

Iraq Overview

Geographic Overview

The Republic of Iraq has a land area of 437,072 sq km. Iraq is distinguished by the variety of its geographic landforms, including level sedimentary plains and mountains. The country is divided into a mountainous northern area, a desert area in the west, and a large fertile plain in the middle and south of the country that is watered by the two rivers, the Tigris and the Euphrates. Iraq has a population of 34M, most of whom live in towns and cities.

The Tigris River, originating in Turkey, is 1,718 km long. The Euphrates reaches 2,700 km and also springs from Turkey. The two rivers meet at the town of Qurna to form the river known as the Shatt al-Arab, which flows for another 185 km until it reaches the Arabian Gulf. Iraq is bordered by Turkey to the North; Saudi Arabia, Kuwait, and the Arab Gulf to the South; Iran to the East; and Syria and Jordan to the West.

Iraq is divided into 18 provinces. The capital city is Baghdad; in addition to Baghdad, major cities include Mosul, Basrah, and Erbil. Iraq's major resources consist of oil, natural gas, sulphur, phosphate, iron, kaoline, bauxite, limestone, gravel, and sand.

Population

Iraq has about 34M citizens, with a yearly population growth rate of 2.6%. The population is young, with more than half less than 20 years old. Over two-thirds of the population lives in urban areas.

The Economy

Iraq has the capacity to be a thriving, middle class country. With a long trading history, deep commercial traditions, and vast natural resources - including the world's second largest proven oil reserves; Iraq, at the crossroad of culture and commerce, has enormous potential.

Today Iraq is on the rebound. As security improves, and as oil exports and internal commerce recover, GDP has risen. GDP has grown from \$180B USD in 2011 to \$210B USD in 2012. GDP per capita has surpassed \$3,000 USD and is forecast to exceed \$5000 USD by 2014.

Moreover, as Iraq reintegrates into the world community, a growing number of agreements will help restart the Iraqi economy. Among key successes:

- The Paris Club announced in November 2004, a deal to write off 80% of Iraq's debt. When fully implemented, the agreement will yield \$100 B USD of debt relief to Iraq, a major boost to long-term economic growth.
- Iraq has completed over three years of standby arrangements with the International Monetary Fund (IMF). The final arrangement expired in March 2009, triggering the final stage of Iraq's Paris Club debt reduction agreement.
- The World Trade Organization (WTO) agreed in December 2004 to open membership talks with Iraq. Iraq has been a WTO observer since February 2004. A working party to examine the application of Iraq was established. The Working Party met for a second time in April 2008 to continue the examination of Iraq's foreign trade regime. Iraq hopes to gain membership in 2013.

Key Economic Statistics

GDP	\$210B USD
Per Capita Income	\$4,360 USD
Workforce	Amn7,740,000an
Consumer Price Inflation	6.8%

Key Agricultural Products	Wheat, Barley, Rice, Vegetables, Dates, Cotton
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Key Sectors	Oil and Gas, Petrochemicals, Textiles, Leather Goods, Construction Materials, Food Processing, Metal Fabrication
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Average Daily Oil Production	2.6 M Barrels
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Average Daily Oil Exports	2.4M Barrels
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Proven Oil Reserves	115B Barrels
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Proven Natural Gas Reserves	3.2T Cubic Meters
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The general budget for the year 2013 has been approved to be \$110 B, based both on rising oil prices and increasing production capacity: the government's budget committee is recommending a budget based on oil prices of \$90 USD per barrel and exports of 2.9M bpd. This seems achievable: Iraq plans to increase its crude oil production to 6.0M bpd by the year 2017.

Recent Economic Observations

- The IMF, in its 2008 Iraq country report, noted economic activity was "picking up" and forecasted "robust" growth, following higher oil production and a recovery in non-oil activity.
- The IMF recently estimated that the Iraqi economy would grow at 10% during 2013 and would continue to grow at this rate for the next five years.

Recent Market Observations

- Iraq's GDP per capita is forecast to more than double from its estimated 2006 level of \$2,000 USD to over \$5,000 USD in 2013. This figure reflects the massive increase in economic activity, which is already well underway. GDP has already increased from \$57B USD in 2006 to \$110B USD in 2013.
- The population of the country is enjoying an increase in economic freedom for the first time in many decades. There is a huge demand for products of all kinds from financial services to consumer goods and transport, not to mention a rapidly increasing consumption of fuel for transport and electricity for domestic use.
- Government funded reconstruction requires not only large amounts of materials but also equipment and expertise.

Employment

- Iraq has a young and motivated workforce . 56% represent the workers between 15 and 64 year from total population (according to year 2011)
- Unemployment in Iraq is 11%.
- Male Ratio is 50.9%, female ratio 49.1% (according to year 2011).
- the ration of popouin in urban area is 69%, and rural area in 31% during the year 2009-2010.

Foreign Investment

More and more investors have been putting their money into Iraq projects and business every year. The year-on-year foreign investment into Iraq increased by a factor of 15 in 2008 from \$3B USD in 2007 to \$47.6B USD in 2008, according to U.S.-based consultants Dunia Frontier Investments. This surge in activity was focused on the hydrocarbons and real estate sectors. Dunia's top forecasts for foreign direct investment in these two sectors are that they will see combined inflows of \$65.4B USD in 2009 and \$97.7B USD in 2010. Now the Iraqi authorities are making concerted efforts to attract investments across several sectors. Investors who have already taken advantage of the benefit of being first into the market include:

- **Byblos Bank (Lebanon)** - Has agreed to establish banking operations in the Kurdish Region of Iraq.
 - **Lafarge Cements (France)** - Entered Iraq with the acquisition of Orascom in 2008. The company now has two cement plants in Iraq with a total capacity of 5M tons per year. The plants are in Tashuja and at Bazian in Iraqi Kurdistan, and employ approximately 2000 people.
 - **Merchant Bridge (Lux)** - Has been active in both the banking and telecommunications industry. The company founded the Mansour Bank, a private bank listed on the Iraqi Stock Exchange.
 - **Mesopotamia Oil and Gas (UK)** - Has agreed to a joint venture with the Iraq Drilling Company to improve capabilities and oil recovery.
 - **Orascom (Egypt)** - Has been active in both the construction and telecommunications industry since 2003. Specifically, the company has been involved in cement production, construction, and mobile telephony.
 - **Zain (Kuwait)** - Has been active in Iraq's telecom market. The company first won a bid to supply the southern region of Iraq with wireless services, then acquired Iraqna to create Iraq's largest mobile carrier.
 - **Hanawah E&C (South Korea)** - Has won the competition to implement Bismayah New City project that shall consist of 100 thousand housing units with all relative amenities within 7 years to be finalized in 2019.
- The Government of Iraq passed a modern and open investment law in 2006 which encourages both local and foreign private investors to invest in the country and which protects investors' property rights. The law:

- Exempts approved investment projects from certain taxes and fees for at least 10 years
- Allows investors to rent or lease land for the whole period of an investment project, in some cases for up to 50 years
- Allows investors to insure projects with any national or foreign insurance company
- Permits investors to open accounts in Iraqi or foreign currency or both at Iraqi banks or at banks outside Iraq
- Ensures the right to employ foreign workers when needed
- Allows non-Iraqi workers to transfer salaries outside Iraq
- Guarantees that the government will not nationalize or confiscate investments

More details on Iraqi investment laws can be found in the [Investor Guide to Iraq](#).

National Wealth

The long term, Iraq will be one of the wealthiest countries in the world. Its 115 billion barrels of proven oil reserves place it second in the world behind Saudi Arabia. Some estimates say that current proven reserves could nearly double. In a world of approaching peak oil demand, these reserves have great strategic significance. It is perhaps the only major oil producer that will continue to be able to increase production when demand starts to rise again.

Security Improvements Encourage Business

The embedding of democracy has advanced with a significant fall in the level of violence. Security issues are no longer an impediment to business. Increasingly, passengers arriving at Baghdad and Basrah airports are business people rather than military or security personnel. Significantly improved levels of security make it possible for foreign businessmen/businesspeople to travel safely all over the country.

Government in Iraq

Democracy is now a fact of life in Iraq. The late-January provincial elections confirmed the general upturn in the political environment, showing that a new politics is emerging within the country. Iraq's constitution has established a parliamentary democracy. The next general election for the Council of Representatives of Iraq (CRI) will take place in 2014. The CRI is the main legislative body. It sits for a four year term and elects a speaker, the President, the Prime Minister and the cabinet. The country is divided into 18 provinces or governorates, whose assemblies are elected for four year terms. The most recent elections in 12 of the provinces took place in April 2013. They were peaceful and well-ordered.

The National Insurance Company explains the insurance coverage

The National Insurance Company is one of the oldest companies in the Middle East. It offers insurance protection to investors interested in reconstruction all over Iraq with competitive prices, good services and easy procedures.

The National Insurance Company is pleased to offer you the insurance coverage regarding possible risks which investors are keen to protect.

They are as follows:

1. Engineering insurance: covers electric, mechanical and construction contracts during establishing and installing phase. It is a compulsory insurance.
2. Marine insurance: covers all risks of imported goods from country of origin to warehouses. It covers damages due to loss or damage for goods while transferring by plain, vessel, or vehicle during uploading or downloading. The threat of terrorism actions can be added.
3. Accident insurance: group and individual with threat of terrorism
4. Life and health insurance for individuals
5. Fire and theft insurance
6. Vehicle insurance
7. Accident insurance
8. Responsibility insurance
9. Any other insurance according to need