldest, with a 210,000 bpd capacity and the Basrah complex with a 140,000 bpd capacity. Much smaller scale refineries are located at Diwaniya, Kasak in Nineveh province and Haditha in Anbar province. Most of the other smaller units across Iraq are basic distillation units. A large number of "teapot" backyard units exist as well, especially in northern Iraq but these can only produce low grade fuel oils and other fuels on a very small scale.

However, the decline in actual production has resulted in the main refineries operating at little more than 60% capacity at best. There is as well only one hydrocracking unit based at the Baiji refinery, which is able to break down crude into lighter and medium grade distillates.

Current improvements are designed to increase refining capacity to 730,000 bpd by the beginning of 2013, according to Deputy Oil Minister, Ahmed al-Shamma. The planned new refineries should eventually end the need for costly imports, allowing Iraq to become a major exporter of refined products when output is increased, as planned, to 900,000 bpd by the end of the decade.

Two new crude distillation units from the Czech firm Prokop Engineering, have already helped increase production at Doura with a third due to come on stream. The US Shaw company and France's Axens are also working on a new catalytic cracking unit for the Doura refinery with a 30,000 bpd capacity.

There are plans for several greenfield refinery projects. These include, 150,000 bpd facilities to be located in Missan and Kirkuk respectively, for which designs have been prepared by the Shaw Group.



Foster Wheeler has also prepared designs for a 300,000 bpd refinery in Nasiriyah.

Italy's Saipem is providing engineering services for a planned 200,000 bpd refinery in Karbala. A memorandum has been signed with Egypt's Citadel Capital for a 150,000 bpd complex in Mosul. Feasibility studies are also being conducted for a 50,000 bpd capacity plant to be built in Thi Qar province.

However, the overall cost of these additional refineries is estimated at US\$23 billion and how much government or private sector involvement there will be is yet to be decided.

Additional downstream hydrocarbon development is also projected in plans for a petrochemicals industry. Shell Chemicals has signed a memorandum to conduct a feasibility study for a complex using ethane feedstock, which is extracted as a by-product from producing liquefied petroleum gas. The US' Chevron and ConocoPhillips are also considering a feasibility study for an integrated petrochemical complex in Basrah. ■

Towards a brighter Iraq



Our investment in Iraq has facilitated 4 million people with access to electricity.

As the earliest regional player to set up offices throughout Iraq, the Crescent Group has been a longstanding trusted partner in the development, efficient-use and sustainability of Iraq's energy and non-energy resources. Headquartered in the United Arab Emirates, Crescent has been in the exploration and production of oil and gas for over 40 years and holds large-scale business operations and investments across a multitude of industries including Ports and Logistics, Power Infrastructure, Aviation, Healthcare, IT Commerce, Mineral Processing, Media and Private Equity.

Drawing on its wide portfolio of expertise and know-how, and leveraging the synergies within its operations, the Crescent Group is helping to take Iraq forward, strengthening the country's foundations for the better of its people and the economy.

To find out more about our activities in Iraq, visit: www.crescent.ae, www.crescententerprises.com, www.urukgroup.com and www.gulftainer.com.



CRESCENT
G R O U P

P.O. Box 211, Corniche Al Buhaira, Sharjah, United Arab Emirates
Tel: +971 (6) 556 2222 Fax: +971 (6) 556 2500 E-mail: mail@crescent.ae

Mott MacDonald's role in rebuilding Iraq's oil & gas industry

Dr. Charles Ellinas, Managing Director, Oil, Gas and Petrochemicals, Mott MacDonald

With nearly 11% of the world's proven oil reserves, amounting to 115 billion barrels, the Iraqi oil & gas industry represents an exciting mix of opportunities and challenges. Iraq currently produces just above three million barrels of oil per day (bpd) and the Government wants to increase production to at least 4.5 million bpd by 2015.

Global engineering, management and development consultant Mott MacDonald has recently been appointed as project manager by Gazprom Neft Badra for the development of the Badra Oilfield in southeast Iraq, which has an estimated three billion barrels of recoverable oil. The development comprises a gathering system, separation train, oil export pipeline, oil tank farm, flaring system and all instrumentation and control systems as well as office building and accommodation for site personnel. This project is being developed in two phases. During the first phase, a minimum of 15,000 bpd will be produced from eight wells. In the second "full field development" phase, production is planned to reach 170,000 bpd from 17 wells.

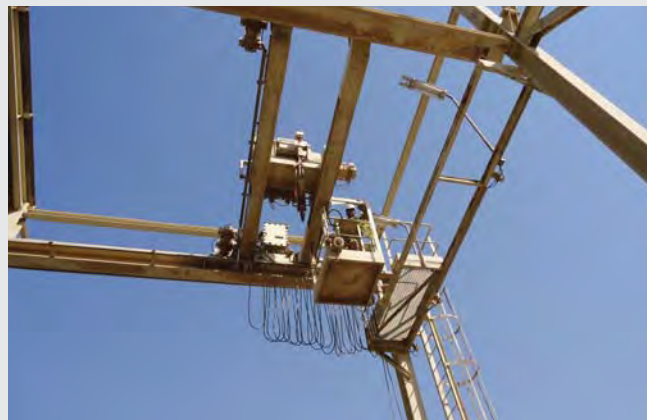
Associated treated gas will be exported to the Zubeida power plant via a 100 kilometre long pipeline. Water treatment facilities and a water injection system will also be added.

Earlier in 2012, Mott MacDonald was also awarded design and detail engineering for a 107cm diameter, 105 kilometre long crude oil pipeline to transfer product from the central processing facilities (CPF) in West Qurna oilfield to the Tuba tank farm near Basrah in southern Iraq. The firm is providing process, mechanical, piping, civil, structural, electrical, instrumentation and controls and telecommunications engineering, as well as design of health, safety and environmental systems.

Environment first

Iraq's oil & gas infrastructure is in need of modernisation and expansion and such large scale infrastructure projects must adhere to the requirements of the country's Environmental Law (27/2009). For this type of development, it is mandatory that an environmental impact assessment (EIA) is carried out before construction can commence.





In December 2011, Mott MacDonald carried out an EIA for China National Offshore Oil Corporation (CNOOC) Iraq Ltd. As lead contractor for a consortium of companies, CNOOC has been appointed to increase oil production from three oilfields located in Maysan Province of Southern Iraq. This rehabilitation project requires modification of existing facilities including wells, degassing stations and central processing facilities. It also includes construction of new facilities including wells, pipelines and flowlines, central processing facilities and gas treatment, power and water plants. Mott MacDonald prepared an EIA to local Iraqi and best practice international standards and provided support to CNOOC through the approvals process. Work involved establishing baseline environmental and social condition reports for the contract area, using existing and new survey data. As part of the EIA, noise, air quality monitoring and radiation surveys as well as water and soil analysis was undertaken. A significant part of the assignment involved close consultation with local community leaders to understand their concerns.

Previously, in southern Iraq, Mott MacDonald was appointed by Shell on a gas capturing scheme to reduce flaring and better use of the 20 million cubic metres of natural gas being flared every day from oil operations in the Basrah area. The scope of work included carrying out surveys, assessing the current condition of facilities and

recommending plans for refurbishing and upgrading existing facilities, as well as the design of new plants if needed.

Global expertise with local insight

Mott MacDonald is a US\$1.7 billion company with offices in 50 countries and projects in 140. In Iraq, the company has offices in Iraq Energy City in Bergessia, Basrah and also site based offices in Missan and Erbil, which are staffed mainly by Iraqi professionals. Mott MacDonald is playing a key role identifying, prioritising and delivering oil, gas and petrochemical projects to improve supply, transport and distribution. The consultancy provides world class design, management and construction supervision services and is working closely with regulators, government bodies and utility companies on forecasting demand, while assessing existing infrastructure for improvement.

Creating tomorrow's workforce

Mott MacDonald is currently helping a major consortium in Basrah to train and develop local workers in the oil & gas industry. Mott MacDonald manages and coordinates training and asset inspection programmes in areas such as hydrogen sulphide (H₂S) awareness, scaffold erection and inspection, also condition survey and inspection of all lifting equipment. The skills Iraqis acquire with the training will help them improve their employability and secure long term careers in what is set to be the country's largest business area. ■

Mott MacDonald IN IRAQ FOR IRAQ

WORKING IN IRAQ
FOR OVER 50 YEARS



OVER 1000 PROJECTS
DELIVERED IN 8 YEARS

Mott MacDonald is a management, engineering and development consultancy, restoring essential services such as power transmission, water supply and oil and gas facilities.

We are supporting major oil and gas companies to build Iraq's future as a world class player in the energy marketplace.

www.oilandgas.mottmac.com


Mott MacDonald

Iraq's 'massive market' in infrastructure renewal

Iraq is experiencing a huge increase in infrastructure development. Thirty years of conflict and upheaval have left many parts with a decaying social and commercial infrastructure. This means poor housing and a lack of reliable utilities such as electricity and sewerage systems for many people. However, this is now changing.

"In theory, Iraq has work for the next 50 years," says Ammar Al Assam, Executive Director of Baghdad based Dewan Architects. "It's a massive market. In five years, it will be the prime market in the region along with the UAE, Qatar and Saudi Arabia," he adds.

There are US\$124 billion of infrastructure projects underway or in the pipeline, with the Government allocating US\$15 billion for redevelopment in its 2012 budget alone.

Nearly every ministry is involved along with increasing numbers of foreign firms. Electricity, water supply, housing and transport are the sectors most urgently in need of development.

According to the Minister of Construction and Housing, Mohammed Al-Durraji, Iraq plans to spend US\$9.5 billion on roads, bridges and housing by the end of 2018. The large number

of projects require huge amounts of building materials, design capacity and construction expertise. Dr. Sami Al-Araji, the Chairman of the country's National Investment Commission (NIC), compares the situation to that of Germany after the Second World War. Dennis Flannery, Iraq Country Head of global investment bank Citigroup, describes the country as a "great frontier opportunity for investors".

Oilfield investment

Iraq's reconstruction effort has led to significant awards for civil works, especially in oilfield development. Australia's Habtoor Leighton Group, for example, has a US\$200 million contract for work to provide site offices, earthworks, buildings; install equipment, including electrical works and instrumentation; and provide oil and water storage tanks in southern Iraq.

More development is due to start in the oilfields. An increasing amount of Iraq's future oil production is expected to come from deeper reservoirs. Iraq will need to develop a huge water project to filter and pump seawater into oilfields to increase the pressure needed to extract this oil from below the ground. The planned



US\$109 billion Common Seawater Supply Facility is intended to supply water to the fields included in the country's first and second licencing rounds. Initially, it is expected to produce 2.5 million barrels per day (bpd) of treated seawater from the Gulf. Further expansions will eventually take it up to 12 million bpd capacity.

Transport

Rebuilding the country's transport system is also vital. The public transportation system is small and outdated with goods carried over a decaying road network and a dilapidated railway system connecting the provinces.

The 2012 budget allocates US\$1 billion for transport and communications. Transport Minister, Hadi al-Ameri says he wants more foreign firms to become involved to redevelop or build airports and seaports, as well as constructing 2,000 kilometres of rail track.

Denmark's COWI, a design and consultancy business, has been awarded a preliminary design contract to find the best route for a new six lane highway from Turkey to Baghdad. The projected 700 kilometre expressway will also have access roads linking with regional cities. When the highway is complete, it will also link to the present highway which connects Umm Qasr Port near Basrah to Baghdad and become

the main traffic artery connecting Europe, the Gulf and East Asia by road.

Minister Al-Durraji says, "Highway projects are strategically important and will create a quantum leap in the country's economy, because of their great role in the movement of goods and trade in general in Iraq and neighbouring countries".

Also, in 2011, the Government signed a memorandum of understanding with France's Alstom to build a 650 kilometre long high speed railway link from Baghdad to Basrah. An initial agreement to build an overground urban line in Baghdad for US\$1.5 billion was also signed.

Iraq intends to develop the Al-Faw Grand Port along its narrow coastline in Basrah province. The new port will substantially increase Iraq's oil export infrastructure and become a key international logistics hub, combined with a rail network through Iraq to Turkey and on to Europe. Initial tenders have been issued to construct the US\$340 million breakwater but that only constitutes a fraction of the estimated US\$8 billion total cost of developing the port. When completed, Grand Faw will have 7,000 metres of dock to receive container vessels and 3,500 metres of docks for general cargo.

Public utilities

Improving public utilities for Iraqi citizens is as important and urgent as the projects to develop the economy.

The average Iraqi household receives power for just 7.6 hours a day. As a result of the shortfall, homes have to obtain half their power needs from small generators. The country's energy plan calls for 24,400MW of new capacity to be commissioned between 2012 and 2017. About half of this total is already under construction with another 5,674MW under tender. The projects involve mainly gas fired plants but also 2,000MW of thermal power stations and 400MW from renewable energy sources. Plans for the power sector are ambitious and if all are completed as scheduled, Iraq will become one of the region's most lucrative markets for developers, contractors and suppliers, with independent power projects again under consideration.

Investments of US\$7.5 billion are expected to develop water related projects through to 2020, mostly for new dams. A 2011 survey commissioned by the Planning Ministry found that nearly three quarters of people had access to the public water network and just 43% of the rural population were connected. Another vital need is housing. According to the Construction and Housing Ministry, long term, Iraq needs two million new homes. Entire areas and new communities are planned. In Baghdad these include the Sadr City "10-10" development plan. This aims to build 150,000 apartments as well as social amenities over a ten year period in one of the most deprived and run down areas of the capital.

Planning and Development Minister, Ali Al-Shukri says, "Our goal is to increase the investment budget by 4-5% each year". He insists that the projects the ministries have put forward are "realistic and serious".



“The Ministry of Planning and Development has scheduled US\$250-275 billion for spending on infrastructure projects and other investments over the next five years”.

Iraq's 2012 budget is 21% higher than the previous year and includes US\$32 billion for investment projects.

Even with the very large fiscal spending already committed and promised for rebuilding infrastructure, Iraq is seeking additional funds to accelerate projects. A new government bill proposes seeking up to US\$37.5 billion in long term loans from international companies to be repaid after completion of projects. The Ministry of Planning and Development has scheduled US\$250 - US\$275 billion for spending on infrastructure projects and other investments over the next five years.

Nevertheless, the final figure could increase to avoid delays in implementing projects. Al-Shukri says, “Allocating these huge sums will have a positive effect on pushing the development pace forward”.

Development barriers

One of the most urgent requirements is to develop and enhance the country's institutions and improve the regulatory environment, in particular, strengthening government's ability to procure and

administer major contracts. Officials admit that there are difficulties including regulatory hurdles and bureaucracy, in addition to security considerations.

While other parts of the region present similar difficulties, few offer such potential rewards as Iraq, a country that could vie with Saudi Arabia as the world's wealthiest hydrocarbon producer within a decade.

Ministers who are keen to involve foreign companies believe the country has turned a corner. “I don't deny there are security considerations but the situation is much better now,” Al Durraji told a conference in New Delhi in February 2012.

Iraqi businessmen agree with this assessment. While the country's growth needs detailed planning, Iraq has entered a growth phase says Sarmad Al-Khudairi, CEO of Al Fayha Building Solutions. “You will read everywhere that there are problems in Iraq but recession is not one of them”. ■

86

Years of
Excellence

through innovation

Pell Frischmann and its dedicated Middle East focused trading company, Conesco International, have been involved with project management, planning, infrastructure, engineering and reconstruction works as consulting engineers in Iraq since 2003.

We have provided:

- Project Management
- Masterplanning and Architecture
- Infrastructure
- Structural Engineering
- Traffic and Transportation
- Environmental and Sustainability
- Highways
- Water and Wastewater

Our projects include the design and supervision of water supply improvements for the whole of the Mid-Western region of Iraq, the masterplan for the City of Kirkuk and the contract of design and co-ordination of work on the countries security and justice buildings.

Our performance on these projects contributed to us receiving the Queen's Award for Enterprise and the NCE Consultants of the Year.

For further information on our services please contact our Director **Mr Carl Powell** on 020 7486 3661 or email cpowell@pellfrischmann.com

www.pellfrischmann.com

We are an equal opportunities employer - U.K. - Iraq - Qatar - U.A.E. - Romania - India



Kirkuk Masterplan



Water Supply Sector Loan Project in Mid-Western Iraq



Iraq Reconstruction Contract Consultants for 56 Security and Justice Buildings



Queen's Award



Power problems on schedule for solution

Iraq's reconstruction and development since 2003 has been severely limited by a lack of electricity. The country needs a grid capacity of at least 15,000MW but has struggled to provide even a third of that.

Considerable sums have already been spent trying to rectify the situation but until recently progress has been limited. By the summer of 2012, output had reached 5,852MW although even this was intermittent. For example, Baghdad's six million people receive on average nine hours of power supply a day from the national grid. Families draw the rest of their needs from household and neighbourhood generators.

It has taken longer to restore services than originally thought, even with US\$21 billion invested during the past nine years for the reconstruction of the country's power sector. Another US\$16 billion has gone towards operating the system, personnel costs and on imports of electricity from neighbouring countries such as Iran. Improving the electricity supply has been hampered by ageing plants; shortages of fuel and water; illegal connections that siphon off power; inadequate planning and shortages in funding. Iraq is determined to double its electricity production in the next two years. By the end of 2012, electricity

production is expected to reach 9,000MW and reach 12,330MW by April 2013. According to Minister of Electricity, Karim Aftan Al Jumaili, the aim is to raise capacity to 20,000MW by the end of 2014.

Some solace was provided by the announcement in August 2012 that citizens would be exempt from paying electricity and water supply tariffs until all power plants are completed and services are available around the clock. The most reassuring news though, has come from Energy Minister and Deputy Prime Minister, Dr. Hussein Shahrstani, who has pledged that Iraq's electricity crisis will end in 2013.

This should mean an end to frequent power outages, especially in the summer months of peak demand, when air conditioning is in maximum use as temperatures soar to 50°C. Apart from the positive effect on public health, the restoration of power supply will help accelerate industrial development, especially in the key oil & gas sector.

Generating improvements

There are hopes at last that the generators, bought from the US' General Electric and Germany's Siemens in 2008, will finally be installed and commissioned over the next 12 months. Some 20 major

power station contracts are due to be completed before the end of 2013. This could even mean that there will be a surplus of power for export, said Dr. Hussein Shahristani, when he inaugurated a 400MW power station in Diwaniya, in June 2012. In May of the same year, the new Taji power plant, equipped with GE turbines, came on stream 20 kilometres northeast of Baghdad. Two similar plants at Karbala and Al Hillah are due to enter service by the end of 2012, while work continues on power stations in Babil and Anbar.

A US\$1 billion investment is also being evaluated for new power stations in Mosul, according to Salar Ameen, Deputy Chairman of the National Investment Commission. Bids have been received from South Korean, Italian and Turkish consortiums for a 1,000MW plant in western Iraq, which is expected to be completed in 2015.

The country's vital oil sector also intends to expedite development of its own power resources, in order to carry out its exploration and production strategies on schedule. As a result, Switzerland's ABB power group has been awarded a US\$60 million contract by Shell Gas Iraq, to build a dedicated power station at Khor Al Zubair. The company is providing project management, engineering procurement, commissioning and will be responsible for the plant's performance. The power is urgently needed and the contract stipulates completion in the third quarter of 2013.

Gas feedstock is expected to come from a US\$17 billion project led by Shell, to capture gas being flared at three of Iraq's oilfields. The Government also wants to see a gas pipeline from Iran developed.

Abu Dhabi National Energy (Taqa) says it is also interested in power projects in the south to serve oilfield development, "The oil & gas majors, particularly in the south, have huge concessions and huge power needs. They need someone to build power plants for them and provide them with energy within their area of influence and the

area of their concessions", says Frank Perez, Taqa's Director for power and water.

"If you have their protocols of security and they are operating there already, it does make it a little easier than just jumping into a power project in the middle of a town," he adds.

Role of independents

In the medium to longer term, the wider community may also lessen its dependence on the state as the sole energy provider. This will happen as independent power projects (IPPs) take off in the same way as they already have in northern Iraq. The Central Government's initial plans for IPPs seem to have been dropped but there are indications they are being revived. The Kurdistan Regional Government, in contrast has encouraged private power schemes to go ahead. These include a 500MW project in Dahuk, a 750MW development in Sulaymaniyah and a 2,250MW scheme in Erbil.

The latter development being undertaken by Jordan's Mass Global Investments, in conjunction with Abu Dhabi National Energy, will be the first combined cycle gas fired plant in the country, a technology that enhances generating capacity by up to 50%.

Reports suggest that further IPPs to provide an additional 6,000MW will be developed in the Kurdistan Region, utilising natural gas, heavy fuel oil and hydro-power as fuel sources. Independent power generation was initially scheduled to be part of the energy mix in the rest of Iraq with 3,250MW of IPP capacity envisaged. This figure was subsequently modified to 2,750MW, with plants planned for Samawah and Basrah.

Salar Ameen announced plans in June 2012 for two independent power projects. Both are designed to support extensive residential development projects near Baghdad. The plans involve a 450MW IPP to



serve the intended 65,000 new homes at Taji and a 600MW private power project to meet the needs of tens of thousands of units due to be built at Bismaya by South Korea's Hanwha Engineering & Construction.

The Government is believed to be looking at creating special purpose joint ventures between the Ministry of Electricity and Trade Bank of Iraq together with investors, to build and commission and then operate the independent projects under 25 year contracts.

There are several complex issues to be resolved, not least a guarantee of access to gas, which is not yet generally available and the cost of feedstock.

Some US\$1.7 billion of investment in renewable energy sources is also scheduled. The intention is to provide an initial 400MW of power generating capacity. The aim is for renewable energy to provide 2% of national requirements. Six sites located in Anbar, Muthanna, Wassit and Missan provinces have been suggested for initial projects.

A US\$200 million, 50MW solar project is expected to be the first renewable venture with a subsequent 150MW plant to follow. Japan's Toyoto Tsusho, Switzerland's ABB and Egypt's Orascom Construction are among 25 companies reported to have been invited to express interest in supplying solar and wind powered units.

Iraq's electricity masterplan calls for 24,400MW of additional capacity to be commissioned between 2012 and 2017. This includes 13,000MW of gas fired capacity due to come on stream by the end of 2014, as well as 7,000MW of thermal power capacity and 400MW of renewable energy by the end of 2015. In the wider picture, most extra capacity will derive from converting older power plants to combined cycle units, a process that could provide another 5,000MW of generating capacity for the national grid.

The gap between electricity demand and supply in most of Iraq is still growing in spite of accelerating investment in power generation. There is little doubt that every watt of electricity will be needed as industrial and manufacturing activity develops. ■

Continuing lasting partnerships

Jeff Larkin, Market Sector Director, Power and Water, Parsons Brinckerhoff

Parsons Brinckerhoff (PB), now part of the Balfour Beatty Group, began working in Iraq in the 1950s on electricity, water and transportation projects, including the Kut Barrage Project, under Balfour Beatty and the Mosul Dam project on which PB were owner/engineer. PB remained in the country through the 1980s while working on the preliminary designs for the Baghdad Metro project. In 2004, PB re-established itself in Iraq with a strong in-country presence, in support of the US funded reconstruction programme. In recent years, this presence has made us fully aware of the risks and threats presented by the security situation and of the realities and practicalities of working in Iraq. Being an infrastructure organisation, from concept to delivery and to operations, we see that Iraq and Kurdistan have very strong futures ahead of them and will develop into very strong economies.

PB's presence in the Middle East has enabled us to form long lasting and positive relationships with our clients and this has been particularly evident in Iraq. PB has worked closely with the Ministries of Electricity in Baghdad and Erbil to deliver improvements in the power systems that benefit the whole population of Iraq, and will support the country's future economic growth. Through working on these major infrastructure projects in difficult times, relationships and partnerships have been forged, which will serve both PB and Iraq well in the future. Over the course of the past few years, PB has proudly provided our clients with consultancy services on several major projects, each resulting in significant improvements to the functionality of Iraq's power system capabilities.

In March 2004, PB mobilised in Iraq to support the reconstruction effort and the development of the Iraq power system and it found itself in the middle of political, economic and social tensions. PB has supported the US Government's Projects and Contracting Office (PCO) – an independent body established by the US Government to provide programme management of the US\$18.6 billion Iraq Relief and Reconstruction Fund (IRRF). The reconstruction programme was not just about building and handing over projects, it also aimed to employ thousands of local workers, stimulate the economic recovery of Iraq and if possible, provide 24 hours of power each day.

The greatest improvements in power availability have been seen in Kurdistan, where we have seen power availability grow from 2 hours to 22 hours per day. This has been achieved by a clear strategy of encouraging the private sector to invest in power generation, thus leaving the Ministry in Erbil able to spend more funds on the development of transmission and distribution systems.

Delivering projects as one team

PB recognises that knowledge sharing and skills transfer are essential aspects of the client/consultant partnership. PB helped to develop both the Kurdistan Electricity masterplan in 2008 and then the Iraq Electricity masterplan in 2010. For both of these projects, PB not only worked on the plans but delivered capacity development and technology transfer throughout the development of the studies, in order to build capacity and capabilities within the Ministries in Baghdad and Erbil.

“PB has worked closely with the Ministries of Electricity in Baghdad and Erbil to deliver improvements in the power systems that benefit the whole population of Iraq, and will support the country’s future economic growth”.

PB has been active in Kurdistan since 2004, first as part of the US funded reconstruction programme and from 2008, working directly for the Ministry of Electricity in Erbil, providing programme and project management support to the electricity expansion programme.

The Ministry of Electricity in Kurdistan has shown great leadership and foresight in the development of the sector in the region, having driven the development of the masterplan in 2008 and also introduced IPP into the power sector. Having helped develop the first electricity masterplan in Iraq in 2008 for the KRG region and then supporting the expansion of the transmission and distribution networks, PB is now supporting the Ministry in developing and implementing a region wide power network control system (SCADA – Supervisory Control and Data Acquisition) and is also about to implement a SMART metering programme, that will enhance demand-side management and improve billing and revenue collection across the region - this will help to put the Ministry on a firm financial footing for the future. These are huge development steps and have brought the power system in Kurdistan into the 21st century, in a relatively short space of time - a truly monumental achievement.

Serving multiple sectors

PB’s long history in the region has allowed for a greater appreciation of local cultures and economies, thus enabling PB to successfully

expand into market sectors other than power. PB’s global expertise and in-depth understanding of consultancy services in sectors including transportation, rail, roads, infrastructure, power and water, have proven to be an asset to the Iraqi market. The continued growth of PB in Iraq has directly contributed to several positive steps forward in the efforts to rebuild Iraq’s infrastructure, power and water potential. We recently completed a survey of all the country’s reverse osmosis (RO) plants and developed guidelines for their future effective operation and maintenance. We are also aware of Iraq’s plans to develop the rail and transportation sectors, which are aligned with rail developments elsewhere in the Middle East and we see huge growth potential in these sectors in the future.

Looking to the future

Iraq is widely recognised as a country well underway to recovery. We are seeing oil production levels increasing in the north and south and this will help fund future growth in infrastructure development and investment. Although Iraq has undoubtedly faced a multitude of difficulties over the past decade, the inevitability of Iraq’s renaissance is clear. It is also clear that people cannot excel and reach their full potential without the proper infrastructure in place to support them. The determination of the Ministries of Electricity of Iraq and Kurdistan is evident. PB is equally determined in its desire to aid in the successful rebuilding of a flourishing Iraq. ■

Engineering and specialist advice to the power supply industry worldwide

Parsons Brinckerhoff offers technological innovation coupled with sound engineering advice and effective project management. Whatever our role, Parsons Brinckerhoff's goal remains the same: to assist our clients in meeting their goals.

Consultancy services offered include:

- Project planning and development
- Technical and economic feasibility studies
- Electrical, Mechanical, Civil and Environmental engineering
- Programme and project management
- Construction management
- Construction and commissioning supervision



**PARSONS
BRINCKERHOFF**

International consultants | Designers | Engineers | Programme managers

For more information about how we could make a difference to your next project call on 971 2 652 9222, email MEMarketing@pbworld.com or visit www.pbworld.com

Investment spurs massive housing boom

Iraq's infrastructure renewal programme, particularly housing, is driving a construction boom. Investments already going ahead include, ten hospitals with 200 beds each, US\$8 billion of transport projects including airports, railways, roads and ports and a US\$7.5 billion on water related projects between now and 2020. Road plans include the expressway to the Turkish border and Baghdad's 15 new bridges at a cost of US\$300 million to improve traffic flow across the city.

The country's ambitious investment programme embraces more than infrastructure and utilities. A sports city complex is under development in Basrah, which includes four hotels and a 65,000 seat stadium designed to host the 2013 Gulf Cup football competition. Wassit Province Investment Commission and the Ministry of Tourism are promoting a US\$1 billion plan to develop a 500,000 square metre visitor complex near the city of Kut to include sports, leisure and entertainment venues as well as real estate development in the city. The governments of Anbar, Thi Qar and Karbala provinces have also outlined projects to develop industrial areas, which could involve billions of dollars of investment when fully developed.

Housing a priority

Housing is a major priority for the Iraqi people and is a key driver of the construction boom. The quality of housing has deteriorated because of overcrowding and a lack of maintenance over 30 years. The UN estimates that 35% of homes are below minimum acceptable standards, especially in major cities. A growing population and increasing urbanisation is boosting the need for more and better

accommodation. Peter Besley, Director of UK architects, Assemblage, which is working on projects in Baghdad, says "Strong population growth, a shortage of new housing and a dilapidation of existing housing have all contributed to the acute problem".

The strategic National Development Plan 2010-2014, allocates US\$31.6 billion of planned spending (17%) to new housing development and repairs to existing stock. However, in the long term, US\$100 billion of investment is probably required for housing, particularly in the major urban centres such as Mosul, Sulaymaniyah, Al Hillah, Najaf, Baghdad and Basrah. The National Investment Commission (NIC) wants to see at least one million homes provided across Iraq's 15 governorates and in the Kurdistan Region. One way this process can be assisted is by the grant of land to developers.

Land has already been released to South Korea's Trac Development Group for the construction of 500,000 housing units in Basrah. The US based Hill International is providing project management services for the first phase of the US\$35 billion development. A US\$7.75 billion contract was signed in 2011 with South Korea's Hanwha Group to develop 100,000 homes and associated utilities on a 1,830 hectare site at Besmaya, located ten kilometres southeast of Baghdad. A masterplan for Baghdad's Sadr City regeneration project is in place. The US\$10 billion plan designated "10-10" involves a decade long programme which will rejuvenate a dilapidated 17 square kilometre area and construction of 90,000 new apartments as well as accompanying utilities.

Building contract awards have gathered pace in 2012

- The UAE's Construction Tech has a US\$45 million contract to rebuild the Central Bank of Iraq and is also developing an office headquarters for Shell in Basrah.
- Kar Construction & Engineering has been awarded a US\$185 million contract for 2,000 new homes to the north of Baghdad, while a similar number is being built to the west of the city by Faheem General Contracting.
- The Kirkuk Investment Commission awarded a US\$55 million contract to Turkey's Bilal Insaat for 1,200 homes in Al Hawijah in Kirkuk province.
- Italy's Consorzio Stabile Italia 2010 has won a US\$247 million contract to build 2,000 homes in Diwaniya.
- Rotondo Weirich's UAE partner company, RW Middle East, has started work with Iraqi developer Sama Al Douh Contracting and Real Estate Developments on a US\$98 million contract to design and build a residential development involving 1,300 apartments and villas in Samawah. Steve Weirich owner and CEO of Rotondo says, "The project is a direct result of RW's consistent presence in the region, in particular Samawah, where we built our first four bedroom model villa earlier in 2012".

Akram Ogaily, Senior VP at Hill International, says what has been completed so far is only a fraction of what is required. There are many opportunities for firms to provide innovation, creative building technologies and pioneering designs.

Construction materials

In addition to design and construction expertise, the growing number of projects already planned or underway demands greater

supplies of building materials. Most building materials, especially cement, comes from neighbouring countries, mainly Turkey and Iran, which meet about 65% of demand. Cement production in Iraq is expected to reach 20 million tonnes in 2012 and is growing by some 10% a year according to Tankut Soydan, Commercial Director of France's Lafarge. The company has invested US\$1 billion in Iraq and is the country's largest cement producer, with three plants producing eight million tonnes a year.

However, local production needs to be expanded. It is estimated that demand for bricks exceeds local supply fourfold. The market is wide open for development of production ventures as well as consultancy on quality control and logistics for the sector.

The need for knowledge

In October 2012, the Minister of Construction and Housing, Mohammed Al-Durraji, signed a memorandum with Emaar Properties, to draw on the UAE's main developer in future large scale housing, commercial and tourism developments. According to the company's Managing Director, Ahmad Al Matrooshi, "Iraq is one of the most promising markets in the Middle East region and our partnership with the Ministry of Construction and Housing complements our strategic goal to expand into key international markets".

As part of Emaar Properties MoU, the company is to be provided with an overview of property investment laws and regulations, data on existing and upcoming construction projects and overall market insights. Foreign developers in particular seek a secure legal and regulatory framework to protect their investments in what is a highly rewarding and demanding market.



COWI's VP for roads and airports, Thomas Mejer, says, "The biggest challenge is to collect information about existing conditions such as power supply, pipelines, town planning and local proprietary rights. A register could be non-existent or extremely difficult to find".

Ammar Al Assam, Executive Director of Baghdad based Dewan Architects, says, "On paper it's probably the most difficult market to operate in and it does have its challenges but it's also the most lucrative and if you know how to go about doing business here, it's not as difficult as people think".

Opening up the economy increasingly to the private sector is part of the Government's strategy to hasten infrastructural renewal. According to Minister Al-Durraji, "Iraq has been dependent on the public sector for too long and we need commitment and action to release state assets into the private sector. The Ministry of Construction is at the front of the queue with a roadmap".

Al-Durraji, a civil engineer who has worked in the UK, Libya and Qatar, says that the Ministry is looking at ways to privatise its project and contract management by bringing in an international consulting firm to supervise the extensive construction works already started and in the pipeline. "We want to get project management staff into the Ministry as this will significantly enhance our delivery capability," he says.

The Ministry controls nine companies, of which two build roads, one constructs bridges, one is involved in upstream oil projects, another provides municipal water supply, two are property developers and two build houses, schools and hospitals.

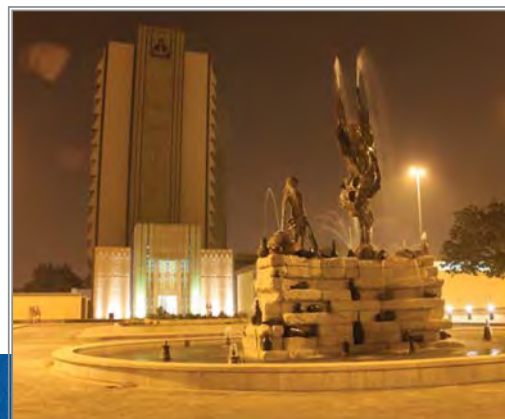
"We have plenty of cash, what we want are international companies and modern equipment. Now is the time for the big names to come to Iraq either in private public partnerships or to invest in Iraq. This is an invitation to work and make money out of Iraq," Al-Durraji says. ■



Harlow International is an established company specialising in managing and delivering effective solutions in complex and challenging environments. Harlow International has expertise in oil & gas, power, construction, infrastructure and industrial projects. In conjunction with its multinational partners and associate companies listed in the top fortune 500, Harlow International has the proven expertise and credibility to deliver success with confidence, specifically within Iraq. Our success is attributed to our in-country experience, market knowledge and crucially, our understanding and appreciation of local culture.

Our key success factors in Iraq

- Harlow Riverside - a new executive business park by the Tigris in Baghdad
- An established operating base in Basrah
- An international management team with decades of Iraqi trading experience
- A proven ability to deliver complex projects in challenging environments under strict delivery schedules
- Effective supply chains for material and labour
- In-house specialist corporate security services
- Extensive experience as a life support service provider across Iraq



www.harlowinternational.com

Tel Iraq: +964 790 1947 690

Tel UK: +44 777 5588 815

Fax: +44 845 2802 635

Email: info@harlowinternational.com

Turning commercial vision into trading reality

Announcing the opening of Harlow Riverside, a new executive business park in central Baghdad

Set against a backdrop of vast hydrocarbon reserves, Iraq continues to offer fantastic opportunities for companies that are able to navigate the unique and dynamic challenges of doing business here. Those opportunities are beginning to be realised by companies that have stepped into the arena and embraced those challenges because they have had the vision to define what success looks like in the medium term and have concurrently been able to understand the immediate challenges they face on their journey to achieving their vision. The concerns of complicated and obfuscated bureaucracy, dangerous security conditions, extended and distorted lines of supply, poor life support and a general sense of complexity that prevents investment, can sometimes overwhelm business development teams and prevent vision from becoming reality. Whether all of those concerns are warranted or not they are a real obstacle that need to be addressed and that require a strong local partner who understands the myriad complexities which companies face when seeking to conduct business in Iraq.

Harlow International, a UK registered company that employs more than 450 international and Iraqi staff from a wide spectrum of disciplines including government, engineering, military, construction and IT, has been addressing these issues since 2003. Originally a construction company, Harlow International worked on several ambitious projects which were delivered on time, to specification and within budget. To have completed the projects at the height of the insurgency is a significant achievement.

Since those pioneering business developments, Harlow's CEO, Mazin Wajih, has built his company to serve as a one-stop-shop for firms

seeking market entry into Iraq. Under the umbrella of Harlow International, companies have been able to enjoy a portfolio of services that support commercial success. These services include engineering, procurement, general contracting and logistics support. In addition, the company equips camps with electrical and mechanical support, ensures water and fuel supplies and provides maintenance services - everything needed to support good living quarters. Harlow also provides back office administrative support, including visa applications, company registrations and meeting coordination.

In 2012, Wajih embarked upon a programme of internal investment designed to take business support to a level not yet enjoyed anywhere in Iraq. In Baghdad, Harlow Riverside, a new executive business park is being completed on the banks of the River Tigris new services have been added across the organisation, which are designed to address the challenges of 2013 and beyond.

Harlow Riverside will be officially opened in January 2013 and will offer clients five star living conditions, in 65 executive suites, along with serviced offices. Residents will be able to enjoy a selection of restaurants, a state of the art gym, a swimming pool, a jacuzzi and a truly relaxing environment, overlooking the banks of the river after a day at work. Gone are the days of companies living in converted shipping containers and caravans.

Wajih states, "As a proud Iraqi, I am delighted to be able to support international companies who are developing their commercial interests in my homeland. Together with my professional team, we are well placed to turn your commercial vision into a business reality". The business park can be used as a location at which company offices can



be registered. This allows Harlow International to offer conditions that allow sensible decision making, unencumbered by the burden of the daily grind that many believe continues to exist in Iraq, in a tranquil, safe and luxurious environment.

From this location, residents will be able to enjoy freedom of movement across all of Iraq with Harlow International's partner company, Al Murabit Security Services. Led by its Chairman, a former Iraqi Minister of Interior, the international executive management team is able to deliver safe freedom of movement at all times.

Ian Anderson, the Managing Director of Al Murabit Security Services, believes the combination of highly bespoke corporate accommodation and secure freedom of movement provides a compelling advantage for companies seeking to do business in Iraq. He states, "The requirement to endure living in sometimes grim and unsavoury accommodation, coupled with the fear of safe movement has, for many, been the greatest obstacle to doing business in Iraq. By utilising Harlow Riverside and Al Murabit's freedom of movement, 2013 will see the benchmark for basic standards of daily business support being raised to a new level".



The support that the Harlow International consortium offers to companies does not stop there. Most companies have interests that reach way beyond the trading centres of Baghdad and Basrah. Corporate headquarters tend to be based in the capital to allow rapid ministerial and National Investment Commission (NIC) access but the daily operations are conducted on the oilfields or at the construction sites and so on. As part of the one-stop-shop, Harlow International is able to build, service and protect operational camps across the whole of Iraq. Services range from achieving the relevant building permissions, camp construction, through to feeding, laundry and resupply. Most recently, Harlow International constructed the project camp for Bismaya New City Project, which is undertaking the construction of 100,000 new homes located ten kilometres to the east of Baghdad.

The Harlow Group enjoys deep strategic connectivity with key ministries and the NIC, a strong balance sheet, a wide portfolio of capitalised assets and an order book that reaches into 2017. The Harlow Group of Companies is able to offer a robust and long term solution to companies seeking to turn their vision into business reality in Iraq. It is able to offer a level of quality and service that is individual, unique and has not been seen in Iraq since 2003. ■



AL-MURABIT
Security Services
المُرَابِط للخدمات الأمنية

www.almurabit.com



Al-Murabit is the security and Risk Management division of the Harlow Group of Companies. We enable our client's market entry into Iraq through the delivery of cost effective secure mobility and executive accommodation to commercial business development teams. Thereafter we support normal trading by delivering well managed, highly trained indigenous security solutions.

By contracting Al-Murabit, our clients are not only afforded the benefits of our security services but also the synergies that the Harlow Group offers. These include expertise in oil & gas field services, construction, engineering, facilities management and hospitality.

Investment rings the changes

Iraq's telecommunications sector is one of the country's most dynamic industries, second only to oil & gas in importance. The market has grown rapidly as demand has soared for mobile services, which were unavailable before 2003.

There are now some 27 million mobile telephone subscribers compared with 1.83 million fixed-line users. The country's telecommunications systems have been transformed as a result of this explosion in the availability of telephone services. The industry is now a vital component in Iraq's social and economic development.

For example, telecommunications are essential to the information and communications technology (ICT) infrastructure, which is growing in importance as it provides greater access to commercial knowledge, information sharing and learning. However, Iraq needs to overhaul its telecommunications industry and bolster the country's high speed data networks in order to improve administration, healthcare and educational services, stimulate banking, finance and other key sectors.

Investment on lines

The state run Iraqi Telephone and Postal Company (ITPC) and other operators are investing heavily in core and transmission network infrastructure, to provide more support and bandwidth for internet and broadband — both wireless and fixed-line services. System design firms are providing a wide array of services including training, fibre optic equipment, public exchange upgrades, network protocol software, broadband wireless access systems and other computing equipment.

Much of the focus is on mobile telephones and their phenomenal take up over the past couple of years from just a few hundred thousand users. Asiacell now has 8.7 million subscribers, Korek Telecom, the

main operator in the Kurdistan Region, has some three million subscribers, while market leader Zain Iraq has around 12.5 million subscribers.

All three have significant foreign investment, from Kuwait in Zain Iraq, Qatar Telecommunications in Asiacell and France Telecom together with Kuwait's Agility in Korek.

The market is still considered to have substantial room for growth. In June 2012, Qatar's QTel said it intended to raise its stake in Asiacell by US\$1.47 billion. QTel will initially increase its ownership to 53.9% and then to 60% after government and regulator approval.

Going public in Iraq

Such cross-border shareholdings are likely to increase once the companies become joint stock shareholding companies and list 25% of their shares on the Iraq Stock Exchange (ISX), as required by their licence terms. Taha Ahmed Abdulsalam Al-Rubaye, ISX's Chief Executive, says that Iraq's mobile operators will need to change their structures in order to proceed with their initial public offerings by converting to joint stock companies.

Asiacell is the first operator so far to have taken steps to change its status from a limited company to a public joint stock company. Korek Telecom, partly owned by France Telecom, is reportedly trying to convert its status to a shareholder company. Zain Iraq, a subsidiary of Kuwait's Zain Group, is in the process of changing its status from a limited company to a public joint stock company and has appointed BNP Paribas, Citigroup and National Bank of Kuwait to run its IPO when it takes place.

Ahmed Alomary, a commissioner at Iraq's Communications and Media Commission (CMC), the regulator for the industry, said that he expects



Asiacell shares to be traded in early 2013. Listings would more than double the capitalisation of the ISX and pose a challenge to a relatively small market. The CMC said it expects that the ultimate value of the three IPOs to be around US\$5 billion.

Zain Iraq has suggested a dual listing on the ISX and a foreign exchange, for instance the London Stock Exchange, which would help raise awareness of the investment opportunity in Iraq and help bring foreign money to the country. The still untapped market potential in Iraq's telecommunications industry means there is likely to be intense investor interest. Mobile penetration at 78% is still low compared with other parts of the Middle East.

Rapid growth in telecoms

The demand for services is expected to grow substantially as the cellular operators complete installation of networks for nationwide coverage and introduce third and fourth generation (3G and 4G)

systems. These will allow faster access to the internet, video and other applications.

Telecoms market analyst Informa Telecoms & Media, predicts that Iraq will become the largest 3G market in the Middle East by the end of 2015, bypassing others in the region.

QTel Chairman, Shaikh Abdullah bin Mohammed bin Saud Al Thani, said "The Iraq market is about to enter a period of rapid broadband and data growth and Asiacell is well positioned to meet the demands of the population for high quality, reliable and affordable voice and data services".

Korek has awarded a three year management services contract to Sweden's Ericsson, to prepare its network to cope with changes resulting from the introduction of 3G networks and subsequent Long Term Evolution (LTE) systems of high speed data transfer.

One of the main drivers for greater access to broadband services is the oil & gas industry, which is investing heavily in ICT as development projects get underway.

Houston based Vizocom has recently opened an office in Basrah to extend its services in Iraq for oil companies and other clients in the region. The company specialises in the provision of very small aperture satellite (VSAT) services, microwave and fibre optic links including video conferencing, LAN infrastructure and security surveillance. Its clients include private companies, non-governmental organisations as well as oil companies in Iraq.

UK based Nessco Group, a subsidiary of the US oilfield communications group RigNet, has been awarded contracts in Iraq in 2012, worth US\$10.5 million. In Basrah, Nessco is providing telecoms systems to keep an offshore platform connected from satellite and meteorological systems to CCTV, telephone and radio technology. The firm is also involved in the provision of voice and data systems, internet, as well as security and meteorological technology for a development in the Majnoon oilfield in the South.

Hermes Datacomms, a UK provider of wide area network (WAN) communications was recently awarded a contract to supply a managed dedicated fibre optic circuit as well as round the clock support to Lebanon's Consolidated Contractors Company's operations in Iraq. Hermes is also providing British Petroleum with a VSAT dedicated network for its operations in the Rumaila oilfield.

Much of the fixed-line network in Iraq is still in need of overhaul with less than 5% of households and businesses connected. In order for most Iraqis to benefit from broadband services, analysts believe there needs to be a significant expansion of fibre optic cable networks throughout Iraq.

The number of Iraq's internet users is low, perhaps not much more than two million and they mostly access the web through shops and neighbourhood providers. There are three main internet service companies, Omnea, Itisaluna and Kalimat, providing networks in most cities through wireless local loop services, connected with small (VSAT) satellite dishes.

Broadening the band

While internet access for most of the population still remains a rarity, this could change in the near future. Connections to undersea cable networks are the first steps in plans to develop Iraq as a major conduit for telecommunications traffic between East and West, which would be a source of revenue and accelerate internet access within the country.

In 2012, Qatar based Gulf Bridge International (GBI), landed Iraq's first undersea cable in the Al-Faw area. The privately owned submarine cable operator is deploying its high capacity fibre optic communications cable network to serve Qatar, Kuwait, Bahrain, Oman, Saudi Arabia and Iraq, with connections to India and Italy.

According to Iraq's Senior Deputy Minister of Communications, Amir Al-Bayati "The GBI cable is a crucial strategic initiative in the industry of subsea cables. This project is especially important to us, as it will feed the ever growing hunger for capacity and connect the country to the rest of the world through the Gulf gateway".

GBI's Chairman, Rashid Al Noami, describes the cable's inauguration as "an historic milestone for the company and people of Iraq. As a result of the new connectivity, Iraq will once more be on an even footing with their neighbours in the Gulf".

In July 2012, ITPC launched a joint venture with Reliance Globalcom, the submarine cable subsidiary of India's Reliance Communications, that further extends the country's international broadband telecommunications links. Activation of the Al-Faw cable landing station will connect Iraq to countries in the rest of the Middle East as well as to Asia, Europe and North America. Reliance owns the world's largest private undersea cable network, extending more than 65,000 kilometres with a design capacity of 680 gigabytes per second.

Two separate routes from Al-Faw are connected to this undersea fibre optic system, described by former communications minister, Mohammed Allawi as "an extremely important strategic initiative that will facilitate the connectivity of all countries in the Middle East region to Iraq and also significantly improve the quality and speed as well as the reliability of Iraq's connectivity to the rest of the world".

The country's investment in telecommunications has a wider remit than national development. "Iraq has a very strong strategic position to become a transit point for traffic between Europe and Asia," said John Maguire, Vodafone Qatar's Head of Wholesale Services. ■



Pinsent Masons

www.pinsentmasons.com



**A world class construction,
infrastructure and energy
law firm servicing Iraq and
the Gulf for the last 30 years**

***"With Pinsent Masons,
your project is in safe hands"***

**Over 300 lawyers specialising in the
construction sector**

**Winner Global Construction Law firm of the Year
(Who's Who Legal 2012, 2011, 2010, 2009, 2008 and 2006)**

**Middle East Property and Construction Team of the Year
(Legal Week Corporate Counsel Middle East Awards 2012)**

For more information, please contact

Daniel Tain – Partner

T: +971 4 373 9695

UK: +44 (0) 797 134 3832

Sachin Kerur – Head of the Dubai Office

T: +971 4 373 9600

Mining helps diversify the economy

Iraq's geological wealth is extensive and includes vast amounts of valuable ores for both domestic needs and exports. Moreover, the Government is eager for foreign partners to help develop the mining industry.

The ores include eight billion tonnes of limestone, ten billion tonnes of phosphates and 75 million tonnes of quartz sand in the western desert, 600 million tonnes of sulphur in the Mosul region, as well as speciality minerals such as bentonite clay, which is widely used in oil drilling. There are also thought to be sizeable zinc and lead deposits on a par with those in Turkey.

Recent explorations have also shown considerable amounts of precious metals, notably gold and silver, in addition to zinc under the western desert and in the Kurdistan Region. There may also be platinum. Deposits of copper, chromium, nickel, manganese, borite and iron have barely been explored.

Analysts say that Iraq is the only country with all the main elements required to produce agricultural fertiliser, with its significant reserves of phosphates, sulphur and potash, with ammonium being derived from the processing of its natural gas.

As a result, the country has the potential to be a major international supplier of fertilisers. Sites in western Iraq hold some 5.75 billion

tonnes of phosphates, representing 9% of total global proven reserves and second only to the world's largest deposits located in Morocco. The four most promising areas are Akashat, Swab, Ethna and a site known as H3. Akashat and Swab, the two largest, contain an estimated 1.7 billion tonnes and 3.5 billion tonnes of phosphate rock respectively. Swab also has 4.2 billion tonnes of limestone.

Apart from meeting domestic needs, the processed production from phosphates mining is likely to find a large export market, particularly in the Indian subcontinent. The Government is keen to see Akashat, 420 kilometres west of Baghdad, become a centre for such an export oriented minerals industry.

The Ministry of Industry and Minerals wants international companies to cooperate with local partners to build plants in Anbar province, to process and beneficiate the rock.

Much of the proposed development in the western desert and elsewhere in Iraq will also need to be accompanied by improving infrastructure, such as railways to transport bulk ores and processed products.

Mining development is also needed in the short term to provide materials for the country's rebuilding. Iraq has extensive deposits of limestone, gypsum, silica sands, quartzite and iron ore to meet the needs of the growing construction drive.

The potential for growth has already attracted some of the biggest international cement producers. Lafarge has a 15 year concession to rehabilitate a cement plant in Karbala province, with the aim of raising production to 1.8 million tonnes by 2014. China National Building Material Company has also been awarded a US\$250 million contract to build a new one million tonnes a year capacity cement plant near Samawah in Muthanna province.

Foreign investment is also being drawn to exploit other mineral areas. Devco International has been awarded a US\$35 million contract to supply a sulphur extraction plant. The contract is funded by the Export-Import Bank of the United States and involves design, procurement, fabrication and pre-assembly of the facility into parts, which will then be shipped to Iraq. When the parts arrive they are to be reassembled by Al Haworth, a local company on a site near Mosul. The plant, to be owned by the Al-Mishraq Sulphur State Company, will take sulphur from underground deposits. When it comes on stream, the plant will be able to supply sulphuric acid for the processing of phosphate at Akashat.

Companies are also being invited to exploit silica sand deposits in Anbar, which could supply ceramic and glass industries, as well as a proposed cement plant. A US\$150 million 100,000 tonnes a year flat-glass plant is among the facilities that could be supplied with the mined materials.

With expert help, production of gypsum could also be substantially increased. Licenced private sector companies have carried out mining for decades. This small scale production of about 500,000 tonnes a year needs to be increased to supply the growing construction industry. Several gypsum mining sites are

being offered for investment in Nineveh, Salah Al-Din, Anbar and Wassit provinces.

New steel mills are also being developed in Sulaymaniyah by Arcelor Mittal and in Basrah by STX Heavy Industries. These are expected to initially use scrap for production, though domestic iron ore reserves are also available in the longer term. In just one area at Penjwen, in northern Iraq on the border with Iran, iron ore deposits valued at US\$5 billion have been identified.

The Ministry of Industry and Minerals continues to encourage foreign investment in projects to develop a extremely wide range of minerals. These include sodium sulphate, bentonite, silica sands, kaolin, feldspar deposits, dolomite deposits as well as limestone and phosphates.

The National Investment Commission is acting as a one-stop-shop for potential investors in the mining sector, in particular for obtaining licences, tax exemptions and acquiring land. Investment laws allow for custom duties exemption, protection from confiscation and the right to transfer capital, profits and salaries abroad as well as a ten year exemption from all taxation. This exemption increases to 15 years if a project is developed with a local partner. Project sites can also be leased for 50 years and longer.

Now is the time for companies to play a pioneering role and gain an early lead in profitable developments which will be an increasing focus of domestic investment in the next few years. Iraq's Deputy Prime Minister, Dr. Rosch Shaways says, "through mining the country's extensive mineral resources the goal is to achieve industrial growth which contributes significantly to diversifying the economy". ■

Government makes increasing food production a priority

Fewer than 50 years ago, Iraq was largely self sufficient in food with the then free flowing Euphrates and Tigris rivers nourishing fertile plains. The country was the world's largest date producer and also exported figs, grapes, aromatic rice, barley and wheat.

However, a once flourishing agriculture has declined during the past 30 years, to the extent that 80% of the country's food is now imported. Efforts are now underway to re-establish a sector that could once again become the Middle East region's breadbasket.

International commodity prices for grain, rice and other basics have been fluctuating over the past few years, including sharp spikes in prices. The Iraq Government is therefore prioritising an increase in domestic food production.

It is a complex challenge that requires investment in fresh ideas and new technology - given added urgency by a rapidly increasing food import bill. For more than two decades Iraq's government has administered a huge public distribution mechanism through which its citizens are entitled to receive essential food. The public distribution system is a vital lifeline for those living below the poverty line by providing essentials to a large part of the population. The items include flour, sugar, cooking oil as well as infant food. Every family with an income not exceeding US\$1,200 a month is entitled to the ration, which means the bulk of the country's 32 million people. Iraq has

spent about US\$5 billion just in the past year on distributing basic food to its population. In order to supply the monthly allocation of nine kilogrammes of flour and three kilogrammes of rice to families, the Government has to buy about 4.4 million tonnes of wheat and 1.2 million tonnes of rice each year from domestic and international markets.

Current output

Iraq produces about 110,000 tonnes of rice a year, mainly grown in Najaf, Diwaniya and Muthanna provinces. The country needs to produce some 1.2 million tonnes. Only 35% of poultry meat needs are met from domestic production out of total consumption of 450,000 tonnes.

Iraq has a surface area of 43.7 million hectares but only 25% is viable for agriculture under present conditions and half of that land available is considered very marginal and only used for seasonal grazing of goats and sheep. The north of the country, where hillside grazing predominates, is primarily rain fed while the southern area of the country, where most cultivation traditionally occurs, requires extensive irrigation.

There are many difficulties that need to be addressed including poor agricultural productivity, low output and shortages of electricity, water and farming inputs such as fertilisers and chemicals. In addition, an estimated 25,000 hectares of farmland in central and southern Iraq is



abandoned each year because of elevated salt levels. In spite of these constraints, Iraq's Agriculture Ministry has declared that within five years the country will be a net exporter of strategic crops. The strategy is under pressure to deliver since the global price of basic food commodities is steadily rising and Iraq's population, according to some estimates, could increase 25% in the next 20 years.

Increasing modern irrigation methods is key to achieving this goal. There is also a need for investment in storage capacity of silos and

other equipment, development of veterinary services as well as enhancing technical and managerial capacity. Production of agro-chemicals, fertilisers and pesticides is needed and there is a growing requirement for agricultural machinery. New varieties of seeds matched to climate are needed along with an improved infrastructure for handling, storing and distributing agricultural inputs, tools, machinery and farm produce.

The Government has established a fund to provide soft loans to farmers and investors. The focus is on increasing cultivation of wheat and rice but also covers other areas including livestock rearing. Some US\$1.4 billion in loans have been provided to Iraqi farmers since 2008 in an effort to reach self sufficiency in crops by 2018. As well as direct financial assistance, the money is being used to provide seeds, fertilisers and pesticides.

The declared policy is to move agriculture towards a market driven environment in order to boost output of staple crops to provide food security and eventually phase out the country's expensive food ration scheme. Deputy Agriculture Minister, Ghazi al-Abboudi, predicts that Iraq will produce three million tonnes of wheat by 2019, which could end a need for imports. The country's poultry and fish sectors are also being developed.

Rural redevelopment

There is a lot of catching up to do. Small farms need to adapt to the latest cultivation methods to overcome environmental constraints while agrarian industries are in need of considerable overhaul.

The Ministry of Agriculture oversees several State Owned Enterprises that provide essential farm inputs including fertilisers and chemicals. The Ministry of Industry and Minerals also owns dairies, sugar

“Deputy Agriculture Minister, Ghazi al-Abboudi, predicts that Iraq will produce three million tonnes of wheat by 2019, which could end a need for imports”.

refineries, vegetable oilseed extraction and processing factories. A great deal of refurbishment and expansion will occur in the next few years. Most publicly owned and private sector enterprises are under capitalised and would benefit from greater scale and modern management methods. Iraq's largest milk and dairy foods producer in Abu Ghraib, for example, is operating at only half capacity. Canning factories in Karbala, Diyala, Balad and Dahuk are out of action. Others at Al Dhalaki, Al Bunnia and Al Tariq in Baghdad province are only partially operational. Tomato paste canning factories around Baghdad are operational but not to full capacity. State owned vegetable oil factories are in production in Al Rashid, Al Mamoon, Al Moatasem and Al Mansoor. Flour mills, sugar refineries, factories producing beverages and frozen foods and others await expansion and modernisation.

There are plans to produce more of the country's agricultural inputs, which could see Iraq become a net exporter of fertilisers. In July 2012, the Ministry of Industry and Minerals signed a memorandum with Japan's Mitsui to discuss building a new 1.2 million tonnes a year capacity urea fertiliser and ammonia production facility at Khor al-Zubair in Basrah province. The US company, KBR, is also to provide a licence for its proprietary ammonia process and to supply related engineering services to increase the capacity of the North Fertiliser Plant in Baiji. Built in 1989, the plant was designed to produce 1,000 tonnes a day of ammonia.

As more projects take hold, the country's agriculture and associated industries will play a greater role in Iraq's economy. The sector's development offers many opportunities for advisory services and technologies that will reshape water resources management and rehabilitate and develop Iraq's agro-industries. What has been a neglected sector is ripe for development and investment.

Water plan will help increase crops

Iraq's crop land north of Kirkuk receives rainfall but almost everywhere southward requires irrigation. Unfortunately the flow of the main rivers, the Euphrates and Tigris, on which irrigation depends is beyond the country's control. As a result, agriculture is heavily dependent on external water resources that are not yet subject to firm cross-border agreements. These agreements will take time to develop.

According to the UN Food and Agriculture Organisation "Iraq is suffering a severe shortage of water due to climate change, dryer winters and reduced flow in the Tigris and Euphrates rivers due to the construction of dams in neighbouring countries". Serious environmental and health risks arise from the frequent reductions in the flows of rivers, extensive sedimentation at main barrages and dams, accumulated soil salinity and contaminated water supplies. It is a growing problem for farmers as well as the general population. The World Bank says that deteriorating water quality and reductions in

quantity have put 40% of historically irrigated areas out of production, while 70% of lands are affected by high soil salinity that limits crop yields.

Agriculture Minister, Izzedine Al-Dawla, believes that Iraq will require 70 billion cubic metres a year of water by 2015 but only 44 billion cubic metres will be available. The Government has launched a US\$700 million programme to improve irrigation. According to Ghazi al-Abboudi, the intention is to install irrigation systems across 800,000 hectares, primarily to increase wheat cultivation.

Iraq can also take other measures to lessen its irrigation problems such as focusing on making maximum use of the water farmers have available and reducing wastage. An Australian funded salinity project for central and southern areas of the country is being coordinated by the International Centre for Agricultural Research in Dry Areas. The project aims to identify the causes and distribution of salt affected soils, along with assessing irrigation and drainage infrastructure on farms to establish the best ways of combating salt levels. Considerable irrigation water is lost due to canals that are not lined to prevent seepage. Soil salinity and water logging must also be addressed by rehabilitating drainage systems and farm canals.

One of the most pressing challenges is to ensure adequate water flow pumping stations, several of which require new hardware, including the pumps themselves. Areas for investment also include new centre pivot systems, land reclamation and the renovation of existing canal based flood irrigation systems. Improvements must be made to management techniques and planning of water resources. New advanced techniques could not only increase productivity on existing farmland areas but also bring arid areas into cultivation. The National Investment Commission has identified 500,000 hectares of unoccupied and unfarmed arable land that could be made useful from improved management of water resources, which would go some way to meet Iraq's needs for increasing domestic food production. ■



Ambitious transport plans drive forward

Iraq needs to expand and modernise its rail network, roads, airports and seaports in order to become a commercial hub on a par with more developed Gulf neighbours.

"Iraq's transport sector could be the most attractive place in the world for investment. There are billions of dollars worth of opportunities. In the next three years alone more than US\$5 billion is expected to be spent on roads, expressways and bridges, according to Transport Minister, Hadi Al-Amiri.

Longer term "there will be investment opportunities and new work," he says. According to the Minister, the Government wants to renovate already built airports and seaports, build new facilities and establish 2,000 kilometres of rail track with "European characteristics".

Roads to recovery

On paper, Iraq has an extensive network of roads, consisting of 1,200 kilometres of motorways, 11,000 kilometres of arterial roads, 10,000 kilometres of rural roads, 11,000 kilometres of border roads and 15,200 kilometres of secondary roads. However, many of the roads and bridges were constructed in the late 1970s and early 1980s with an estimated 20 year life span. Many of them are now in disrepair and new ones have to be built with major routes having to be upgraded or started anew. For example, the Baghdad to Turkey Expressway Two is now going ahead with Danish consultant COWI preparing initial designs. Discussions have reportedly been held with China's Poly Technologies to build the highway, estimated to cost US\$4 billion. When it is built it will link with one going south to Basrah, offering a seamless express land route between the Gulf and Turkish border for the first time.



Airports take off

Iraq also wants to expand its existing airports and build new ones. Analysts believe that a robust civil aviation system will provide the country with increased access to international markets. The International Air Transport Association says that “investment in air transport capacity in developing or transition countries, where connectivity is currently relatively low, will have a much larger impact on their productivity and economic success than a similar level of investment in a relatively developed country”.

Iraq currently has six operational international airports. These serve Baghdad, Basrah, Mosul, Erbil, Sulaymaniyah and Najaf. Others are in the planning stage. Development of the aviation system offers many opportunities for business, including airport operations and management concessions, security, air traffic control and technical infrastructure. Cargo terminals in the country also need to be upgraded and equipped with IT systems to improve and develop operations in order to speed up aircraft movements.

French Airport & Air Traffic Control Technology Group (ADPi) is reviewing the masterplan for future development at Baghdad, Basrah and Mosul airports and conducting a site survey for a new airport at Dahuk. After Dahuk airport’s planned completion in 2015, travellers in the Kurdistan Region will have access to direct international flights in each of the region’s three provinces. South Korea’s Incheon International Airport consultancy is supervising construction of the new airport. Lufthansa Consulting is evaluating ground handling requirements at Baghdad International, which is planned to have three terminals and double its current size to handle 2.5 million passengers a year. Lufthansa is also assessing future needs at Basrah and Mosul airports. Iraq’s Ministry of Transport is also seeking developers for a US\$1.5 billion project to develop Al Furat al-Awsat Airport, also known as Mid Euphrates International Airport, over a 45 square kilometre area in Karbala Province.

Railways on track

The Ministry of Transportation has launched a major overhaul and expansion of the national system. The aim is to expand the network to all

Iraqi cities and connect more of the country’s lines with those of neighbouring countries. Currently, the Iraqi Republic Railway Company has 2,405 kilometres of track, 109 stations, 31 locomotives and 1,686 units of rolling stock. Major work to get the network running again has already taken place but much of the existing track needs replacing and most rolling stock is beyond repair. Lines in operation include: Baghdad-Basrah, Baghdad-Samarra, Mosul-Rabia and Baghdad-Fallujah.

A US funded project has seen the installation of a communication train control system and digital microwave radio communication network. This allows dispatchers to monitor and control movements over the entire state network. There are plans for railway border crossings to be developed at Zakho with Turkey, Safwan to the Gulf states, two outlets at Khanaqeen and Basrah, the Trabil outlet with Jordan and the Rabia and Husaiba crossings with Syria. A new line is also planned to link Basrah and Shalamjeh in Iran to carry passengers from Tehran and Qom to Najaf and Karbala.

Iraqi Republic Railways has a big and expensive list of projects, which could cost more than US\$30 billion. These include a 565 kilometre line connecting Baghdad, Baquba, Kirkuk and Mosul and a double track line linking Baghdad, Kut, Amara and Basrah. In the north a line is planned linking Mosul, Dahuk and Zakho on the border with Turkey. Bids have been invited in 2012 for a US\$450 million monorail project in Karbala, linking the northern entrance of the city to the main Shia shrines. Monorail and elevated train systems are also projected for Baghdad and Najaf.

Also among the more ambitious plans is a high speed link connecting Baghdad and Basrah. The aim is to attract developers who will finance and build the projects. By the first quarter of 2012, design was complete for a US\$2 billion, 140 kilometre loop line around Baghdad. Furthermore, Baghdad Municipality is considering issuing a tender for construction of the city’s estimated US\$3 billion overground metro by the end of 2013. Two lines are planned, one of 22 kilometres and a second of 18 kilometres, as well as 40 stations. An underground metro for the capital is also under active consideration. Part of the national 2012 budget has been allocated to the project. Baghdad’s Mayor,

Saber Al Issawi says, "Preparation of huge projects, even in advanced countries can take up to five years. It's a matter of time".

Dock developments

A key consideration for Iraq is access to the sea and world trade. A planned rail link to the Red Sea port at Aqaba could help. However, the main effort is on improving existing Iraqi port facilities at Umm Qasr on the Gulf and on the Shatt al-Arab waterway. Umm Qasr is Iraq's only deepwater seaport, at the confluence of the Tigris and Euphrates rivers, 64 kilometres downstream of the port city of Basrah. Meanwhile, a US consortium led by North America Western Asia Holdings signed a deal in October 2012, to modernise the 93 year old Maqal Port in Basrah. In addition to investing US\$14 million to develop the port's container handling capabilities, the company's ten year agreement also involves dredging works to a depth of nine metres to allow access for larger vessels.

The consortium's CEO, Paul Brinkley says, "The speed at which Iraq can rebuild and become prosperous is greatly dependent upon the capacity of its ports. The modernisation of Maqal Port is an important step in helping Basrah regain its status as a key regional trading hub". According to Transport Minister Al-Amiri, "modernising Maqal Port is one step in Iraq's greater vision to improve and expand our country's shipping and port capabilities. It sends out a strong message to international investors that Iraq is truly ripe for investment".

Major improvement work is underway elsewhere. Sharjah based GulfTainer has been contracted to establish a dry port north of Umm Qasr at a cost of US\$150 million. This follows an earlier contract to establish container operations at the port, where it is developing a logistics centre and inland container terminal of over 750,000 square metres. The company's subsidiary, Momentum Logistics, also operates in Erbil. The company's General Manager, Mathew Derrick says, "We are making good progress with our activities

throughout Iraq and our aim is to offer a complete package to the oil & gas industry and other customers". If Iraq's aim of steadily raising oil production over the next few years is to be realised, it is essential for the country's export capacity and logistics services to expand in parallel. Such is the urgency that Shell may build its own dock in the Shatt al-Arab waterway to speed up delivery of heavy equipment to its giant Majnoon oilfield.

The Ministry of Oil is also developing the Iraq Crude Oil Export Expansion Project, to provide offshore loading facilities for exports of 4.5 million bpd within the next five years. The US\$1.3 billion programme, includes construction of two undersea pipelines and one onshore pipeline and four single point moorings. A third pipeline and fifth mooring point is also being considered.

However, Iraq's single largest transport improvement project involves development of a new deepwater port on the Al-Faw peninsula. The projected Al-Faw Grand Port is expected to cost US\$6.1 billion. It involves building more than 10,500 metres of berths and a one million square metre container yard as well as a 600,000 square metres multipurpose yard. In addition, a 2.4 kilometres, 400 metre wide channel will be dredged to connect the port with the open sea.

The state owned General Company for Ports of Iraq has placed South Korea's Jeongshin Engineering & Construction Company and Greece's Archirodon Construction Company on a shortlist of preferred bidders for the US\$340 million first phase of construction work, to build a breakwater for the new port.

The Government's primary aim with the Al-Faw Grand Port project is to substantially increase Iraq's oil export infrastructure and become a key international logistics hub. Combined with a rail network through Iraq to Turkey and then on to European destinations, the country could be a dry route alternative to the Suez Canal. ■



IKB Travel & Tours Ltd specialise in arranging travel to Iraq for our corporate clients. Our dedicated team have excellent local knowledge and the ability to arrange any method of transport to and from Iraq

- GSA for many Iraqi carriers • Private/VIP Jet • Cargo to and from Iraq •
- Premium/budget insurance • Scheduled airline travel •
- Visa service • Transport in/out of green zones • Group travel • Business travel • Flights to Iraq •

www.YouShouldTravel.com

Tel: 00 44 (0)20 7724 8455 | Fax: 00 44 (0)20 7724 8655 | Email: iraq@IKBtravel.co.uk

IKB Travel & Tours, 230 Edgware Road, London, W2 1DW

Iraq is back on global aviation map

There were about 280 international flights a week from Iraq by the middle of 2012, connecting to Europe, the Middle East and other destinations. Since Royal Jordanian became the first international carrier to restart operations to Iraq in 2003, more than 20 other airlines have established services to the country.

The steady increase in traffic over the past four years is now accelerating, with carriers establishing services to all of the country's six international airports: Baghdad, Basrah, Erbil, Mosul, Najaf and Sulaymaniyah.

The Kurdish Regional Authority's two airports at Erbil and Sulaymaniyah already provide direct flights to more than 25 destinations in Europe, Asia and the Middle East. Erbil International experienced a 37% increase in traffic from 2010 to 2011 with 620,000 passengers using the airport. In 2012, the number is forecast to grow by more than 50%.

With growing trade opportunities, commercial airlines in the region are putting Iraq near to the top of route development plans. Other international carriers are also looking closely at developing services.

Austrian Airlines now operates between Vienna and Baghdad and to Erbil. Qatar Airways has recently launched four times a week services from to Erbil and Baghdad. The Doha based airline, which started a cargo flight to Erbil in July, also operates to Najaf.

The carrier's CEO, Akbar Al Baker, comments, "During Iraq's current period of reform and development, with industries resurging and many new companies expanding operations to Iraq, we felt that this was the time to move into the country". He adds, "The start of our services to three cities in Iraq in a short span of time emphasises the value and importance of tourism, trade and business between Qatar and Iraq".

Most of the major Arabian Gulf airlines have started operations in Iraq. Emirates flies to Baghdad and Basrah and Etihad operates flights to Erbil, Baghdad and Basrah. In August 2012, budget carrier Flydubai added Basrah to its Iraq destinations, which also include Baghdad, Najaf, Sulaymaniyah and Erbil. CEO, Ghaith Al Ghaith says, "We identified Iraq as one of our principal markets in 2010 with the launch of services to Erbil and Sulaymaniyah".



Another UAE budget carrier, Sharjah based Air Arabia, was due to add Erbil to its scheduled routes to Najaf established in 2010.

In September 2012, Bahrain based Gulf Air resumed services to Baghdad, Erbil, Najaf and Basrah after a 17 month hiatus. Turkish Airlines offers the most services to Baghdad, Basrah, Erbil, Mosul, Najaf and Sulaymaniyah. Two other Turkish carriers, Atlasjet and Pegasus Airlines, also operate to Erbil and Sulaymaniyah. The former has indicated it will launch an Iraqi subsidiary to be known as Atlasjet Iraq.

State owned Iraqi Airways intends to expand its international routes and recently announced the launch of a scheduled service to Kuala Lumpur from Baghdad. Iraqi Airways resumed domestic and international operations in 2004 and has gradually added to its services with flights to Karachi in 2009 and the launch of a service between Mumbai and

Najaf in 2012. The airline employs 3,600 staff and has 13 aircraft including six 90 seat Bombardier CRJ900 planes which are owned by the Ministry of Finance and leased back to the airline.

A legal dispute with Kuwait Airways, which has stalled Iraqi Airways revival, seems to have been overcome with agreement on compensation to the former and a contribution to develop a joint carrier. Iraqi Airways is considering purchases of Airbus A320 and A321 single-aisle aircraft. It also has an initial order with Boeing for 30 737-800s with options of a further ten, as well as ten wide-body 787 aircraft.

The Head of Iraq's Civil Aviation Authority, Nasser Hussein Bandar, says, "We want to operate just like any other regional airline". He says that Iraq's national carrier, which was founded in 1945, is one of the region's oldest airlines and is determined to go ahead with the planned expansion. ■

Fly Gulf Air and experience a host of benefits



Gulf Air, the national airline carrier of the Kingdom of Bahrain, is renowned for its spirit of innovation and its constant efforts to develop products to win customers. It has always recognised the importance of seamless connectivity, convenient flight schedules and excellent services to enhance the customer experience and ensure greater satisfaction.

Accordingly, Gulf Air opened its latest premium Falcon Gold Lounge at London Heathrow Airport, Terminal 4, in spring 2011. The large, 603 square metres Falcon Gold Lounge - one of the largest in the terminal - combines contemporary design and architecture with Arabian influences, creating an environment that melds peace and tranquillity

with extensive modern day business facilities. A stylish, modern lounge, it affords the traveller superior views across the airport with an open plan design that gives a sense of space and freedom. The lounge boasts a fully equipped business centre, consisting of Apple Mac computers, printers, fax and other office support functions. It also has a dining area, lounge, TV area and private family rooms with professionally trained sky nannies, who deliver the airline's family friendly promise by engaging and playing with child travellers at any point in their journey, from check-in until disembarkation from the Gulf Air flight.

The airline recently launched flights to three prominent Iraqi destinations: Baghdad, Al Najaf and Erbil, further facilitating movement between the United Kingdom, Iraq, the greater Middle East and North African region. Facilitating seamless travel and connectivity through its efficient hub in Bahrain, Gulf Air flies to Baghdad with five weekly flights, Erbil is served with four and Basrah has three.

One of the key components of Gulf Air's business strategy and central to the airline's commercial viability, is a focus on improving the products and services that it offers its customers. The airline keeps improving itself in terms of customer service, both in the air and on the ground, with offerings such as the recently launched mobile check-in facility and flatbed seats. Gulf Air's plans to increase frequencies to key destinations such as Iraq, caters to the multi-segmented markets it serves and specifically to the airline's business, family and religious travellers.



Iraq. We've got it covered.

Baghdad, Basra, Erbil and Najaf. Now we fly you daily to more destinations in Iraq than any other airline.

Enjoy more flights, better timings, faster connections and of course, our traditional Arabian hospitality.

Unbeatable fares on gulfair.com

طيران الخليج
Gulf Air 

gulfair.com

Airport growth reflects dynamism of Kurdish economy

Tala Faiq, Director General, Erbil International Airport



Tala Faiq, Director General,
Erbil International Airport

Moving from plane to car or vice versa in a safe, efficient and secure way is the basic function of an airport. However, Erbil International Airport (EIA) is a real, contemporary reminder that airports do so much more.

Opening for business in September 2010, its bright, modern, gleaming clean lines surprise some but also serve to remind us that an airport is a gateway that delivers connectivity for the region it serves to the rest of the world, as well as being a vital enabler to economic growth, cultural development and social cohesion.

Civil aviation did not come to Kurdistan, part of a Federal Iraq, until late 2005. Erbil's airport is built on the site of a former military base: the means of oppression becoming the means of liberation in the process. The airport's rapid growth - up 59% in the first nine months of 2012, with cargo volumes doubling - reflect not only the efforts of the airport but more importantly, the dynamism of the Kurdish economy.

The link between economic growth and airport development maybe lost in more mature markets, where other issues drown out the very real impact that good connectivity brings, in the form of investment and economic activity but in Erbil and Kurdistan the evidence is very clear indeed.

In 2012, the airport welcomed a number of airlines including Emirates, Qatar Airways, Air Arabia and Mahan Air. It is easier to access all parts of the globe than ever before, with two hour flight times to the hubs of Istanbul, Dubai and Abu Dhabi, while Air Arabia's Sharjah base brings low-cost alternatives and convenient connectivity with the Indian subcontinent. Further away but enjoying much success, are the routes to Vienna and beyond on Austrian Airlines and Frankfurt with Lufthansa.

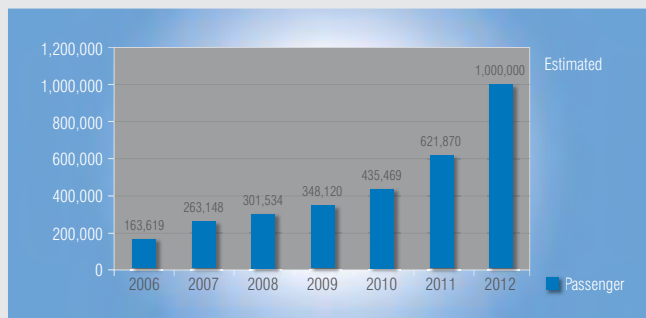
In January 2013, after 16 years, the US Government will lift its ban on US planes flying to Kurdistan. This welcome move is a vote of confidence for the region and the level of security one can find here. We hope that in the course of 2013, the UK Government, will follow the lead and lift its ban on UK registered planes flying into Iraq and more particularly, Kurdistan.

It is 21 years since Saddam's forces abandoned the former military airbase outside Erbil and sought to partition Kurdistan from the rest of Iraq in 1991. The arrival of the coalition forces in 2003 and the handover of the airfield to the Kurdistan Regional Government (KRG) that year, saw the start of a determination to end years of isolation and bring civil aviation to Kurdistan for the first time.

In 2012, it is likely the airport will have seen one million departing and arriving passengers.



Passenger growth at Erbil International Airport



This success is testament to the strategic vision of the KRG to end the isolation of the region. Then Prime Minister, Nechirvan Barzani, commissioned the new airport in 2004 (he recently returned to the same post in early 2012) and the current facility was officially opened by KRG President, Masoud Barzani and the Turkish Prime Minister, Recep Tayyip Erdogan, in March 2011, having enjoyed a successful 'soft' opening in September 2010.

The airport's capacity to surprise is further strengthened by the presence of the Middle East's only female airport Head, Talar Faiq, who is the airport's Director General. Taking up her role in late 2010,

Ms Faiq is testament to the determination of the KRG to ensure women play a full part in government and the development of the region. Her vision and ambitions for EIA are clear:

"Erbil International is one of the largest infrastructure projects among many undertaken by the KRG. It is a flagship project and its success – our safe, efficient and secure operation, as a gateway for Kurdistan and Iraq – reflects on the region as a whole.

"We wish to provide a warm welcome to visitors to the region and to work closely with the airlines to ensure a seamless service for passengers.

"These are exciting times in Kurdistan and the region is seeing tremendous growth and expansion. New roads, schools, hospitals and investment in higher education are all helping the region to respond to the challenge of catching up after years of isolation and persecution and creating a 21st century diverse economy and society.

"I would encourage businesses looking at Kurdistan for future investment or partnerships, to take the leap and help further cement the progress being made in the region. You can be assured of a warm welcome at our airport and in Kurdistan and become part of an evolving story that is seeing the transformation of Kurdistan in Northern Iraq". ■

Kurdistan's gateway to business opportunity...



www.erbilairport.net

Erbil International Airport - the gateway to Kurdistan and Iraq

Erbil International Airport is one of the fastest growing airports in the Middle East - its growth reflects the dynamism of the economy of the region. Across many sectors, the Kurdistan Regional Government is making it easy for investors to do business and simplifying company registration, which enables business to play its part in helping modernise this area of Northern Iraq.

The airport reflects the community it serves. Major airlines such as Turkish Airlines, Etihad, Gulf Air, Lufthansa, Austrian Airlines, Emirates, Qatar Airways and Royal Jordanian all operate to this state of the art airport, one of many strategic infrastructure projects completed or underway.

With growth in passenger traffic above 60% in 2012 and cargo volumes doubling, the airport's growth underlines the business friendly welcome to be enjoyed in Kurdistan.

Your business should take a little time to understand the difference Kurdistan offers. It is safe, secure, business friendly and eager to offer you a warm welcome in 2013.

EIA looks forward to welcoming you in 2013



Kurdistan

This semi-autonomous region in northern Iraq is controlled by the Kurdistan Regional Government. It is divided into the governorates of Erbil, Dahuk and Sulaymaniyah and has a population of around 5.3 million people, of whom some 60% are under the age of 24.

It is easy to visit Kurdistan, to do business and to travel within its borders. Each year, the region is host to several million visitors from the south of the country and Iran principally, seeking the cool of the mountain resorts and the shopping malls of Erbil, Sulaymaniyah and Dahuk. Kurdish is the principal language of the region, in several dialects, whilst many also speak Arabic. Outside of the main cities, knowledge of English is rare. In 2014, Erbil, home to the Kurdistan Parliament and seat of government will become the capital of Arab tourism, with preparations throughout 2013 for a host of events and activities the following year. Tourism is a key focus for the Regional Government, as it seeks to develop diverse income streams for its growing economy, with much work developing museums and other attractions in and around its main cities.

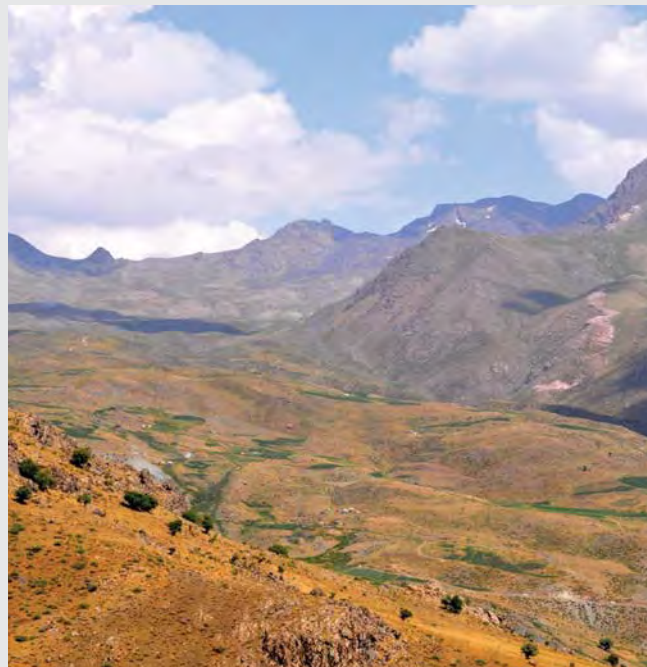
In the coming months, the Kurdistan Regional Government will be making it easier to register a business, as a branch or as a stand alone entity. Work is currently underway to streamline the process and create clarity around the legislation and other requirements. This progress, allied with a review of the investment laws in Kurdistan, will create even better conditions for businesses to operate and flourish.

Some key facts for those not familiar with the region:

- Area: 44,000 square kilometres
- Population: 5.3 million
- GDP: US\$23.5 billion
- GDP per capita: US\$4,550 (estimated, 2011)
- Electricity supply: 22/24 hours continuous

Presently, more than 50 companies from 23 countries are investing upwards of US\$10 billion in the quest to find and then recover oil & gas reserves in the region. Kurdistan's reserves are conservatively estimated at 45 billion barrels. Six years ago, the known reserves stood at zero.

Kurdistan is part of a Federal Iraq. It has made a commitment to religious diversity and to political progress as its nascent democracy matures. Its strategic plan is to create a modern vibrant economy, which gives businesses and investors fertile ground to grow and build sustainable businesses in this once isolated part of the world. ■



Diversified firms rebuild Iraq

The Sardar Group is a leading enterprise founded in the 1970s as an automobile trading business by Iraqi, Hajjy Hussein Al Beban. Today, it represents worldwide automotive brands such as Nissan, Jaguar and Land Rover in Iraq. The Group are also the exclusive dealer for Volvo, Doosan, Genie and Tata Daewoo in the machinery, material handling and commercial vehicles side of the company for the whole of Iraq. Over the years, the Group has also developed a range of activities in diversified industries, from tourism to real estate, all of which contribute to the Iraqi economy.

The tourism arm of the Group is Samar Company for General Trading, Travel & Tourism. It is creating a 100,000 square metre Wedding City in the Shaqlawa town of Erbil in the Kurdistan Region. This prestigious project will offer a prime location for luxury weddings and honeymooners by providing recreation facilities such as hotels and chalets.

More Real Estate Development & Investments, is one of three companies operating within the real estate arm of the Group. A joint venture between Qaiwan Group & Sardar Group, More, is developing the Qaiwan Towers in Sulaymaniyah, which is one of the most ambitious projects in the Kurdistan Region. The project will consist of two iconic 25 storey towers, located in the heart of Sulaymaniyah, one will feature the five star Rotana Hotel and the other will contain offices and a premium shopping mall.

Sardar Investments, an Australian investment company, currently manages the four star Swiss-Belhotel International, which is located less than a five minute drive from Erbil International Airport. The hotel is built in a contemporary style, providing superior comfort and hospitality. It offers 108 well appointed guestrooms and suites and is expected to open in early 2014. The facilities include all day dining and speciality restaurants, indoor and poolside bars, a lobby and roof



Swiss-Belhotel Erbil



Canadian village, Kirkuk

top shisha lounge, a deli, 300 square metres of meeting room space, a business centre with internet access, a boutique and a travel agency, in addition to the world famous Trader Vic's restaurant. The construction arm of the Group, Al Sardar Group for General Trading & Contracting, has a Canadian village project underway, that will include 2,000 residential units in Kirkuk.

Sardar Group's Chairman, Sardar H Hasan said "With a heritage that dates back thousands of years, Iraq's tourism industry, specifically in the north, has been steadily growing towards positioning the country as a premier tourist destination. We at Sardar Group wanted to be a catalyst in this transition and therefore, partnered with international companies to bring to Iraq, quality and luxury not just in automobiles but in tourism and real estate as well. The construction of the residential project in Kirkuk is just the beginning of our involvement in the reconstruction of Iraq, by catering to local and expatriate needs alike". ■



Qaiwan Towers



Sardar
GROUP

Experience the Difference

Baghdad : + 964 (790) 192 1182

Erbil : + 964 (750) 710 4444

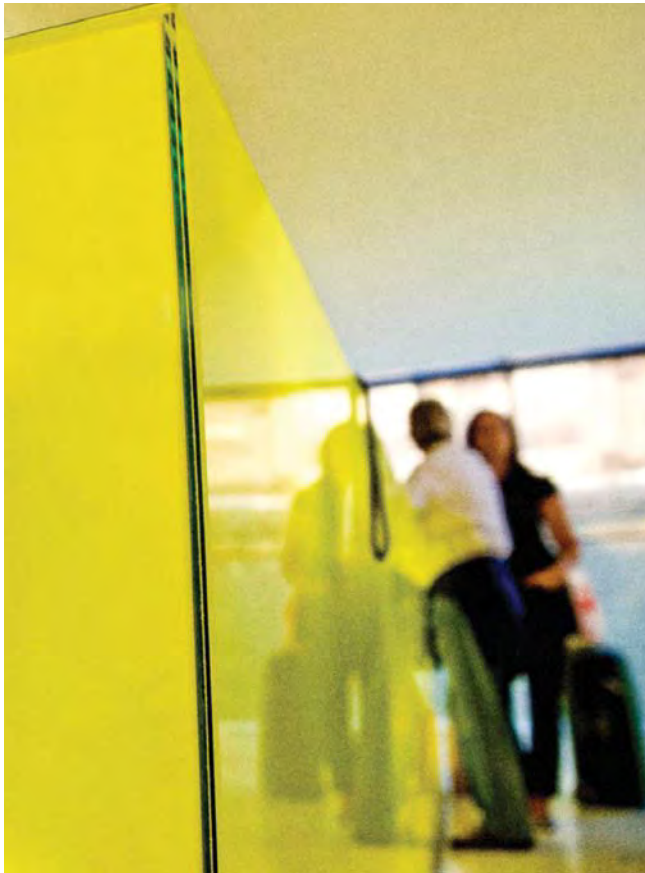
Amman : + 962 (6) 552 9977

Dubai : + 971 (4) 333 3899

www.SardarGroup.com

www.LandRoverIraq.com

Rising visitor numbers spurs hotel expansion



Visitor numbers to Iraq are rising, driving a host of major hotel developments.

Iraq has been off the radar for most visitors for decades as wars and insurgency made the country unsuitable for large scale tourism. However, the new Iraq is attracting an increasing number of visitors, pilgrims drawn to some of the most revered Shiite sites; business people interested in the great opportunities as the country rebuilds; and tourists who are slowly returning to visit the country's great historical sites. Accommodation and visitor facilities are being built to cater for this growing market.

Given time and the country becoming more secure, it is probable that Iraq will develop as a destination in the same way that Egypt, Jordan and Turkey have nurtured multibillion dollar tourist industries.

For investors, the business trend is already encouraging. Hotel accommodation revenues in Iraq are estimated to have reached US\$483 million in 2011, compared to US\$475 million in 2010.

Large scale international gatherings such as the Gulf States Summit in 2012, in Baghdad and a growing number of conference events in the capital, Erbil and Basrah have stimulated a makeover for bigger hotels and development of others. These improvements included refurbishment of the prestigious Al-Rasheed Hotel in Baghdad's International Zone, formerly known as the Green Zone.

The hotel lobby

A new and more expansive phase of development is underway. In May 2012, Coral Hotels & Resorts announced an agreement with United Iraqi Trading Company to manage a new boutique property in the

Al-Jadriya area of Baghdad, five kilometres from the International Zone. Michel Noblet, President of Dubai based Hospitality Management Holdings, which owns Coral comments, "We hope to play a significant role in the emergence of Baghdad as a popular destination and leading economy in the Middle East".

Sheraton Executives visited Erbil in September 2011, to look at the possibility of opening a hotel in the city. It hasn't taken long for them to reach a decision with their parent organisation, Starwood Hotels and Resorts, concluding an agreement in May 2012. Starwood Group has signed up with Erbil based property company BCD to open a 221 room and 39 suite Sheraton Hotel with a ballroom, conference centre and business meeting facilities. It has also contracted with Ranj Company and Helar Company for a 250 room Sheraton Four Points hotel in the same city. Both properties are due to open in 2015.

It is an overdue return to Iraq for the hotel group, which opened two properties in 1982 in Basrah and Baghdad respectively. Both were closed eight years later as a result of Saddam Hussein's invasion of Kuwait. Starwood's VP for Middle East Development, Neil George says, "We were in Iraq 20 years ago and we had to leave and we've waited some time to find the right partners and right project to re-enter the country". He adds, "Erbil is the right place in Iraq to re-enter. It's stable, safe and there are lots of incentives and lots going on. It's a bit of a haven for economic development, so that's our first point and then we'll grow elsewhere".

The Kurdistan Region is proving to be an attractive investment draw for regional hotel groups. Abu Dhabi's Rotana was the first hotel operator to invest in Erbil opening a 201 room property in 2010 for Lebanon's Malia Group. The clientele is nearly all business visitors. Dubai based Peacock International Hotel Management said, in September 2012, it is to manage the new five star Highcrest Hotel with 92 rooms and suites in Sulaymaniyah. Peacock says it will provide construction consultancy in the pre-opening process and staff training. The process is designed to assist the hotel to develop further properties under the same brand name. Millennium and Copthorne, part of the Abu Dhabi based Lakrain Business Group, is also developing three hotels in Sulaymaniyah.

Best Western is due to open its first hotel, an 82 room property in 2013, followed by a 180 room hotel in Erbil's city centre in 2014. The operator's International Vice President, Glenn de Souza says, "The city is a prominent trading centre with key road links and increasing air access is a natural choice for our first hotels in Iraq". According to de Souza, "Iraq was chosen for Best Western's next step of brand expansion in the Middle East based on various positive aspects including historical values, the country's economy, the people and its financial resources".

In 2012, an agreement was also reached with Marriott International and local developer Empire Iraq for the US company to operate a 200 room hotel and 75 unit block of residential apartments in Erbil. Hilton Worldwide, part of the Blackstone Group is due to open a 300 room spa property in the city for the local Mihtab group in 2016. This is the second hotel project in Iraq for Hilton, which announced development of a 200 room Double Tree Suites property in Erbil in 2011.

Religious tours

Iraq's hospitality sector is still in its infancy but will undoubtedly grow faster once traditional tourism takes off. The pace of this development will depend on several factors including infrastructure and transport developments as well as greater security.

Iraq's Minister for Tourism, Liwaa Sumeisem says, "Tourism in Iraq is complicated. There are many, many challenges". However, while only a few hundred visitors from the West are expected to come to Iraq in 2012, the number of tourists visiting Iraq is growing rapidly. An estimated 1.5 million people visited the country in 2011, up from 1.25 million in 2009 and just 266,000 in 2006. More than two million visitors are expected in 2012.

The reason is pilgrimage. Karbala and Najaf host hundreds of thousands of visitors each year, most of them on religious tours organised from Iran on their way to visit the Imam Ali Mosque and other holy places. A Dubai company, Range Hospitality, is developing a US\$175 million, 824 room hotel in Karbala. When completed, the 12 storey Al Rawdatain Residences Hotel will be managed by Shaza Hotels, which is a joint venture of the Swiss based Kempinski Hotels and Paris based Guidance Hotel Investment Company.

“In 2012, it was announced that Babylon province is to receive US\$85 million to develop historical sites, infrastructure and hotels”.

Visitors to history

Minister Sumeisem wants the country to attract not just religious visitors, who make up 90% or more of visitors to Iraq but many more to see and appreciate the country's rich ancient history. “There are 80,000 archaeological sites and hundreds could become popular destinations,” he says.

In 2012, it was announced that Babylon province is to receive US\$85 million to develop historical sites, infrastructure and hotels. Home to the ancient city of Babylon, where the famed Hanging Gardens of Antiquity were reputed to have been, the area is designated as Iraq's archaeological and historical capital. The foundation stone has also been laid for a new national museum to be built in Baghdad's Mansour district over a 5,000 square metre area. Culture Minister, Saadoun al-Dulaimi says it will be the largest in the region.

Also, the British Museum is involved in efforts to secure a new home for Basrah's antiquities. John Curtis, Keeper of the British Museum's Middle East collection says, “There is no major museum at the moment. It's not just for Basrah but for the whole of southern Iraq. It will be a very important cultural resource which hopefully could become a model for the region”.

Preserving its past is a vital task and will help the country establish itself back on its deserved role on historic routes. At the moment Iraq

is still striving to recover thousands, possibly tens of thousands, of antiquities plundered from its archaeological sites and museums. Some 6,000 pieces have so far been retrieved but it is estimated that more than 180,000 items are still unaccounted for. Nevertheless there is still an enormous amount of Iraq's ancient past to see and appreciate.

The UK's Yorkshire based Hinterland Travel is one of a handful of companies offering bespoke tours to Iraq, or Mesopotamia as it prefers to refer to the country. Other operators include the US' California based Distant Horizons, Michigan based Spiekermann Travel and Babel Tours, a subsidiary of French company Terre Entiere. Hinterland's tours take in sites ranging from Saddam Hussein's former palace in Tikrit to the ancient Mar Matti Monastery near Mosul and spiral shaped Malwiya minaret in Samarra. Managing Director, Geoff Hamm, who has run trips to Iraq for more than 30 years says, “We keep out of the way and don't attract attention, that's the safest way to travel anywhere. We specialise in history and archaeology. Tourism is in its infancy but the sites are worth seeing and this really is where civilisation began”.

Fiona Jeffrey, Chairman of World Travel Market, one of the largest global marketing events for the sector, believes there are big opportunities for development. “Iraq is a diverse mix of history, culture and unique experiences all paving the way for its place as an exciting up and coming destination”. ■

Healthcare overhaul gathers pace

Few countries in the Middle East had as good a healthcare system as Iraq during the 1970s. The country boasted 172 fully functioning public hospitals and 1,200 primary healthcare centres. Infant and mortality rates were the lowest in the region. Most specialists were trained in Europe, particularly the UK and Germany.

The years that followed witnessed a collapse of infrastructure and services, acute shortages of equipment and pharmaceuticals. More than half the country's doctors and skilled medical professionals fled the oppression. By 2008, it was estimated that only 16,000 physicians remained in the country compared with 34,000, 15 years earlier.

For the most vulnerable the results have been catastrophic. Life expectancy 30 years ago was 65 years but in 2010 this had reduced to 58 years. Problems are compounded by a lack of consistent supplies of power or water. This in turn is reflected in wastewater problems, lack of air conditioning and other equipment, including medical systems that cannot function properly.

Inadequate supplies of clean water and a crumbling sewerage network have contributed to soaring infant mortality rates. Nearly 70% of child deaths are put down to diarrhoea and respiratory causes. An inability to access hospital care has also led to many mothers having to deliver their babies at home, according to the World Health Organisation (WHO).

Iraq also faces serious emerging healthcare challenges mainly from diagnoses of non-communicable diseases such as diabetes and hypertension. The scale of the challenge is not yet quantified since very little epidemiological research has ever been done.

Given the deterioration of the state system, many who can afford the cost have turned to the private health sector. Proprietors of private

hospitals and clinics are usually medical specialists, some of whom also work in the state system. There are about 90 small privately run hospitals, clinics and dental surgeries as well as 3,400 privately owned pharmacies.

The immediate and long term aim though is to rebuild the country's state provided healthcare system. After a long period of decline, the tide is beginning to turn. Serious efforts are now being made to reconstruct the country's devastated healthcare infrastructure in cities and rural areas.

Investing in health

Healthcare spending has risen from US\$3.8 billion in 2010 to US\$6 billion in 2012. Over the next decade, this expenditure is likely to substantially increase. Even now, annual health spending of US\$250 per capita is one quarter of the world average.

It is an immense task. According to the WHO Iraq has a ratio of 0.7 doctors per 1,000 of its population compared to Egypt's 2.8 or Lebanon's 3.5. Only 30,000 to 40,000 beds are currently available. Many more doctors and up to a 100,000 more hospital beds are required to bring standards up to the regional norm.

The Iraqi Government, in cooperation with several international consortiums, has embarked on an extensive reconstruction programme. Core projects include the accelerated building of well equipped hospitals throughout the country, with capacities ranging from 100 to 500 beds.

There are US\$2.7 billion of new hospital projects underway and a further US\$2 billion expected to begin shortly. Initial improvements are being seen.

“Healthcare spending has risen for each of the past three years from US\$3.8 billion in 2010 to US\$6 billion in 2012”.

- Some 37 hospitals are in various stages of construction throughout Iraq with a further 11 projects due to get underway in 2012.
- The country's first oncology specialist unit has been opened in Baghdad at Al-Kathimiya Hospital. A children's hospital opened at the end of 2010 in Basrah, with full surgical and outpatient facilities.
- Two Turkish concerns, Acarsan Group in partnership with Universal Hospitals Group are building five 400 bed hospitals in Karbala, Basrah, Babil, Missan and Nasiriyah provinces.
- Iraq's Ministry of Health has also contracted Universal Hospitals Group and German Medical Services (GMS) to build 100 bed hospitals to be located in Samarra, Al-Dur, Tuz Khurmatu and Dujail. Two large clinics are also due to be built by the consortium in Wassit and in Muthanna provinces.
- Leipzig based GMS is developing two other 500 bed hospitals in Iraq - the Al-Najaf Hospital and Cancer Therapy Centre as well as an identical hospital and centre in Mosul in Nineveh province.

An important part of the health strategy is to provide access to primary and specialist care in all Iraqi provinces. GMS has already developed a new 492 bed general hospital in Samawah near the border with Saudi Arabia. Turkey's Sema Hospitals Group has developed a hospital in Erbil and is building another. Denmark's Delphi-Gruppen is financing and building three 300 bed hospitals to be located in Halabja

and Koya in the Kurdistan Region and in Tikrit, in addition to a 150 bed hospital in Baiji.

Training medical staff and stimulating research is also vital. In April 2012, the Higher Education & Scientific Research Ministry awarded the US' Hill International a US\$5.2 million design and construction management contract for the new Al-Bayaa 600 bed teaching hospital in Baghdad. The new hospital is expected to cost US\$200 million to build.

Modernising equipment

The new hospitals are also being equipped with state of the art equipment from companies such as Siemens Healthcare, which is supplying diagnostic equipment including MRI scanners, mobile X-ray and mammography systems under a US\$70 million deal signed in 2010.

Italy's Sorima Hospital Development, France's Ermedi International and Germany's Viessmann Technologies and HT Labor & Hospitaltechnik have contracts valued at US\$150 million to supply 76 new operating theatres and rehabilitate others in 19 state hospitals. Facilities at some of the country's 229 state run hospitals are expected to be similarly modernised.

60% of Iraqi patients were treated at primary healthcare centres in 2011. The plan is to raise this to 80% to focus the attention of the main

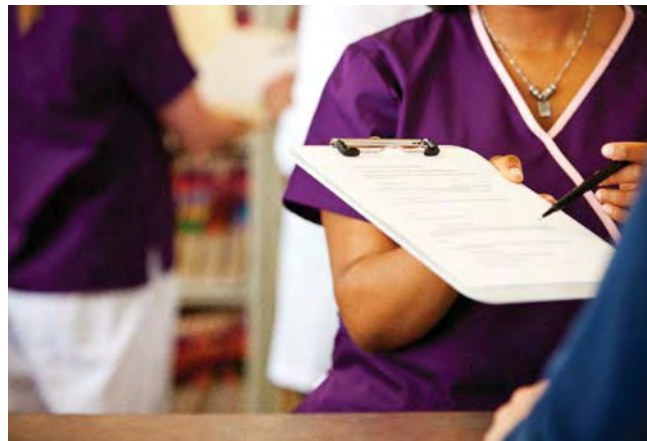


hospitals on specialist care. One of the largest reconstruction initiatives involves a partnership with USAID to establish 360 primary healthcare centres across Iraq, which will help form the basis of a nationwide functioning health service. The Government is also establishing a number of mobile clinics. The first is due to open in Karbala province. USAID's Primary Health Care Project in Iraq operates in all of the country's 18 provinces and is seeking to strengthen the management of the healthcare system as well as improve compliance with clinical service guidelines and help community participation in service delivery.

Restructuring also requires new management approaches. In the past, the system has tended to be bureaucratic in delivery with inequitable access. Monitoring of resources and data collection needs to become much more efficient. In this, investment in ICT will be pivotal to administer resources effectively.

The country also needs to provide more doctors, consultants, anaesthetists and especially more nurses.

Minister of Health, Dr. Majid Hamad Amin, has signed a five year country cooperation strategy agreement with the WHO to help improve treatments and manage the system in order to provide universal coverage. Iraq is also working with a number of governments and



international organisations and doctors, including the International Committee of the Red Cross and Medicines Sans Frontieres to train personnel. Training courses are underway in Lebanon, Jordan, Saudi Arabia and Europe.

Memorandums have been signed with Turkish universities to train Iraqi doctors and to treat Iraqi patients in Turkey. Acibadem Turkish Hospitals Group, Medicana and Florence Nightingale Turkish Hospital Group, which are among those receiving patients, are also reported to be considering opening up treatment centres in Iraq. A basic problem is the scale of professional loss that has driven thousands of health professionals to live in the Gulf and other parts of the Middle East as well as Europe. As a result, there is a shortage of personnel across the board, from nurses to general practitioners and consultants. While there has been some improvement, there is still a chronic shortage of senior doctors and specialists including anaesthetists. The situation is likely to improve as teaching hospitals are completed, living conditions and infrastructure improve and expatriate Iraqi professionals are attracted home.

In order for the country to regain its pre-eminent position in the region as a healthcare provider, high level expenditure on service delivery is likely to continue to rise for many years ahead. ■

Education is foundation of Iraq's future prosperity

The 175,000 secondary school students who registered for university applications in 2012 is the largest number for ten years. In 2011, primary school enrolment also increased substantially to 87% with a target of 98% by 2015.

These improvements have to be seen within the context of Iraq's rebuilding of its entire educational structure from schools to universities.

A UN analysis in 2010 indicated how great the challenge is. It found that 20% of Iraqis aged between 10 and 49 could not read or write, with the level of illiteracy twice as high among women than men. The number of 14 year olds going on to high school and to further education, for example, has declined as children have had to forgo education to support their families.

It is a trend that has to be reversed. As economic and technological changes gather pace, Iraq's workforce cannot afford to be left behind. There is a tremendous need to rebuild the country's once renowned schools, universities and training colleges to equip a new generation to gain the skills needed to develop Iraq's economy.

The Government allocated US\$8.9 billion to education in its national 2012 budget. This amount is likely to have to rise in future

years if the aspirations contained in the country's 2005 Federal Constitution are to be met. This guarantees free education for all Iraqis with primary education mandatory for all. It also specifies freedom of research and the right to be educated in one's mother tongue and in either a private or public education institution.

In 2011, UNICEF reported severe shortfalls in facilities with more than 16% of schools destroyed, damaged or vandalised. The schools and university buildings lack sufficient electricity supplies, potable water, teaching materials as well as ICT and administrative capacity.

There was a mass departure of professionals to Jordan and other parts of the region after the fall of the regime in 2003. Only a fraction of these, including senior teachers and university faculty members, have so far returned.

Rebuilding schools network

In the 1970s the picture was very different. Iraq was widely regarded as possessing one of the best educational systems in the Middle East with near universal primary school enrolment, high literacy rates and a university sector of international standards. School enrolment was 100% with gender parity. Up to 20% of the



national budget was given to educational spending with an average US\$620 spent on each student. By 2002, the amount spent on education per student had fallen to just US\$47.

UN estimates suggest 84% of Iraq's higher education infrastructure was burnt, looted or severely damaged, destroying laboratories, equipment and libraries following 2003. Some 2,750 schools were severely damaged, while another 2,400 experienced looting and damage. An estimated 20,000 teachers left their posts.

Many of Iraq's estimated 15,000 schools are seriously overcrowded and lack basic amenities such as running water and sanitation. In many cases this has necessitated bringing in a shift system for classes to accommodate a growing number of children. Current plans call for the construction of 700 new schools across Iraq, with 30 due to open in 2013 in Baghdad. However, according to the Ministry of Education, some 6,000 schools need modernisation and in some cases to be completely rebuilt.

Over the past few years foreign aid has helped schools to re-open. The World Bank, for example, has funded 37 new schools and refurbished 133 others with 13 more due for completion in 2013. However, even with substantial international assistance, getting the system up and running again is proving a daunting task.

Higher and vocational education

The restructuring of higher education and development of vocational training are also priorities. "The country's higher education has not developed since the 1980s, while neighbouring countries surpassed us in fields of teaching methods, curriculums and administrative changes," says Minister of Higher Education and Scientific Research, Ali al-Adeeb.

Around 80 million new textbooks have been acquired for the country's schools but other material is irreplaceable. After the fall of the former regime, all of the 175,000 books and manuscripts held at the University of Baghdad's College of Arts library were set ablaze. The entire library of Basrah University was destroyed with the city's central library also losing its entire collection. Most of the collection contained in Baghdad's al-Awqf library of 45,000 rare books and Ottoman manuscripts were lost through arson.

Iraq plans to rebuild its war torn higher education system by giving financial and administrative independence to universities, establishing specialised institutions and allowing foreign universities to open branches in the country. An interim initiative involves sending suitable Iraqi students to US, UK, Canadian and Australian universities, with scholarships provided on the basis that students return to Iraq after graduation or repay their grants.

There are some 33 state funded universities in Iraq, with 11 located in the Kurdistan Region. The latter's public universities, two public technical institutes and eight approved private universities have an estimated 40,000 students enrolled in undergraduate and graduate programmes. Some 500,000 students are estimated to be enrolled in other universities, including 28 privately run institutions. Several new state universities are planned. One of these is due to be built at Samarra in Salah Al-Din province, 124 kilometres north of the capital. Dewan Architects and Engineers are designing campus accommodation for 12,000 students, with the first stage to be completed in 2015.

The Ministry of Higher Education is also seeking to widen the number of faculties at existing institutions to offer more facilities to study medicine, dentistry, pharmacy, engineering, law, administration, economics and languages. Vocational education and training is one of the most urgent needs, as the key hydrocarbons industry ratchets up major developments and manufacturing and service industries move into an expansion phase.

UNESCO has supported development of 37 vocational schools in various parts of the country including Baghdad, Babylon, Wassit, Thi Qar, Basrah, Salah Al-Din, Anbar, Kirkuk, Diyala, Najaf, Missan and Karbala. The UN body has also provided training courses in Cairo for ministry officials dealing with specialised training needs.

The Ministry of Higher Education has announced plans for eight specialist universities in Basrah, Najaf, Anbar, Thi Qar and Nineveh provinces. The intention is to locate the specialist institutions close to areas that are economically focused on the subjects to be taught such as petroleum and energy in Basrah and archaeology and tourism in Nineveh.

Infrastructure is only one facet of the country's education rehabilitation needs. During the long years of international sanctions teaching aids, including books, were difficult to obtain. Curriculum and professional training did not develop and travel abroad for academics was virtually impossible. However, according to UNESCO, since 2003, instability and security concerns have undermined normal academic activity in Iraqi universities and triggered a brain drain that has further undermined the educational opportunities open to the country's students. Lending libraries do not exist and most students cannot easily access resources available on campus, most of which are old and outdated. The level of English language skills is low overall and much needs to be done to improve language training at all levels.

Reform is seen as vital for establishing a knowledge based society in Iraq able to compete with other countries in the region. This involves allowing foreign academic institutions to open branches in the country. There is a strong demand for decentralisation and increasing autonomy, leading to a need for extensive management training for administrative and teaching staff

Strengthening Iraq's higher education capacity building, is seen as the most meaningful way to ensure future stability, security and economic growth. In a country where half the population is estimated to be under 24 years of age, the restoration of the education system will add to a sense that normality is returning and enhance hopes in the future direction of the country. ■



THE BRITISH INSTITUTE FOR THE STUDY OF IRAQ

HELP US SAVE THE CULTURE OF IRAQ FOR THE FUTURE

The British Institute for the Study of Iraq (Gertrude Bell Memorial) (BISI) is dedicated to promoting research and public understanding about Iraq and to protecting Iraq's priceless cultural heritage. Founded in 1932 in honour of the archaeologist and traveller Gertrude Bell, BISI is a UK charity which supports work in many fields, from archaeology to the arts and from languages to the social sciences and which embraces Iraq's history from the earliest times until the present.

In March 2013, BISI launches an appeal to raise a capital sum of £5 million to put its activities on a financially secure footing. The projects which we want to fund include:

- providing training opportunities in the UK and in Iraq for Iraqi heritage professionals who need to update their skills
- sponsoring fieldwork and research into ancient and modern Iraq, as well as funding excavations at archaeological sites in Iraq, many of which are threatened with destruction by looters
- publishing books on the history, languages and culture of Iraq
- running educational events in the UK which will make Iraq's history and culture better known to a wider public.

Bringing 12 Iraqis to the UK for training programmes tailored to their needs would cost about £100,000. Five seasons of fieldwork at an archaeological site in peril would cost about £500,000.

REG. CHARITY NO. 1135395

TO FIND OUT MORE ABOUT BISI, PLEASE VISIT: WWW.BISI.AC.UK OR EMAIL: BISI@BRITAC.AC.UK

Economic development needs reliable business reporting

Antony Wakeham, Publisher of Iraq Business News

“There is a tremendous imbalance between the potential wealth of Iraq and its current situation. When it happens, the catch up will be immense. A lot of people are positioning themselves for this”. - Frank Sousa, Middle East Chief Economist at Citibank.

Iraq Business News was established as an online business intelligence service to inform a global audience on the wealth of investment opportunities emerging in the country.

Potential investors need to know what is going on and where opportunities for business are developing and Iraqis need an open discussion on their country's future. For outsiders, obtaining reliable information and data on potentially lucrative commercial opportunities is particularly difficult in post-conflict countries, where most reporting is filtered through official channels with the possibility that essential information is lost or deleted.

Before the overthrow of the Saddam Hussein regime in 2003, obtaining accurate business intelligence in Iraq had always been a problem, with state controls holding sway and the country's private sector marginalised. A free press did not exist under Hussein, newspapers were politically controlled and published propaganda, while the Iraq News Agency was a mouthpiece of the Government.

Changes were soon implemented after the end of the regime. The UN helped establish a news information service - Aswat al-Iraq. Several foreign news organisations from the US, Turkey, Russia, Germany, the UK and China also set up bureaus. These include Reuters and Associated Press.

However, much of the reporting over the past few years has tended to concentrate on politics and security. Necessary as this is, it has sometimes failed to cover adequately the wider situation in a country that faces many challenges but also one that is changing and where many investment opportunities exist.

This was the reason for the newsletter started up by William Wakeham, founder of the Anglo Arab Insurance Brokers. The venture was subsequently merged with a similar web based newsletter developed by Upper Quartile, the Edinburgh post-conflict consultancy that has worked in Iraq and Afghanistan.

Iraq Business News (IBN) was launched in February 2010. Both founders recognised a growing demand for more information on Iraq's economic development and the commercial opportunities emerging throughout the country, not just in the oil & gas sector.

The task has been assisted by the internet, through which many Iraqi sites provide news and comment, mostly in Arabic and with a strong focus on political reporting. A number of personal blogs focusing on Iraq have been established in the past few years, based both inside and outside the country.

These initiatives resulting from the digital revolution have stimulated social and political dialogue and debate that is impossible to stifle anywhere in the Region. While it can be sometimes discomforting for those in authority, an independently minded media covering all aspects of the new Iraq are vital to the next phase of the country's journey to normality and prosperity.



In reporting the way ahead, it is necessary to cover all aspects of Iraq's economy, as major multibillion dollar investment begins to take off. Businesses, especially those with little or no ground presence in the country, need a constant flow of information on the various sectors if interest in Iraq is to be sustained.

The formula offered by IBN is a simple but effective one that seeks to provide a comprehensive digest of business news, supported by other information from reliable sources within the Region, in a clear and easily negotiated format. Much of the format's development has been guided by requests and suggestions from readers. It is a dialogue that the Editor, Padraig O'Hannelly, seeks to continue and encourage.

The operation is funded through advertising and this format offers businesses, particularly conference and events organisers, an opportunity to promote their services and brands.

There is certainly an appetite for the service. IBN's joint e-newsletter operation was launched with some 5,000 subscribers and then reinforced with a web based news service to provide quick up to date intelligence, news and analysis.

Soon IBN was receiving more than 100,000 page views a month. By mid 2011 this figure had increased 50%. Page view numbers are now more than 250,000 a month while the number of newsletter subscribers has risen to 12,000.

As contracts begin to start flowing in construction, transport, communications, agriculture, banking, finance and the oil industry, IBN is reporting on developments as they occur, as well as providing analysis and commentary from leading industry experts.

We hope that as a result of objective reporting from sources located in Iraq and other parts of the Region, a free and competitive press is contributing to the development of the country's economy.

The country is now on the cusp of stability and prosperity. The media, particularly those reporting on business matters, have an obligation to deliver this positive message alongside more troublesome and headline grabbing problems. We believe that sound business reporting is essential to Iraq's next phase as it moves into the fast lane of reconstruction, laying the foundations that will help it regain its position as one of the Region's most dynamic economies. ■



www.iraq-businessnews.com

The Iraq Business News Website gives access to an archive of news and features you would expect from a state of the art site, in a fast moving environment like Iraq, with an average 253,758 page views per month in the year 2011-2012* in 180 countries.

The free IBN Newsletter is short, sharp and full of up to the minute news compiled in the region and emailed every Thursday direct to over 12,000 weekly subscribers.

For more information or to sign up for the Newsletter please contact Antony Wakeham at: antony.wakeham@iraq-businessnews.com

*Google monthly average page views 01/11/11 - 31/10/12

Key Facts



Iraq's mainly state run economy is dominated by oil production which provides well over 90% of government income. Since 2010, contracts have been signed with international companies to develop 18 of the country's oil & gas fields. Output has increased to around three million bpd from an average of 2.3 million bpd a year ago. Government strategy is to more than double crude production and harness gas currently flared in the country's main southern oilfields. As long as the price of crude oil remains high, budgets can increase and spending will rise on rebuilding and expanding national infrastructure, transport and utilities. Private sector initiatives are sought to develop economic diversification.

Situated in Western Asia, Iraq covers an area of some 438,000 square kilometres. The country borders Turkey to the north, Syria to the northwest, Iran to the east, Jordan to the southwest, Saudi Arabia and Kuwait to the

south. The country's main rivers and waterways are the Tigris, Euphrates, Alwand and Shatt Al Arab. Iraq is mostly desert, especially to the south and west and mountainous in the north towards the Turkish and Iranian borders. The country has 58 kilometres of coastline on the northern Gulf.

Iraq is a dry zone with average temperatures rising above 48°C between June and August. Rainfall occurs mainly between December and April, averaging 100-180 millimetres. The mountainous region in Kurdistan receives much more rainfall than the central or southern areas. Two thirds of the estimated 31.2 million people, 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 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. Arabs, Kurds together with smaller ethnic groups including those with Assyrian and Turkmen cultural roots, coexist within the borders of modern Iraq that were mainly demarcated after the First World War. 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 is a country of multiple nationalities, religions and sects and its constitution recognises the right to religious belief and practice for all. The majority of the population are Muslim, who adhere to Shia and Sunni Islam. There are also small Christian communities, mainly resident in Baghdad and northern Iraq. A number of cities such as Karbala, Najaf and Samarra contain revered sites, visited by Shia pilgrims from across the region. ■

IRAQ

Head of State: Jalal Talabani

Prime Minister: Nouri Kamil Al-Maliki

Last national elections: 11th November 2010, next election scheduled for 2014

Area: 438,317 square kilometres

Coastline: 58 kilometres 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, Dahuk, Erbil, Sulaymaniyah, Kirkuk

Capital: Baghdad

Total Population: 31,129,225 (July 2012)

Population of capital: 5,710,000

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, processing of food, beverages and tobacco, furniture, printing, financial services

Main export trading countries: (2011) India (22.5%), US (22.3%), China (13.4%), South Korea (11.7%), Japan (4.8%), Netherlands (4.3%)

Major imports: food, medicines manufactured goods, machinery, refined petroleum, construction materials

Main import trading countries: Turkey (25.3%), Syria (18.3%), China (11.7%), US (7.4%), South Korea (4.7%)

Internet domain: .iq

International dialling code: +964

Source: IMF, UN, USAID, CIA Factbook

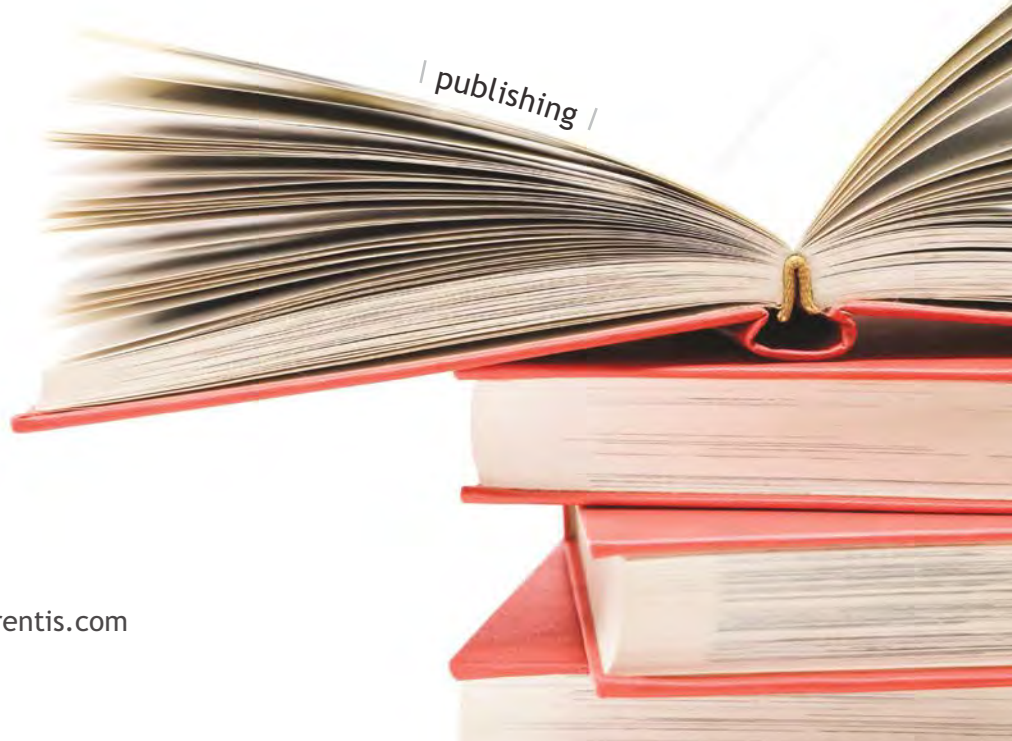


helping you to elevate your organisation's profile and reach new audiences

effective marketing, pr & publishing

using our experience, knowledge and high level contacts, we deliver exceptional customer service and results

| public & media relations | marketing | advertising | media planning | branding & design |
| conference & events | contact building |



Featured Contacts

A AAIB Insurance Brokers: www.aaib-insurance.com
 ABB Group: www.abb.com
 Aegis: www.aegisworld.com
 Acarsan Group: www.acarsan.com
 Agricultural Cooperative Bank: www.agriculturalbank.gov.iq
 Air Berlin: www.airberlin.com
 Al Arabia Airlines: www.airarabia.com
 Al Arabiya: www.arabiya.net
 Al Burhan Group: www.alburhangroup.com
 Al-Fayha Building Solutions: www.al-fayhagroup.net
 Al-Iraqiya: www.imn.iq
 Al Jazeera: www.aljazeera.com
 Allurentis: www.allurentis.com
 Al-Murabit: www.almurabit.com
 Al-Sharqiya: www.alsharqiya.com
 Alstom: www.alstom.com
 AMEC: www.amec.com
 Amereller Legal Consultants: www.amereller.com
 Anwar Soura GCC: www.jiburico.com
 ArcelorMittal: www.arcelormittal.com
 Ashur Bank: www.ashurbank.com
 AsiaCell: www.asiacell.com
 Asia Insurance Company: www.asiainsurance.net
 Assemblage: www.assemblage.co.uk
 Aswat al Iraq: www.aswataliraq.info
 Atlasjet: www.atlasjet.com
 Auerbach Grayson: www.agco.com
 Austrian Airlines: www.austrian.com
 Avicenna Capital: www.avicenna-capital.com

B Babylon Bank: www.babylonbank-iq.com
 Baker Hughes: www.bakerhughes.com
 Balfour Beatty: www.balfourbeatty.com
 Bank of Baghdad: www.bankofbaghdad.org

Basrah Chamber of Commerce: www.bcoc-iraq.net
 Basrah Engineering Company: www.basrahoco.com
 Basrah Gas Company: www.basrahgas.com
 BP: www.bp.com
 British Institute for the Study of Iraq: www.bisi.ac.uk
 British Iraqi Friendship Society: www.britishiraqi.co.uk

C Calik Enerji: www.calikenerji.com
 Central Bank of Iraq: www.cbi.iq
 Chevron Business Development Inc.: www.chevron.com
 China National Petroleum Corporation: www.cnpc.com.cn
 China Petroleum Engineering Company: www.cpecc.cn
 Citadel Capital: www.citadelcapital.com
 Citi Group: www.citigroup.com
 Clyde & Co: www.clydeco.com
 Commercial Bank of Iraq: www.ahliunited.com
 Communications & Media Commission: www.cmc.iq
 Consolidated Contractors International: www.ccc.gr
 Control Risks: www.controlrisks.com
 ConocoPhillips: www.conocophillips.com
 Coral Hotel & Resorts: www.coral-international.com
 Credit Bank of Iraq: www.creditbankofiraq.com
 Crescent Petroleum: www.crescent.ae
 CWC Group: www.thecwcgroup.com

D Dahuk Chamber of Commerce: www.duhokchamber.com
 Dar Es Salaam Investment Bank: www.desiraq.com
 Deloitte: www.deloitte.com
 Delphi-Gruppen: www.delphi-gruppen.com
 Department for International Development: www.dfid.gov.uk
 Deutsche Bahn: www.deutschebahn.com
 Dewan Architects & Engineers: www.dewan.architects.com
 Dijlah and Fruat Bank: www.dfdi-bank.com
 DLA Piper LLP: www.dlapiper.com
 Dome Group: www.domeint.com
 Dunia Frontier Consultants: www.duniafrontier.com

Dunira Strategy: www.dunira.com
 Drake & Scull: www.drakescull.com

E Eastern Holding: www.easternholding.org
 Economy Bank: www.economybankiraq.com
 Egypt Air: www.egyptair.com
 Elaf Islamic Bank: www.eib-iq.com
 Emaar: www.emaar.com
 Embassy of the Republic of Iraq: London: www.iraqembassy.org.uk
 Emirates: www.emirates.com
 Eni: www.eni.com
 Erbil Chamber of Commerce: www.erbilchamber.org
 Erbil International Airport: www.erbilairport.net
 Erbil International Fair: www.eif-expo.com
 Erbil International Hotel: www.erbilinthotel.com
 Ericsson: www.ericsson.com
 Erinys: www.erinys.net
 Ernst & Young Iraq: www.ey.com
 Etihad: www.etihadairways.com
 Eversheds: www.eversheds.com
 Exxon Mobil: www.exxonmobil.com

F Fluor: www.fluor.com
 Flydubai: www.flydubai.com
 Foster Wheeler: www.fwc.com

G G4S: www.g4s.com
 GardaWorld: www.garda-world.com
 Gazprom: www.gazprom.com
 Genel Energy: www.genelenergy.com
 General Company for Phosphate & Mines: www.gecopham.com
 General Electric: www.ge.com
 Geosurv-Iraq: www.geosurviraq.com
 German Medical Services: www.gms-projects.com
 GlaxoSmithKline: www.gsk.com
 Gulf Air: www.gulfair.com
 Gulf Bridge International: www.gbiinc.com
 Gulfsands Petroleum: www.gulfsands.com
 GulfTainer Group: www.gulftainer.com

H Habtoor Leighton Group: www.cowi.com
 Haimour Group: www.haimour.com
 Halliburton: www.halliburton.com
 Hanwha Engineering & Construction: www.hwenc.com
 Harlow International: www.harlowinternational.com
 Harsco Track Technology: www.harsco.com
 Hill International: www.hillintl.com
 Hinterland Travel: www.hinterlandtravel.com
 Hilton Worldwide: www.hiltonworldwide.com
 Honeywell: www.honeywell.com
 HSBC: www.hsbc.com
 Huawei Technologies: www.huawei.com

I IBBC-Iraq Britain Business Council: www.webuildiraq.org
 IKB Travel & Tours: www.youshouldtravel.com
 IMF: www.imf.org
 Impregilo: www.impregilo.it
 International Energy Agency: www.iea.org
 Investment Bank of Iraq: www.ibi-bankiraq.com
 Investment Consulting Associates: www.ic-associates.com
 IQPC: www.iqpc.com
 Iraqi Consultants & Construction Bureau: www.iccb.com
 Iraqi Insurance Diwan: www.iraqinsurance.org
 Iraqi Islamic Bank: www.iraqiislamicb.com
 Iraqi Middle East Investment Bank: www.imeib.com
 Iraq Business Council: www.ibcjordan.org
 Iraq Business News: www.iraq-businessnews.com
 Iraq Civil Aviation Authority: www.iraqcaa.com
 Iraq Middle Market Development Foundation: www.immdf.org
 Iraq Net: www.iraq.net
 Iraq Republic Railways: www.iraqrailways.com
 Iraq Stock Exchange: www.iraqstockx.com
 Iraq Travel Insurance: www.iraq-travelinsurance.com

J Jaguar UK: www.jaguar.com
K Kalimat: www.kalimattelecom.com
 Kar Construction & Engineering: www.kargroup.net
 KBR: www.kbr.com

KCA Deutag: www.kcsdeutag.com
 Khoshnaw Company: www.khoshnawgroup.com
 Kier Construction: www.kier.co.uk
 KIMADIA: www.kimadia-iraq.com
 Kogas: www.kogas.or.kr
 Korek Telecom: www.korektel.com
 Kurdistan Board of Investment: www.kurdistaninvestment.org
 Kurdistan International Bank: www.kibid.com
 Kurdistan Regional Government: www.krg.org
 Kuwait Energy: www.kec.com.kw

L Lafarge: www.lafarge.com
 Land Rover: www.landover.com
 Lufthansa: www.lufthansa.com
 Lukoil: www.lukoil.com

M Mansour Bank: www.mansourbank.com
 Marriott Hotels: www.marriott.com
 M:Communications: www.mcomgroup.com
 MerchantBridge: www.mbih.com
 Middle East Association: www.the-mea.co.uk
 Millennium & Cophorne Hotels: www.millenniumhotels.com
 Ministry of Agriculture: www.moagr.com
 Ministry of Communications: www.iraqimoc.net
 Ministry of Construction & Housing: www.moch.gov.iq
 Ministry of Culture: www.ministryofculture.gov.iq
 Ministry of Displacement & Migration: www.modm-iraq.net
 Ministry of Education: www.moedu.gov.iq
 Ministry of Electricity: www.moelc.gov.iq
 Ministry of Finance: www.mof.gov.iq
 Ministry of Foreign Affairs: www.mofa.gov.iq
 Ministry of Health: www.moh.gov.iq
 Ministry of Higher Education & Scientific Research: www.moheiraq.org
 Ministry of Human Rights: www.humanrights.gov.iq
 Ministry of Industry and Minerals: www.industry.gov.iq
 Ministry of Interior: www.moi.gov.iq
 Ministry of Labour & Social Affairs: www.molsa.gov.iq
 Ministry of Municipality & Public Works: www.mmpwirq.com

Ministry of Oil: www.oil.gov.iq
 Ministry of Planning & Development: www.mop-iraq.org
 Ministry of Science & Technology: www.most.gov.iq
 Ministry of Tourism: www.tourismiq.com
 Ministry of Trade: www.mot.gov.iq
 Ministry of Transport: www.motrans.gov.iq
 Ministry of Water Resources: www.mowr.gov.iq
 Missan Oil Company: www.moc.oil.gov.iq
 Mitsubishi Corporation: www.mitsubishicorp.com
 Monique Quant: monique@moniquequant.com
 Mosul Bank: www.mosulbank.com
 Mott MacDonald: www.mottmac.com

N National Bank of Iraq: www.nbirq.com
 National Investment Commission: www.investpromo.gov.iq
 Nessco Group: www.nessco.co.uk
 Nissan: www.nissan-global.com
 North America Western Asia Holdings: www.nawah.com
 North Bank: www.northbankiq.com
 North Refineries Company of Iraq: www.nrc.oil.gov.iq

O Occidental Petroleum Corporation: www.oxy.com
 Olive Group: www.olivegroup.com
 OPEC: www.opec.org
 Orascom Construction Industries: www.orascomci.com

P Pandrol UK: www.pandrol.com
 Parsons Brinckerhoff: www.pbworld.com
 Partnertechnik: www.partnertechnik.com
 Pegasus Airlines: www.flypgs.com
 Pell Frischmann: www.pellfrischmann.com
 Penspen Group: www.penspen.com
 Petrofac: www.petrofac.com
 Petronas: www.petronas.com
 Pinsent Masons: www.pinsentmasons.com
 PricewaterhouseCoopers: www.pwc.com
 Prokop Engineering: www.prokop-engineering.cz
 Progress Rail Services: www.progressrail.com

Q Qaiwan Group: www.qaiwangroup.com
 Qatar Airways: www.qatarairways.com
 Qatar National Bank: www.qnb.com

R Rabee Securities: www.rs.iq
 Rafidain Bank: www.rafidain-bank.org
 Rafidain Travel & Tourism: www.al-rafidain.com
 Rasheed Bank: www.rasheedbank.net
 Raytheon: www.raytheon.co.uk
 Real Estate Bank: www.reb-iraq.com
 Reliance Globalcom: www.relianceglobalcom.com
 Rotana: www.rotana.com
 Royal Jordanian: www.rj.com
 RPS Energy: www.rpsgroup.com
 RW Middle East: www.rotondoweirich.com

S Saipem: www.saipem.com
 Sardar Group: www.sardargroup.com
 Schlumberger: www.slb.com
 Scopesky Communications: www.scopesky.com
 Scott Wilson: www.urs-scottwilson.com
 Serco Group: www.serco.com
 Shatt Al-Arab Insurance Company: www.shattalarabins.com
 Shaw Group: www.shawgrp.com
 Shell: www.shell.com
 Sheraton: www.sheraton.com
 Sicim: www.sicim.eu
 Siemens: www.siemens.com
 Sinoma International Engineering: www.sinoma.com
 SKA International Group: www.ska-arabia.com
 Smit Lamnalco: www.smitlamnalco.com
 SNC Lavalin: www.snclavalin.com
 Sniperhill: www.sniperhill.net
 Sonangol: www.sonangol.co.ao
 South Gas Company: www.sgciraq.com
 South Oil Company: www.sociraq.com
 SPA Italy: www.railspa.net

Standard Chartered Bank: www.standardchartered.com
 State Company for Agriculture: iraqiscas.com
 Statoil: www.statoil.com
 STX Heavy Industries: www.stxhi.co.kr
 Sumer Commercial Bank: www.sumerbankiq.com
 Swagelining Limited: www.swagelining.com
 Swiss-Belhotel International: www.swiss-belhotel.com
 Symexco: www.symexco.com

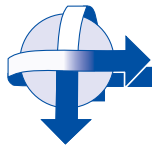
T Tata Steel: www.tatasteel.com
 Technital S.p.A.: www.technital-spa.com
 Technopromexport: www.tpe.ru
 Thyssen Krupp: www.thyssenkrupp.com
 Total: www.total.com
 Trac Development Group: www.tracdevelop.com
 Trade Bank of Iraq: www.tbiraq.com
 Transglobim International: www.globim.com
 TRC International: www.trc-international.com
 TSO France: www.tso.fr
 Turkish Airlines: www.turkishairlines.com

U UB Holding: www.ubholding.com
 UK Trade & Investment: www.ukti.gov.uk
 UNESCO: www.unesco.org
 UNICEF: www.unicef.org
 United Bank of Iraq: www.unitedbank-iq.net
 Universal Hospital Group: www.uhg.com

V Vitol: www.vitol.com
 Vizocom: www.vizocom.com

W Weatherford International: www.weatherford.com
 Weir Group: www.weir.co.uk
 Wood Group: www.woodgroup.com
 World Bank: www.worldbank.org
 World Health Organisation: www.who.int

Z Zagros Company: www.zagros-group.net
 Zain: www.zain.com



Al Burhan Group

your route to IRAQ



Al-Burhan Group is one of the largest and most advanced companies in Iraq, we supply different types of machinery and equipment to the Iraqi Market and we are involved in key construction projects within Iraq

- Electricity | Al-Youssifiay thermal power plant | Al-Hartha thermal power plant
 - Security | Airports | Multi use business centre
- Railways | Baghdad-Amman project | Karbala-Ramady project | Hjama-Sawa project | Al-Fatha bridge project | Basra-Fao project
 - Local engineering services | Concrete sleeper factory | Strand wire factory | Surveying and soil investigation
 - Aviation | Al-Burhan airways | Air traffic control services

www.AlBurhanGroup.com

info@AlBurhanGroup.com

SHELL IN IRAQ

In Iraq we commit to: safety, respect for people and the environment

Shell is proud to be one of the largest foreign investors in the Iraqi oil and gas sector, using its expertise to support the local oil and gas companies and supply chain in upgrading the industry and in turn, help developing the local economy in a responsible and sustainable manner.

At Shell, we place safety, respect for people and the environment at the core of everything we do:

- Working together with our partners, communities, customers and contractors to ensure the safety of all people in our operations.
- Minimising the environmental and social impact of our operational footprint.
- Maximising the employment of local Iraqi staff.
- Conducting business as a responsible corporate member of the Iraq society.



Contact Communications Office:

Tel Iraq: +964 7809 147 678 | Tel UAE: +971 56 68 38 119 | Email: diego.perez@shell.com | Website: www.shell.com