

Republic of Iraq
Presidency of Council of Ministers
National Investment Commission



Investor Guid To Iraq 2020-2021

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(Investor's Guide to Iraq 2021)

INTRODUCTION

Iraq: promising investment opportunities

Iraq has many qualities to attract capital and investment, including the availability of natural resources such as oil and gas, as well as human resources and land for various uses, in addition to the large size of the Iraqi market and its geographic location. These provide opportunities for production, export and import. All of the foregoing factors are represented in the multiplicity and diversity of investment opportunities within various economic sectors.

Iraq has witnessed a transformation in its economic philosophy; the goals and reasons for which are set out in Investment Law No. 13 for the year 2006, as amended. This has contributed to the promotion of investment in terms of focusing on the need to bring in technical expertise and scientific support for the process of establishing investment projects in Iraq, expanding and developing various fields and granting privileges and exemptions for these projects.

The legislating of investment laws has been oriented towards attracting and encouraging foreign investment in Iraq that is in line with the required goals, and it is now possible to acquire various guarantees.

Any Qualified Investment Project will enjoy the following privileges and guarantees:

- Exemption from taxes and fees for a period of 10 years from the date of commencement of commercial operations.
- An increase of up to 15 years in the duration of the period of exemption from taxes and fees, where the participation of Iraqi investors increases to reach more than 50%.
- Hiring of foreign workers side by side with the local ones.
- The new amendment granted exemptions from taxes and fees for licensed investment projects for 10 years starting from the date of operation for each phase of the project phases not to include customs exceptions, while it allowed tax and customs exemptions for the imported assets providing being imported within the construction phases before commencing commercial operation for each phase and according to the fundamental design of the project and the implementation timetable as the law previously exempted the imported assets for three years starting for the date of obtaining the investment license.

The new amendment also exempted housing investment projects from land screening fees, estate registration fees including the fees of transferring housing units' ownership to people.

The new amendment included taxes and customs exemptions granted for environment friendly preliminary materials imported for the purpose of the commercial operation of the national nutrition basket materials, medicines and construction materials and according to the percentage of the local materials contribution in manufacturing.

- Ensuring the non-confiscation or nationalization of the investment project, either in whole or in part, covered by the provisions of the investment law.
- Foreign investors enjoy additional benefits under international bilateral agreements between Iraq and their countries or multilateral international agreements that Iraq has joined.

For more information or for the purpose of arranging a visit to Iraq, please contact NIC through one of the following emails:

Depts. & Sections	Email addresses
NIC	info@investpromo.gov.iq
One Stop Shop dept.	oss@ investpromo.gov.iq
Economic dept.	economic@ investpromo.gov.iq
Administration dept.	Admin-dg@investpromo.gov.iq
Legal dept.	legal@ investpromo.gov.iq
Pr. & Media dept.	prd@ investpromo.gov.iq promotion@ investpromo.gov.iq media@ investpromo.gov.iq
Provincail Coordinatin Section	cwp@investpromo.gov.iq
The Technical Section	projects@investpromo.gov.iq
IT Section	info@investpromo.gov.iq

Provincial Investment Commissions' websites:

KRG Investment Commission <http://www.kurdistaninvestment.org>

Website	commission
Baghdad Investment commission	www.baghdadic.gov.iq
Diyala Investment Commission	http://investdiyala.com
Salahudin Investment commission	http://investsalahaddin.org
Kirkuk Investment Commission	http://www.investkirkuk.com
Nineveh investment Commission	http://www.mosulinvestment.org
Anbar Investment commission	http://www.anbarinvest.net
Wasit Investment commission	http://www.wasitic.gov.iq
Kerbala Investment Commission	http://www.krinves.com
Babylon Investment Commission	http://www.bic.gov.iq
Najaf investment Commission	http://www.investnajaf.net
Thi Qar Investment Commission	http://www.thiqarinvest.gov.iq
Missan Investment commission	http://www.miciq.com
Muthana Investment Commission	http://www.miciraq.org
Diwanyah Investment Commission	http://investdiw.gov.iq
Basrah Investment Commission	http://www.investbasrah.com

A Glance at Iraq's Economy

Iraq's economy has showed a good performance for the years 2018-2019, since it varies in its natural, human, and spatial resources. In addition, it has a healthy economic structure. Given all that, it represents a very suitable environment for investments. The following economic, developmental, and social indications support such argument:

Oil Sector

- Oil plays a vital role in the development of Iraq's economy as it contributes to GDP about 56% in fixed prices for the year 2018, (according to primary estimation of the five- year plan 2018-2022) and more than 90% of financial revenues.
- Oil sector has achieved a daily production of 4.401 m bpd in 2018 while it was 4.469 m bpd in 2017.
- Gas proven reserves is 132.9f³ trillion.
- Iraq has large potentials and competitive experience in sulfur-related industries. It also produces significant amounts of nitrogen fertilizers and phosphate.
- The daily average of oil exports for 2018 (3.836) million barrels / day
- The daily average of oil exports for 2017 (3.802) million barrels / day
- fixed oil reserves (146.9) million barrels

Table (1)
Oil Sector Indications

Fixed Oil Reserves 1/1/2018	146.9 Billion barrel
Fixed Gas Reserves 1/1/2018	132.9 trillion cubic feet (TCF)
The daily average of oil production for 2017	4.469 m bpd
The daily average of oil production for 2018	4.401 m bpd
The daily average of oil exports for 2017	(3.802) m bpd
The daily average of oil exports for 2018	(3.836) m bpd
Target crude oil 2019	5.000 thousand barrels
Target crude oil 2020	5.000 thousand barrels

*source: Iraqi Ministry of Oil/ studies, planning and follow-up Dept. according to its letter no.961 on 9/1/2019

Capital formation of the public and private sectors

The available data for the year 2015 indicates that private sector participation in capital formation amounted to 34.7% compared to 65.3% for the public sector. In light of the relevant economic trends and policies, the National Development Plan 2022-2018 aims to strengthen the role of the private sector and to create appropriate opportunities to play its real role in the development process, especially in light of the decline of the role of the state and the suspension of many government projects due to the financial crisis and the low size of available financial revenues. The development plan aims at the private sector's contribution in investments to reach in 2022 about 38.3% compared to 61.7% for the public sector as shown in the following table.

Table (2)

Public /private sector contribution to the capital formation in fixed prices				
Sector	Standard year 2015		Target year 2022	
	Public sector %	Private sector %	Public sector %	Private sector %
Agriculture	67.6	32.4	60.0	40.0
Oil	100.0	00	95.0	5.0
Mining	66.4	33.6	66.0	34.0
Transformational industry	39.5	60.5	30.0	70.0
Power & water	80.8	19.2	75.0	25.0
Construction & building	43.1	56.9	40.0	60.0
Transportation & telecommunication	9.9	90.1	5.0	95.0
Trade	13.1	86.9	13.0	87.0
Finance & insurance	4.1	95.9	4.0	96.0
Services	81.8	18.2	70.0	30.0
Total	65.3	34.7	61.7	38.3

Monetary Policy

Monetary policy should control both the exchange rate and the rate of inflation. The sudden fluctuations in exchange rates have a negative impact on the investment climate. It makes it difficult to study the feasibility of projects and is subject to loss as well. The inflation rate has an impact on the pricing policies and the volume of production and its effect on production factors, the more the monetary policy is expansionary the more investment attracting it shall be. The monetary policy applied by the Central Bank of Iraq continued to be stable, which led to the stability of the rate of inflation and interest, which reflects positively on the investment climate in Iraq.

Foreign exchange rate

Table (3)

US Dollar vs. Iraqi Dinar exchange rates averages for the period (2008-2015)

* Values in Iraqi Dinar

Year	Market rate	Auction rate
2008	1203	1193
2009	1185	1170
2010	1186	1170
2011	1196	1170`
2012	1233	1166
2013	1232	1166
2014	1214	1188
2015	1247	1187
2016	1240	1184
2017	1203	1182

*Iraqi Central Bank/ annual statistic group

GDP

The value of goods and final services produced in a country with a certain period of time. It consists of public and private expenditures, capital structure and changes in exports and imports. GDP is an important indication that reflects the economic stability.

Economic Growth

The National Development Plan 2022-2018 aims to achieve an appropriate economic growth rate consistent with the rates achieved by the Iraqi economy during the past periods based on the material and human resources it enjoys, especially with the maintenance of oil production and the ability to achieve oil exports guaranteeing the sustainability of financial revenues that can be employed in the productive and other services sectors. The target growth rate has been specified for the years 2018-2022 to be 7%, 7.5% of which for the growth of oil sector and 6.1% growth rate for all other non-oil activities (commodity, distribution and service). Although the conviction is available to the ability of the Iraqi economy to achieve higher growth rates, but taking into consideration the global instability of oil prices on one hand and the terrorist threats and security instability on the other hand and other factors that undermine the development process in the coming years.

First: Gross domestic production

Below we present the table of GDP growth rates at the fixed prices estimated for the years 2018 - 2022 which were calculated according to the model adopted for the plan.

Table (4)

The target country's GDP in fixed prices for the years 2018-2022•							
Sector	2015 standard year	Target growth rate (%)	2018	2019	2020	2021	2022
Agriculture	3707.5	8.4	4722.5	5119.2	5549.2	6015.3	6520.6
Oil	100929.2	7.0	125384.0	134787.5	144896.9	155764.2	167446.5
Mining	330.0	1.0	340.0	343.4	346.8	350.3	353.8
Transformational industry	1535.1	10.5	2071.2	2288.7	2529.0	2794.5	3088.5
Power & water	2130.7	6.0	2537.7	2690.0	2851.4	3022.4	3203.8
Construction & building	13768.4	6.8	16772.5	17913.0	19131.1	20432.0	21821.4
Transportation & telecommunication	14313.9	7.0	17535.1	18762.6	20076.0	21481.3	22985.0
Trade	14872.9	8.3	18892.1	20460.2	22158.4	23997.5	25989.3
Finance & insurance	11815.1	2.6	12760.8	13092.6	13433.0	13782.3	14140.6
Services	19777.8	4.5	22569.8	23585.4	24646.7	25755.8	26914.9
Non - oil activities	81402.0	6.1	98201.8	104255.3	110721.6	117631.5	125017.3
Total \$b	182331.2	7.0	223585.8 189.2	239042.8 202.2	255618.5 216.3	273395.7 231.3	292463.8 247.4

It is clear that the plan aims to increase the gross domestic product and fixed prices to (292.5) trillion dinars in 2022 compared to (182.3) trillion dinars in 2015 and an absolute increase of (110.2) trillion dinars and a growth rate of 7%. The main target sectors

are the industry sector 10.5% and the agricultural sector 8.4%. These rates are conditional on the availability of the necessary investments in both public and private sectors.

Table (5)

Sectorial structure of the GDP compared to the standard year			
Sector	2015	2018	2022
Agriculture	2.0	2.1	2.2
oil	55.4	56.1	57.3
Mining	0.2	0.2	0.1
Transformational industry	0.8	0.9	1.1
Power & water	1.2	1.1	1.1
Building & construction	7.6	7.5	7.5
Transportation & telecommunication	7.8	7.8	7.9
trade	8.2	8.4	8.9
Finance & insurance	6.4	5.7	4.8
Services	10.7	10.1	9.2
Total	100	100	100

Table (6)

Non- oil activities contribution in GDP 2018-2022 (billion ID)										
	2018		2019		2020		2021		2022	
Activity	Product	%								
Goods	26443.9	11.8	28354.3	11.9	30407.5	11.9	32614.5	11.9	34987.6	11.9
Distributive	38056.1	17.0	40924.8	17.1	43980.7	17.2	47270.5	17.3	50812.6	17.4
Services	33960.4	15.2	34976.0	14.6	36333.4	14.2	37746.4	13.8	39217.2	13.4
Gross domestic product	223585.8	44.0	239042.8	43.6	255618.5	43.3	273395.7	34.0	292463.8	42.7

Second: Investment and Growth

Required investment in both public and private sector to achieve the target growth rate of 7% with a total amount of (220.6) trillion dinars equivalent to (186.7) billion dollars throughout the years of the plan (2022 - 2018) of the amount of 132 trillion dinars is expected to be provided by the state budget as governmental investment and the rest up to 88.6 trillion dinars reflects the private sector investments in all forms and as shown below:

Table (7)

Estimated revenues and investments for 2018-2022 plan	Trillion ID
Total envisaged revenues	440.0
Total required investments	220.6
Estimated investment in the state budget	132.0
Envisaged investment in the private sector	88.6

- Governmental investment

The expected governmental investment during the years of the plan is about 132 trillion dinars, equivalent to 111.7 billion dollars and constitutes about 60% of the total required investment of 220.6 trillion dinars, as shown in the table above.

- Non-governmental investment (private)

The plan envisages that the private sector will contribute 88.6 trillion dinars, equivalent to 75 billion dollars during the years of the plan 2022 - 2018. It reflects the private sector investments in Iraq in all its directions and activities, which constitutes 40% of the total investments required to achieve the target growth rate in the plan.

- Sectoral distribution of required investments

In order to achieve the sectoral targeted growth rates, we list below the estimated investments required annually for each sector of the economy, where it is clear that the oil sector continues to get a high proportion of investments, around 38.4%, a total of about 84.7 trillion dinars for the period 2022 – 2018. This comes in line with the need of this sector for large investments as a capital intensive sector that needs advanced technology as well as to meet the obligations of the international oil companies. The infrastructure sectors (electricity, water, construction, transport and communications) together account for about half the estimated investment up to 49.5% as the need for electricity and water sector was estimated to around 20.2 trillion dinars for the

next five years, While the estimated investments required for the construction sector amounted to about 12.2 trillion dinars during the plan years. The required investments for the transport and communications sector were estimated at 39.6 trillion dinars, which is required to meet the requirements of reconstruction in the affected areas, in addition to the decline in the infrastructure throughout the country with reference that the private sector is the main contributor in this vital sector, where the proportion of its contribution to about 90%. The services sector also needs large investments during the years of the plan estimated at 37.2 trillion dinars and up to 17% of the total investment estimated in the hope of re-activity to this vital sector that touches the daily needs of citizens. The production and commodity sectors (agriculture and manufacturing) accounted for 5.6% of their share, which is low due to weak absorptive capacity, technological backwardness, unfair competition from imported goods and poor implementation of related procedures and decisions.

Table (8)

Size of the estimated investments to achieve the target growth rates in the economic sectors ٢٠١٨-٢٠٢٢					Billion ID	
Sector	Target growth rate %	2018	2019	2020	2021	2022
Agriculture	8.4	1280.8	1388.4	1505.0	1631.5	1768.5
oil	7.5	14579.5	15673.0	16848.5	18112.1	19470.5
Mining	1.0	5.6	5.7	5.7	5.8	5.8
Transformational industry	10.5	787.2	869.9	961.2	1062.2	1173.7
Power & water	6.0	3591.1	3806.5	4034.9	4277.0	4533.7
Building & construction	6.8	2135.8	2281.1	2436.2	2601.8	2778.7
Transportation & telecommunication	7.0	6883.0	7362.8	7880.3	8431.9	9022.1
Trade	8.3	14479.9	1568.0	1698.2	1839.1	1991.8
Finance & insurance	2.6	1077.9	1105.9	1134.7	1164.2	1194.5
Services	4.5	6803.3	7109.5	7429.4	7763.7	8113.1
Total	7.0	38592.2	41172.8	43934.2	46889.4	50052.5
		32.6	34.8	37.2	39.7	42.3

Table (9)

Percentage distribution of required investments		%
Sector	Investment (billion ID)	%
Agriculture	7574.2	3.4
oil	8468.7	38.4
Mining	28.6	0.01
Transformational industry	4854.3	2.2
Power & water	20243.3	9.2
Building & construction	12233.6	5.5
Transportation & telecommunication	39582.1	17.9
Trade	8545.1	3.9
Finance & insurance	5677.2	2.6
Services	37219.0	16.9
Total	220640.0	100

Third: Average per capita

The plan aims at achieving a real GDP growth rate of 7% with a population growth rate of 2.5%. It is expected that the average real per capita will increase by 4.5%. The average per capita GDP and fixed prices for 2007 are about 4.9 million dinars in 2015 and about 5.1% Dinars for 2016, where the average per capita is expected to reach about 6.9 million dinars at the end of the plan in 2022.

Table (10)

Average per capita during the plan year			
Year	Target GDP (billion ID)	Estimated population (thousand)	Average per capita Thousand ID
2018	223585.8	38124.2	5864.7
2019	239042.8	39127.9	6109.3
2020	255618.5	40150.2	6366.6
2021	273395.7	41190.7	6637.3
2022	292463.8	42248.9	6922.4

The plan aims to achieve a significant improvement in the standard of living of citizens by ensuring the suitable employment opportunities in addition to maintaining inflation rates at the minimum levels through the adoption of fiscal and monetary policies to maintain the stability of prices, stability of exchange rates and to maintain as much as possible supporting low-income groups through social security networks and continued support of the ration card.

Table (11)

Consumer Prices Index Numbers for the years (2015-2017)
(100 = 2012)

Home	Index Numbers			Inflation rate 2016	Inflation Rate 2017
	2015	2016	2017		
General Index number	104	104.1	104.3	0.1	0.2
General Index Numbers after exclusion	105.2	104.6	105.1)0.6(0.5

Source: Central Statistics Organization, National accountancy directorate

Money Circulation Speed: Iraqi economy witnessed a big deceleration in the speed of money circulation. Speed of money circulation is considered as an analytical indicator for the average of inflation rate and in many occasions can unravel the reality of this average, as the speed of circulation had decreased from 3.2 times in 2014 to 2.7 times in 2015, decrease again to 2.6 in 2016 to raise in 2017 to reach 3.1 times which means that the number Iraqi dinar spent within a year had rebounded again as a result to the policies followed by the government and the central bank to avoid falling in economic crisis.

Table (12)
Money Circulation Speed and factors affecting it for the years (2012-2017)

Year	National Income in current prices (billion Dinars) 1	Money supply (Billion Dinar)	Money circulation speed (times) (1/2)
2012	227222	637336	3.6
2013	243517	73831	3.3
2014	236708	72692	3.2
2015	185551	65435	2.7
2016	186397	70733	2.6
2017	220906	71162	3.1

Source: Central Organization for Statistics, National accounts directorate

Interest Rates: there are several effects and dimensions for interest rates that extend deeply in macroeconomics; as it widely affects investment especially the productive side of it which contributes to expanding the productive capacity and increasing the resilience of the production system; on one hand it affects the investment costs and on the other has an impact on the capital sufficiency limits.

Interest rate represents the cost of the borrowed capital, the increase in the interest rate leads to higher borrowed capital cost and in the end to low investment; investment is reversely connected with the interest rate as it depends on the real interest average considering it as cost of borrowing, and the trend of the investment mark is minus: raising the interest rate leads to lowering investment levels and vice-versa.

On the other hand, interest rate affects the sufficiency limits of investment as well as the present value of the future income streamline and the market interest rate connects reversely with the present value of the future income streamline, as a result the increase in interest rates leads to (I) lowering the present value and if it is higher than costs means that the investment is profitable before raising the interest rates but in raising market interest rates present value shall become lower than costs and the investment is unprofitable.

Likewise, the market interest rate affects the investment by its effect on the marginal sufficiency of the capital. After calculating the marginal sufficiency of the investment, it is compared with the market interest rate and thus the increase (or decrease) of the market interest rate may make the marginal sufficiency of the investment less (or greater) than the price. Market interest and thus the investment is unprofitable (or profitable). This is because the market interest rate represents the opportunity cost of investing. The higher it is, the higher the opportunity cost. Whereas the higher the marginal sufficiency of the investment, the higher the investment.

Third: Infrastructure Reality: infrastructure is defined as the concrete capital invested in public utilities and services, and it is an indispensable economic factor that is critically important for production, trade and investment inside and outside the country, and it can be divided into two types: tangible and intangible infrastructure.

Tangible infrastructure includes quality of roads, irrigation systems, airports and seaports, bridges and so on. While intangible infrastructure includes power supply, telecommunications, technology and others.

In Iraq, all infrastructure had been subject to devastation beside a tremendous lack of finance capacity and the most important part of devastated infrastructure is electricity which represents a decisive factor in investment and production process and a vital nerve in the modern life the matter that leads to giving it special attention by planners and economic policy drawers embodied by the annual enormous financial allocations, for this sector front and back connections with other economic sectors in Iraq and the back connections can be represented by activating the oil sector and products derived out of it and other big industries, while front connections includes activating agriculture, industry in all its branches, trade and other economic sectors.

Banking Sector

Reinforcing and fostering the banking sector and the financial institutions

Developing regulation in the banking sector

Iraqi Central Bank has always been keen to have principles of corporate governance established and applied in order to keep pace with the international developments and apply the best practices in the banking sector through inserting structural, legislative and monitoring developments that aim at minimizing possible risks since investors are trending towards dealing with banks that use intact governance structures.

- Governance aims at defining the nature of relationship between the bank board of directors and executive administration in a way that leads to protecting the depositors, stock holders and benefits owners' money in addition to focusing on disclosure and transparency, and out of this principle a corporate governance guide has been published by the CBI based on relevant Iraqi laws and international standards issued by international establishments and institutions like (IFC, OECD, Basil committee for banking monitoring, AAOIFI, IFSB) to help banks reinforce the general frameworks for governance and wise management.

The CBI, in its implementation for the strategic plan and through its keenness to continue abiding by applying the best international practices in the field of banking industry and international standards for financial reports (IFRS), applied the international standards for financial reports in all licensed banks for the purpose of reinforcing the safety of their financial ranking and deepening the concepts of transparency and disclosure in these banks as this standard included abiding all banks to form a committee responsible of applying it that contains a group of members to insure the success of the process of converting from the international accounting standard.

Developing and Supporting Islamic Banking Industry

- Islamic banks had imposed a new reality on the international banking market where terms like solidarity, checks and partnership had become common in western banks and they could present a new concept in the banking transactions. And for the purpose of developing and supporting the Islamic banks in Iraq, CBI issued the final edition of the executive regulations that regulate the work of the Islamic banks and as follows:

- * Issuing the regulations of the Islamic funding tools
- * Issuing the regulations of risks management in Islamic banks

* Issuing the regulations of legislative monitoring, internal checking and compliance committee in Islamic banks according to Islamic Sharia

- CBI also drafted the regulations for solidarity insurance by a committee formed for this purpose in cooperation with the insurance diwan; also, it developed the draft of the Islamic Investment Checks Law and presented it to the State Council.

Supporting the establishment of Deposits Guaranty Institution

- CBI had sought according to its strategic plan to establish a Deposits Guaranty Institution which represents an essential part of the financial safety network to solidify the fellows confidence in the banking sector by guarantying their savings deposited in the banks, and based on its strategic plan an establishment contract for the institution had been signed with the committee formed on the 31st of January 2018, which included the membership of 44 government and private banks (6 government banks, 22 commercial banks, and 16 foreign banks), this establishment shall play a big role in protecting the banking sector especially individuals and corporate deposits to reinforce confidence in the banking sector inside and outside Iraq, the matter that can contribute much to attracting more deposits to be reused in crediting and investment for the good of the Iraqi economy.

Participating in Developing Financial Markets

- For the purpose of reinforcing and fostering the banking sector and the financial establishments in managing the banking liquidity in Islamic and commercial banks and participating in developing the financial markets (monetary market in Iraq), CBI constructed a diversified structure for its securities with one year and less terms and offering them through auctions according to the central securities depository system and as follows:

- Commencing the issuance of Islamic deposit certificates as a new investment window for the Islamic banks to manage liquidity in the banking sector, as a plan had been prepared to offer new short and medium term financial products with variations in the rates of revenues whether they were for the CBI transfers or for the traditional or Islamic deposit certificates.

The central bank trained banks staff on the central securities depository to use the system and loaning services.

CBI had established the new Financial Products Unit for the purposes of researching and analyzing the possibility of inventing new financial products to manage liquidity and finding the best applications to implement the monetary policy through searching in the global experiments and available financial tools with measuring the effect and analyzing the results.

Developing the regulating body and structure of the CBI

Aiming at supporting the continuation of the work in the banks, CBI issued the regulations of the business continuance management system in the Iraqi banking sector and trained the IT and risk management committees to apply these regulations according to the requirements of the international standard for business continuance and the recommendations of receiving the returning information from the banks regarding applying these regulations.

The CBI reconsidered the monitory regulations to make sure they are compatible with the international standards issued by Basil Committee for Banking Monitory (III) in cooperation with (METAC) which were recently published and as follows:

- The monitory work guide that concentrates on the regulations of risks management in the traditional banks.
- Supervisory controls for the capital adequacy standard in accordance with the requirements of Basel (III).
- Regulations for organizing the work of brokerage firms for the sale and purchase of foreign currency No. 1 of 2018
- Regulations of Islamic financing tools.
- Instructions and procedures issued by the Central Bank to regulate banking activity in Iraq, including (branches of foreign banks).
- Executive controls to regulate the work of Islamic banks
- Instructions for the business continuity system in the Iraqi banking sector according to the international standard.

Developing the CBI operating performance

After meeting the requirements of the international standard last year, CBI obtained the ISO certificate in the field of cash management granted by LMS Certification Limited, and the ISO9001 standard is considered as the most spreading in the world for the management systems which essentially helped CBI to develop and regulate its management standards in the various fields.

Finishing the process of preparing the BSRS program and the tests of connecting banks with the CBI in terms of auditing financial statements.

For the purpose of gradual converting to the centrality of accounts, CBI achieved the first stage of unifying accounting processes for foreign currency auction window.

CBI also created new departments within the exchange monitory office, dept. of analyzing the banks performance and risk monitory, section of evaluating the real estate mortgages, and the IT section in the banks and the financial institutions. Those departments and sections were created according to the best international standards.

Reinforcement and completion of infrastructure

In order to develop the infrastructure of the banking communication network, obtaining safe and fast communication channels and maintaining the credibility and availability levels of the banking network, CBI connected the main branches of government, private and foreign banks and the Ministry of Finance to the CBI sites by using the fiber optics project.

(VPN) Virtual Private Network

CBI accomplished the project of VPN (Virtual Private Network) according to developed standards. Devices and levels of protection and encryption act as principal connecting channels for the users of the electronic systems and as auxiliary connecting channels to support the banking communication network working with the technologies of the fiber optics to be used by the network subscribers in case of the stoppage of the main streamline of the banking connecting network. CBI could finish the infrastructure works of the database centers, database systems, their operating applications, and ICT systems that provide a platform for backup and programming in order to avoid partial and total failure of database systems.

Population and Manpower

Iraq is rich with several kinds of resources and one of which is human resources as the available estimations indicate that the rate of the average age between (20-29) makes Iraq a young country and that most of its population can be enrolled within the working age category. Available estimates indicate that the average age makes Iraqi society "young" to become after 2015 and the coming years a society with an average age as a result of increasing population of young people in the age of youth and therefore Iraq is exceptionally rich in human resources, the majority of working age makes a huge manpower.

The average of the population growth maintained an annual stable rate at 3 % according to the available statistics until the year 2017.

The age group of less than 15 years have decreased from 41% in 2009 to 40% in 2012 whereas the age group that range between 15-64 years have increased from 56% in 2009 to 56.9% in 2012 which indicates a raise in the pushing power of economy.

The youth age group 15-24 years have increased from 20% in 2009 to 20.2% in 2013 the matter that require the government to carry out a developmental policy to improve job and education opportunities for young people.

Urban areas population have increased to reach 69% of the total population while the rural areas population did not exceed 31% according to 2017 statistics

Table (13)

Number of Iraq's population according to provinces and environment 2019

No.	Province	Total
1	Nineveh	3828197
2	Kirkuk	1639953
3	Diyala	1680328
4	Anbar	1818318
5	Baghdad	8340711
6	Babil	2119403
7	Kerbala	1250806
8	Wasit	1415034
9	Saladin	1637232
10	Najaf	1510338
11	Diwanyah	1325031
12	Muthana	835797
13	Thi Qar	2150338
14	Misan	1141966
15	Basrah	2985073
15 province	15 Province	
KRG Provinces		
16	Erbil	1903608
17	Dhok	1326562
18	Sulaimaniyah	2219194
	KRG Provinces total	5449364
	Total Iraq Population	39127889

- **Investment Environment**

Investment Law No. 13 for the year 2006, as amended

In an effort by the government to attract private investment to Iraq, Investment Law No. 13 for the year 2006 was legislated and amended. This law was approved by the Iraqi Parliament in October 2006 and became effective in January 2007 in all sectors, except for investments in the production and extraction of oil and natural gas, and investments in the banking and insurance sectors, with the minimum capital of the project being covered by the provisions of this law being U.S. \$250,000, (two hundred and fifty thousand U.S. dollars) or its equivalent in Iraqi dinars.

The First Amendment to Investment Law No. 13 for the year 2006 was issued, and the most important parts of this amendment included:

- Allowing non-Iraqis to own land exclusively for housing projects.
- Extending the benefits of the Investment Law to strategic partnerships with public companies owned by the State.
- Granting a legal entity to investment commissions in governorates that are not organized in a region, in order to enable them to perform their tasks more effectively.
- Specifying lands owned by the state and restricting their use, placing them at the disposal of the National Investment Commission for the purpose of allocating them for investment projects.

The second amendment of the Investment Law was issued according to the Law No (50) for the year 2015 and below its most important provisions:

- 1- Adding the developer concept who could be defined as each natural or corporal person obtaining an investment license in cities construction and investment zones or any other sector suggested by the National Investment commission after obtaining the Ministers council approval, and adding the subordinated developer concept who could be defined as each natural or corporal person to whom a part of the investment project (of the suggested sectors) ownership is transferred to be developed.
- 2- Inserting the phrase of the mixed sector to the article (second - provision 2) as it was mentioned before the late amendment in the provision No. (33)

- 3- Encouraging Iraqi and foreign investors through facilitating easy conditioned loans provided that the investor implements 25% of the project, the loans also granted to the housing projects implementers and to the final beneficiary while this privilege was previously restricted to Iraqi investors only.
- 4- The new amendment allowed owning the state lands allocated for housing projects by Iraqi and foreign investors against estimated fees if the land was within the fundamental design and without fees if it was out of the fundamental design of the cities.
- 5- Iraqi investor have the right to own a state land allocated for industrial projects and conclude a partnership contract with a foreign investor to finance and administrate.
- 6- Establishing industrial investment projects and warehouses for agricultural sector on agricultural lands in and outside the fundamental designs.
- 7- Investing in the halted strategic and federal projects in all sectors for the purpose of completion and rehabilitation.
- 8- The new amendment obliged the Ministries, independent entities and provincial municipalities to provide the estates / lands suitable for establishing investment projects and in case of not committing to this provision, the Ministers council shall have the right to transfer the estate/land ownership to the National investment Commission without any fees and the Commission in its turn shall have to allocate the estates/ lands for investment projects.
- 9- The new amendment exempted estates/ lands allocated for investment projects from the provisions of the laws and decisions below for their role in hindering investment:
 - a- The law of selling and leasing state owned possessions No. (21) for the year 2013
 - b- The law of Agricultural reclaimed lands No. (35) for the year 1983, the law of Reorganizing agricultural ownership No. (42) for the year 1987 and the law of renting reclaimed agricultural lands No. (79) for the year 1985
 - c- The law of Industrial investment No. (20) for the year 1998
 - d- Provision (second) of the decision No. 850 for the year 1979 as amended by the decision No. 940 for the year 1987
 - e- Decisions of the dissolved Council of the Revolution Leadership No. 581 for the year 1981, 1187 for the year 1982, 222 for the year 1977 and 165 for the year 1994

10- The new amendment granted exemptions from taxes and fees for licensed investment projects for 10 years starting from the date of operation for each phase of the project phases not to include customs exceptions, while it allowed tax and customs exemptions for the imported assets providing being imported within the construction phases before commencing commercial operation for each phase and according to the fundamental design of the project and the implementation timetable as the law previously exempted the imported assets for three years starting for the date of obtaining the investment license.

The new amendment also exempted housing investment projects from land screening fees, estate registration fees including the fees of transferring housing units' ownership to people.

The new amendment included taxes and customs exemptions granted for environment friendly preliminary materials imported for the purpose of the commercial operation of the national nutrition basket materials, medicines and construction materials and according to the percentage of the local materials contribution in manufacturing .

11- The new amendment included granting broad authorities for the One Stop shop dept. to submit appropriate recommendations to the Chairman to grant investment licenses.

12- providing an investor ID for each investor after obtaining investment license according to which he/she can have all privileges granted by the law

13- The new amendment included a new article regarding the investor's right to appeal in case of investment license withdrawal.

14- Public – private partnerships are also covered by the provisions of this law.

The Most Important Privileges and Guarantees in the Investment Law No. 13 of 2006, as amended:

- Foreign investors have the right to repatriate capital brought to Iraq, as well as any profits earned, pursuant to the instructions of the Central Bank of Iraq, after paying all taxes and debts owed to the Iraqi Government and all other authorities.
 - Assets imported for an investment project are exempt from customs duties as long as they enter Iraq within three years of the licensing date.
 - Employment of foreign labor permitted when needed.
 - The right of insuring the investment project with any insurance company, whether Iraqi or foreign.
 - Opening of accounts in Iraqi and foreign currency, in both Iraqi and non-Iraqi banks.
 - All foreign investors and non- Iraqi employees of licensed investment projects have the right to reside in Iraq as well as the right to unimpeded entry to, and exit from, the country.
 - Foreign investors have permission to trade shares and bonds listed on the Iraqi Stock Exchange (ISX) and to form investment portfolios.
 - Granting exemption from import duties on furniture and supplies for the purposes of renewal and modernization at least once every four years, to enterprises such as hotels, tourist establishments, hospitals, health institutions and educational institutions.
 - Allowing investors to lease land for a project for up to 50 years, subject to renewal.
 - All licensed projects are protected from any kind of expropriation or nationalization, whether in whole or part, unless there is a legal judgment issued against the project.
 - Non-Iraqis working for investment projects may transfer their salaries and other compensation out of Iraq after paying all taxes and debts owed to the Government of Iraq and all other authorities.
 - Any future amendment to this law will not have a retroactive effect on the guarantees and exemptions mentioned above.

Establishment of the National Investment Commission

Under Investment Law No. 13 for the year 2006, the National Investment Commission (NIC) was formed, as well as provincial investment commissions (PICs). The law allowed regions and provinces that are not so organized the right to form investment commissions in areas under their authority which enjoy the power to grant investment licenses, investment planning, encourage investment and open branches in areas under their control in consultation with the National Investment Commission.

Investment statute No. 2 for the year 2009 has been issued, which defined the functions of the National Investment Commission, as well as its administrative structure and powers for strategic projects.

NIC Strategic Projects

The National Commission is charged with the formulation of a policy and strategy of national investment at the federal level , with the development of plans, regulations and directives for the implementation of policies in place, and with monitoring the implementation of directives and regulations. The NIC was created to oversee projects at the federal and strategic levels. This responsibility was further defined in investment statute No. 2 (2009), namely:

- Infrastructure projects with capital greater than \$50 Million USD or equivalent in Iraqi Dinars (IQD).
- Common projects between more than one region or province.
- Projects related to the extraction of natural resources, other than limited by article 29 of the investment law.
- Projects established under an agreement to which the Republic of Iraq is a party.
- Engineering, mineral, petrochemical, pharmaceutical, and manufacturing projects for various types of vehicles where the capital of each project is greater than \$50M USD or its equivalent in Iraqi dinars.
- Projects relating to the development of archeological and historical sites.
- Transportation projects such as roads, seaports, airports and railways with capital greater than \$30M USD or its equivalent in IQD.
- Power projects with capacity greater than 30 MW each.
- Projects related to dams, reservoirs, and irrigation greater than 50M sq. m.
- Projects related to telecommunications.
- Any project with capital greater than \$1 Billion USD or its equivalent in IQD.
- Any other projects deemed by the Cabinet to be of a strategic or federal nature.

All projects not on the strategic project list above fall under the authority of the PIC. For the purpose of the organization of their work, powers and administrative structures, the bylaw system for investment commissions in provinces where they are not organized in a region are regulated by statute No. 3 for the year 2009 which restricted the forming of investment commissions in the provinces, the powers of their administrative councils and their organizational structures.

For the purpose of encouraging investment in general and for housing projects in particular, and in order to enable investors to implement investment projects in Iraq, particularly the construction of housing units of various styles of housing, a statute has been issued for selling and leasing of State real estate and land, which is statute No. 7 for the year 2010 as amended; the most important of its contents being:

- The National Investment Commission, for the purposes of housing, has the right to let land, to be held by the investor free of charge, providing that the price of the land shall not be calculated within the price of the residential unit sold.

- Forming a committee within the National Investment Commission and under its chairmanship, in order to estimate the value of state owned land and real estate for investment purposes, the value of which is no more than U.S. \$250 million.
- Forming a committee in each provincial investment commission under the presidency of the Chairman of each PIC in order to estimate the value of the state owned land and real estate for investment purposes, the value of which is no more than U.S. \$250 million.
- The National Investment Commission specifies the land required to implement multi-purpose urban residential cities.
- The National Investment Commission leases the lands required for the implementation of commercial, industrial, agricultural, service, recreational and other investment projects.
- The land lease is due from the date the commercial project starts operating.

Investor Commitments

The Commission grants an investment license based on the application submitted to it by the investor according to straight-forward terms prepared by the Commission. The application submitted by the investor includes the following:

- Completed license application form available on the NIC website.
- Foreign investors must include a certificate of good standing, from a certified bank.
- Investors may include a list of projects completed both inside and outside Iraq.
- Investors must provide details of the investment project, including an economic and technical feasibility study.
- Investors must provide a timetable for executing the project.

Investment License Granting Services

Currently, the One Stop Shop department helps potential investors obtain investment licenses, and the assistance is expanded to include:

- **Potential projects:**

Coordination with relevant offices in the National Investment Commission and the relevant authorities to create a list of investment opportunities for strategic projects as well as small and medium ones.

- **Logistical Support:**

Supporting investors through:

1. Providing investors with market research and details about the economic climate.
2. Directing investors to the centers and advisory authorities specializing in economic and technical feasibility studies.
3. Facilitating the business visa application process that is required to visit Iraq as well as making hotel reservations and arranging for airport pickup and hotel transfers.
4. Providing the information needed by investors about Iraqi cities and the distribution of human and natural resources in the country.

- **Obtaining the approval of sectoral entities:**

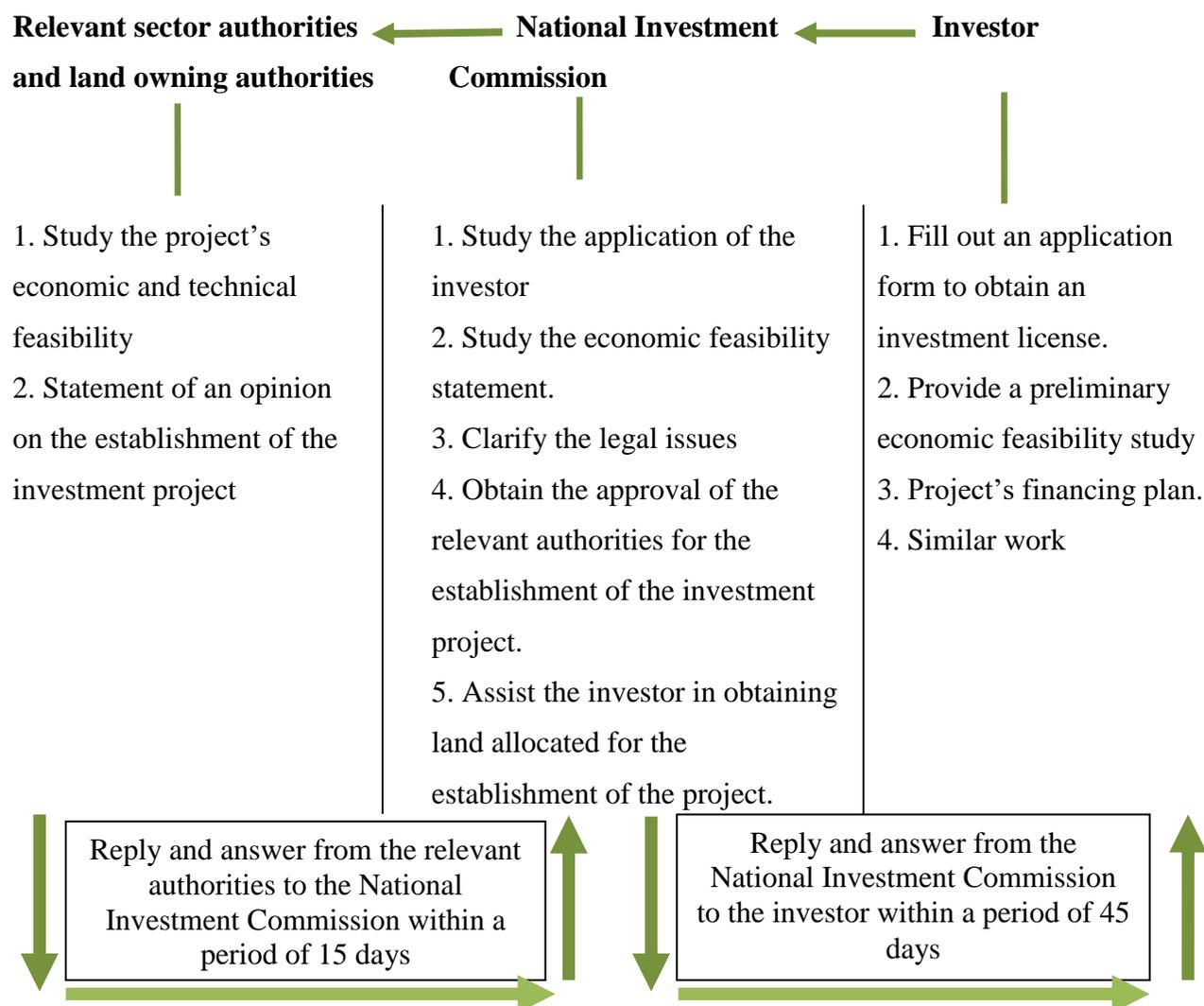
Assisting with obtaining approval from the sectoral bodies, for investment proposals, and technical and financial feasibility studies submitted by investors within the legal time limit.

- **Promotion:**

Coordination with the public relations, promotion and publicity department on the presentation of investment opportunities for investors, as well as acquainting the local private sector with foreign companies.

Procedures for granting investment licenses:

The One Stop Shop assists investors to obtain investment licenses through the procedures set forth in this illustrated chart: -



Investment Licensing Procedures: -

The NIC established the One Stop Shop department to help investors obtain investment licenses through the procedure shown below:

- The investor submits a request to the NIC indicating a desire to invest, including the proposed investment sector and geographic area. This request shall be made via a standard form which is available from the NIC directly or on the NIC website (www.investpromo.gov.iq).
- The investor provides a solid financing plan supported by a letter from an accredited bank supporting the investor's ability to implement the project and ensuring its completion in accordance with the specified time period.
- The investor provides a preliminary economic feasibility study of the project and a technical offer showing the details of the project to be created.
- A timetable for the implementation of the project is also provided by the investor.
- A list of similar completed projects inside or outside Iraq is, similarly, provided.

After the completion and submission of the above required documents, the National Investment Commission studies the request, according to the process detailed, and obtains the procedural approvals from the relevant authorities in order to grant the investment license within a period of 45 days from the date of the completion of the investor's documents and their submission to the Commission.

After obtaining the investment license, the investor should commit himself to the following:

- Notifying the Commission, in writing, of the date of commencement of the operation of the commercial project.
- Investors must maintain proper accounting records. The investors must also have these records approved by a licensed Iraqi accountant.
- Investors must keep a record of any import-fee-exempted items imported for the project. The records must specify the depreciation period of the said items.
- Investors must not harm the Iraqi environment and must also adhere to all valid quality control systems in place in Iraq, as well as to international quality standards (as stipulated by the International organization for standardization (ISO) and the European Union (EU))
- Investors must, at minimum, adhere to Iraqi labor laws as they pertain to salaries, time off, work hours, and other stipulated working conditions.
- Commitment to the conformity of the schedule of work progress with the actual implementation.
- Training of Iraqi employees and workers, with priority to be given to the recruitment of Iraqi workers.

Legal Registration of Companies in Iraq

The Companies law No. 21 for the year 1997 as amended, and Regulation No. 5 for the year 1989, regarding the system of branches and offices of foreign companies and economic establishments, and allowing foreign companies to open a branch or an office inside Iraq by registering with the Ministry of Trade's companies registrar and obtaining a business ID number.

The Companies law No. 21 for the year 1997, and the Trade Act No. 30 for the year 1984, regulate all incorporations and trade activities regarding Iraqi businesses. For the purpose of the registration of a company in Iraq, whether its owner is Iraqi or a foreigner, the following steps must be completed:

1. Determine what category the company in question belongs to, according to the Companies Law, No. 21, 1997. For more detail please visit :

www.investpromo.gov.iq

2. Fulfill all required registration procedures:

- a. Register a trading name with the relevant trade chamber or the union of trade chambers.
- b. Submit a contract signed by the founders of the company, stating the name of the company, its activities, and its capital.
- c. Deposit appropriate capital for the company, in IQD, at an authorized Iraqi bank and notify the Companies Registrar of same.
- d. Pay all fees required to register the company with the Companies Registrar. Please see <http://www.motiraq.org/registration.aspx>.
- e. For joint stock companies, submit the subscription certificate, signed by the founders, and the company's feasibility studies.
- f. Define the commercial and technical activities of the incorporating company; to be included in the contract for incorporation.
- g. Obtain approval from the Minister of Interior for all foreign shareholders.
- h. Submit the company's financial accounts for the last year, where appropriate.
- i. Provide the address of the company's commercial activity in Iraq. As for the branches and offices of foreign companies, they are to be completed according to the system of branches and offices of foreign companies and economic establishments No. 5 for the year 1989, which permits companies to open branches and representative offices in accordance with a mechanism contained in the system..

3. After the company is founded, they must:

- a. Employ a legal advisor (attorney) for the company approved by the Bar Association.
- b. Employ a chartered accountant approved by the Chartered Accountants and Auditors Association.
- c. Appoint an Executive Manager.
- d. Open a branch for the office or foreign company

Local Partnerships

As the country continues to improve the regulatory environment for investment and lays the foundations of political stability and security, it is expected that benefits will accrue from the adoption of strategic partnerships with local Iraqi partners. The local partners can learn the dynamics of the market, deal with the regulatory requirements, provide labor and other inputs at competitive prices and use the previously-established sales networks as well as maintain necessary work relations with others, including banking, legal and distribution partners, which are important for the success of the investment project. Also, one can enter into partnerships with the public sector according to the provisions of Article 33 / B of the Investment Law No. 13 for the year 2006, as amended, and to the provisions of Article 15 of the General Companies Act No. 22 for the year 1997, as amended.

Iraq's bilateral and multilateral agreements

First: Bilateral Agreements:

Iraq has already signed investment agreements with: (Japan, France, Germany, Belarus, Armenia, Kuwait, Jordan, Iran, and KSA) in addition to the agreement with USA regarding investment incentives.

- 1- Under negotiations agreements with (Russia, Czech, Holland, Italy)
- 2- Agreements to be negotiated with (Canada, China, South Korea, Turkey, Austria, Slovakia, Poland, Spain, Portugal, Romania, Lithuania, Indonesia, Vietnam, Lebanon, Oman, UAE, Egypt, Bahrain, Bosnia & Herzegovina- Macedonia)

Second: Multilateral Agreement that Iraq has joined:

- 1- The Multilateral Investment Guarantee Agency (MIGA)
- 2- The World Association for Investment Promotion Agencies (WAIPA)
- 3- The International Centre for Settlement of Investment Disputes (ICSID)
- 4- The United Agreement for Investing Arab Capitals in Arab Countries.
- 5- The Agreement for the Promotion, Protection and Guarantee of Investment among Member States of The Organization of the Islamic Conference
- 6- The agreement with the Arab institution for Investment Guarantee and Exports Credit/ 1974
- 7- The Cairo Agreement for Investment Disputes Settlement in Arab Countries for the year 2000
- 8- Oman Agreement for Arab Commercial Arbitration for the year 1987.
- 9- The United Nations Convention on Transparency in Treaty-based Investor-State Arbitration (for the year 2014)

Third: Multilateral Agreement that Iraq will shortly join:

- The Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958)

Memorandums of Understanding**First: Signed Memorandums of Understanding**

- 1- MOU for the cooperation with the Arab Institution for Investment Guarantee and Exports Credit / Kuwait
- 2- MOU with the Japanese Cooperation Center (JCCME)
- 3- MOU with the General Authority for Investment and Free Zones in Egypt
- 4- MOU with Korea Trade and Investment Promotion Agency (KOTRA)
- 5- MOU with Greece Board of Investment

Second: Still unsigned Memorandums of Understanding:

- 1- MOU with Pakistani Investment Commission
- 2- MOU with the Romanian Center for Trade & Investment
- 3- MOU with Sri Lanka.

Free Zones in Iraq

The law (No. 3) for the year 1998 allows the General Commission for Free Zones to invest in the free zones through industrial, commercial and services projects. This law is implemented according to directives issued by the management of free zones and the Directive of regulating investment No. 4 for the year 1999. According to the law of the free zones commission, goods imported and exported to and from the free zones are exempted from all taxes and fees unless they are brought into the customs area. Also, capital, profits and revenue accruing from investing in these projects are exempted from all taxes and fees during the entire period of the implementation of the project, including the phase of foundation and construction. The application process relevant to the investor requires the latter to submit an application and pay a fee of one hundred U.S. dollars to the free zones commission. You can visit the site of the general commission for free zones for more information: <http://freezones.mof.gov.iq>.

The free zone areas are regarded as one of the pillars on which the national economy hinges, especially in developing countries, and they are defined as small zones inside the country's political borders, but they are regarded as being outside the customs limits of that country. In other words, what is exported from and imported to the free zones is not subject to the restrictions of the import, export and customs fees.

The Iraqi General Commission for Free Zones was established under Law No. (3) for the year 1998, for the purpose of coping with global developments represented by greater cohesion in international economic relations within the framework of economic freedom. They aim at isolating these developments from the dynamics of the Iraqi economy; to stimulate social and economic development by attracting national and foreign capital and setting up industrial projects that use advanced technology. There are currently three free zones belonging to the commission in Nineveh, Khor Al-Zubair and Al-Qaim. The economic philosophy of free zones lies in the State waiver of certain taxes due on any activity that achieves the greatest benefit for the overall economy of the country. Many countries have employed the method of setting up free zones, especially in developing countries, due to the importance of these free zones in creating additional funding sources for development and for attracting foreign investment in a selective way while transferring modern technology as well as employing the local workforce and so reducing unemployment.

1. Iraq's geographic location:

Iraq occupies a strategic intermediary location between countries. It is in proximity to global markets and overlooks the Arabian Gulf, making it geographically an important nexus of international trade lines between the Near East and the Western world. Also, Iraq is linked to land, sea and air networks, including railways.

2. Permitted activities in the free zones:

The law has permitted all industrial, commercial and services activities to be exercised in the free zones except for prohibited ones such as industries that pollute the environment, involve toxic materials or those harmful to public health, as well as counterfeit coins, paper and minted money, printed or embossed books, pamphlets and recorded tapes or anything that is improper or unacceptable to public morality.

3. Mechanism and operational procedures in Iraqi free zones:

The mechanisms and work procedures in the three free zones hinge upon the commission leasing land and buildings to investors (individuals or companies), whether Iraqi, Arabic or foreign, in order to set up industrial, commercial or service projects according to investment contracts signed by the commission and investor. The period of contract with the investor depends on the type of the project.

Privileges granted to investors:

- Exemption of capital, profits and revenues resulting from the investment of all taxes and fees over the life of the project, including the establishment and construction of the project.
- Exempting the wages of foreign workers from taxes and allowing the transfer of their income outside Iraq. As for Iraqi workers, 50 % of their wages are exempt from income tax.

- Exempting imported and exported goods and raw materials from all taxes and fees, except those exported to the interior of the country
- Transferring foreign currencies inside and outside or dealing in them within the free zone is not subject to any restrictions or conditions.
- Investors in the free zones are allowed to open accounts in certain banks funded by currency received from abroad.
 - Investors are granted a temporary customs privilege for the entry of their cars according to the needs of the project.
- The right is granted to waive the investment, and to incorporate or exclude a partner.

Scope of the law's coverage

The Free Zones Act allow the exercise of the following activities within the free zones:

- A. Industrial activities (production and consumption), assembly operations, processing and re-packaging.
- B. Storage operations - re-export and trade.
- C. Storage, transportation and service activities of all kinds.
- D. Banking activities - insurance and reinsurance.
- E. Complementary and supporting professional activities.

For more information about the free zones in Iraq, please visit the website of the General Commission for FreeZones:

<http://freezones.mof.gov.iq>

Secure investment zones in Iraq

The National Investment Commission has formulated a strategy for the investment areas in Iraq in cooperation with the investment program in the Middle East and North Africa of the Organization for Economic Cooperation and Development (OECD). A draft was prepared of the general principles for the feasibility study concerning the location of the pilot investment zone in the Babylon province, as well as a draft assessment of the investment protection for investors in Iraq. The program also

mobilized a number of consultants, lawyers, financial experts and investors to contribute their views and experiences in determining the terms and conditions for establishing the feasibility of a substantial investment.

Now, it is in the process of completing the requirements to be prepared and submitted among the secure investment areas, namely:

- 1-Investment Zone in Baghdad province (several candidate sites).
2. Investment Zone in Basra province / Khor Al-Zubair area.
3. Investment Zone Babylon province / Hittin area.
4. Investment Zone in Anbar province.
5. Investment zone in the mid-Euphrates area (between the governorates of al-Najaf al-Ashraf and Holy Kerbala).
6. Investment Zone Nineveh province.
7. Investment Zone in Diyala province / New Iraq Camp

Insurance Companies

The number of insurance companies in Iraq reached (34) companies, including three public insurance companies while the rest are insurance companies belonging to the private sector. The total assets of the three public companies amounted to 147,727.7 million dinars. The ratio of the assets of each company to the total assets of these companies is distributed unevenly. The largest market share for the General Iraqi Insurance Company was the social insurance (78%) of the total insurance of the company. As for Iraqi Reinsurance Company, the major market share was the fire insurance by 63% of the total insurance of the company. We do not have enough data about the Iraqi State Insurance Company.

The share capital of these companies reached 32,000 million dinars. The percentage of profits of public companies to total assets are as follows: National Insurance Company 67% General Iraqi Insurance Company 13% Iraqi Reinsurance Company 2% Although the reinsurance company has its assets 42% of the group of public companies, but the profits rate is low and this is due to several reasons, the most important of which is the lack of branches to this company.

Protection of Trade Brand Names, Industrial Designs, Copyrights

Copyright Protection

The Iraqi copyright laws aim to meet international standards currently applicable and take into consideration the standards of the World Trade Organization. The intellectual property commission of the Ministry of Culture is regarded as being responsible for copyright registration, and it protects, under the current rules, authors of creative works of literature, art and science, etc. An author is regarded as being the individual who published a work attributed to them. Protection includes whoever renders into Arabic a work - translating, editing or rendering it. If the innovative work belongs to someone else, the authorship rights belong to the author unless there is an agreement establishing otherwise.

It is not permitted to copy serialized novels or short stories, nor to copy other literary or scientific works published by the authors in newspapers or novels except with their permission. The financial rights of the author are protected over the life of the author

and for fifty years from the date of his death. The new legal provisions (dissolved CPA Order No. 83) also protect performers, granting them the exclusive right to broadcast and public transmission, including but not limited to transmission by means of innovative forms of communication, and in line with accepted international standards for protecting trademarks.

The Iraqi government is committed to protecting trademarks that are internationally recognized even if they are not registered in Iraq.

- Investors may register new trademarks with the Registrar of trademarks in the Ministry of Industry and Minerals (MIM); please visit: www.industry.gov.iq.
- Investors can transfer their ownership and grant licenses for the use of a registered trademark.
- Iraqi laws protect registered trademarks for 10 years.
- Investors may extend this for another 10 years if the owner of the trademark resubmits a request within six months of the date of expiration of the trademark's protection.

Industrial Designs

The approval of the application for the registration of industrial designs or models is issued when the industrial design or model is new or innovative, but the industrial design or model is not considered innovative in the following cases:

First: If the display, description, or its use is described to the public before the filing of the application for registration.

Second: If its display or description took place after the submission of the application for registration in a country that deals with Iraq on the basis of the principle of reciprocity.

Third: If it was displayed in national or international exhibitions, or the industrial design or model was displayed to the public at a scientific conference or in a newspaper within a period of not more than six months prior to the date of filing the registration application in Iraq.

Fourth: If it includes non-essential differences with regard to the design or former industrial model, or if it was allocated for

another type of product which differs from the product that had previously received an industrial design or model.

Worker's Retirement and Social Pension Organization

All companies must register with the Ministry of Labor Worker's Retirement (WR) and Social Pension Organization (SPO) before beginning any activities. Companies must deposit funds equal to three months' estimated social security deductions for all employees. Investors will then be given a receipt voucher from the Ministry certifying the payment as well as there being a social security number issued to the company.

Generally, this first step requires at least a week. Social Security deductions equal to 17% of an employee's wages shall be paid quarterly. Employers are responsible for 12%, with the remaining 5% paid by the employee. Payments should be made by employers to the WR and SPO by certified check. Please visit www.molsa.gov.iq for more information.

Customs Tariff Law No. 22 for the year 2010

The new customs tariff law as ratified by the Iraqi Council of Representatives on 12-1-2010 regulates the percentages of the customs fees on imported goods according to the rates set forth in the tariff tables of customs duties and agricultural calendar attached thereto. Iraq's customs system relies upon the Harmonized System-HS coding.

Other related laws

Industrial investment law for private and mixed sectors No. 20 for the year 1998.

Industrial Development Act No. 164 of 1964

Banking Act No. 94 of 2004

Agrarian Reform Law No. 117 of 1970

Property Tax Law No. 162 of 1959
Income Tax Law No. 113 of 1982
Customs Law No. 23 of 1984
Customs tariff law No. 23 for the year 2010
Commerce Act No. 30 of 1984
The Companies Act No. 21 of 1997 as amended
Companies Law No. 22 of 1997 as amended

The Iraqi Council of Representatives (parliament) approved several other laws on 12/1/2010, which are: the Consumer Protection Act No. 1 of 2010 and the Law on the Protection of Iraqi products No. 11 of 2010, which aims to provide fair conditions of competition for local products.

Another law concerns that of competition and the prevention of monopoly - No. 14 of 2010, which aims at creating an incentive to reduce the cost and price of goods and services offered on the market, while improving their quality. It also promotes private and mixed public and developed sectors, supporting the national economy and improving the flow of goods and services.

Quality standards

The Central Agency for Standardization and Quality Control is the government agency under the Ministry of Planning and is responsible for monitoring product quality control in Iraq. This Agency examines and previews local and imported goods in terms of the elements of health, safety and quality. Add to this the fact that Iraq is a member of the International Standardization Organization (ISO), which provides technical assistance to offices responsible for patents and other matters related to intellectual property rights.

For more information, please visit the website of the Central Agency for Standardization and Quality Control

<http://www.cosqc.gov.iq>

Food hygiene standards and phytosanitation

The Ministry of Agriculture issues a phytosanitary certificate relevant to agricultural products. It also issues animal health certificates for live animals. As for food hygiene certificates, they are issued by the Ministry of Health for processed food products.



Investment in the Kurdistan Region of Iraq

Investment in the Kurdistan Region is regulated under Investment Law No. (4) for the year 2006, which formed the investment commission in the KRG that has undertaken important steps to attract investment and offers a range of investment opportunities in the region. There are projects that have already been implemented there, including residential and hotel projects as well as a number of private universities, such as the American University, while other developments include electric power plants and a host of other industrial projects.

For more information, please visit:

<http://www.kurdistaninvestment.org>



Basic data

- Time zone: GMT +3 hours
- Work hours: 8:00-15:00
- Work week: Sunday to Thursday
- International dialing code: 964
- Electricity: 220 volts AC, 50 Hz
- Main languages: Arabic, Kurdish, Turkmen

Official Holidays

Calendar Date	Occasion
1 January	New Year
6 January	Iraqi Army Day
21 March	Spring Feast
1 May	Intl. Labor Day
14 July	Founding of the Republic of Iraq Day
25 December	Christmas day

Islamic Holidays (according to the Hijri calendar)

Calendar Date	Occasion
1 Muharram	Start of the Hijri Year
10 Muharram	Ashura
12 Rabii I	Holy Miladun-Nabi (Birth Anniversary of Prophet Muhammed)
1-3 Shawwal	Eidul-Fitr 3 days
10-14 Thul-Hijja	Eidul-Adha 4 days

How to Apply for a Work Visa

Work visa applications should be completed in Iraqi embassies prior to departure. The National Investment Commission can duly be contacted to obtain a visa for businessmen and investors.

Businessmen and investors can apply for a visa to enter Iraq by contacting the National Investment Commission - Public Relations department exclusively via the e-mail address shown below; the Commission will facilitate their access to it by filling in the following form(s):

p.r.nic@investpromo.gov.iq

* **Table 1 for all nationalities (Arab or foreign) provided there is no combination of Arabs and foreigners in the same table; rather these should be provided in separate tables.**

No.	Full name	Passport number	Nationality	Profession	Project name	Project's address	Place of residence in Iraq (in details)

* **Table 2 for Nationalities (Indian - Bangladeshi).**

No.	Name in English	Full name in Arabic	Passport number	Nationality	Profession	Project name	Project's address	Place of residence in Iraq (in details)

As for the investors who submit an application for an entry visa through the provincial bodies, they must follow these steps:

1 – The Commission must be approached regarding the subject of requests for entry visas for investors, businessmen and laborers, signed exclusively by either the chairman of the provincial investment commission or his deputy. The original color copy shall be sent to the National Investment Commission.

2 - The numbers and names of people shall be clearly listed in the sealed letter and signed by the Chairman of the Commission and on the accompanying list. For those of foreign nationalities (Bangladesh - Indian), it must either be written in English or Arabic, with the first name written followed by the last name in the table attached to it.

3 – The original letter or affidavit shall be sent by the company, sealed by its accredited seals as well as by the accredited seal of the provincial Investment Commission. It must be written in the affidavit that the applicant pledges not to seek employment outside the company during his work or after the completion of the project, together with the number and nationalities and the name of the project. The original letter or affidavit must be delivered by hand to the National Investment Commission in Baghdad.

4 - Copies of accompanying passports must be in color, clearly legible, and in their original size, with each passport being valid and with a period of at least 6 months remaining before their expiration. For the Bangladeshi – Indian nationalities, there must be two pages: a page for the name and photos, and a second page for the father and mother, according to the instructions of the residency affairs directorate.

5 –A visa fee of (25000) ID twenty five thousand Iraqi Dinars is to be paid by investor for each foreign worker he brings to work in any investment project in Iraq.

6-The tables below are to be used:

* **Table 1 for all nationalities (Arab or foreign), provided there is no combination of Arabs and foreigners in the same table; rather these should be provided in separate tables.**

No.	Full name	Passport number	Nationality	Profession	Project name	Project's address	Place of residence in Iraq (in details)

* **Table 2 for Nationalities (Indian -Bangladeshi).**

No.	Name in English	Full name in Arabic	Passport number	Nationality	Profession	Project name	Project's address	Place of residence in Iraq (in details)

* **Table 3 exclusively for investors (necessarily mention the name of the arrival airport Baghdad, Najaf, Basra)**

No.	Name in English	Full name in Arabic	Passport number	Nationality	Profession	Project name	Project's address	Place of residence in Iraq (in details)

Airlines operating in Iraq:

A number of Iraqi, Arab and international carriers operate in Iraq. You can access their websites for details of flights to and from Iraq, which are as follows:

No.	Carrier	Internet Site
1	Iraqi	http://www.iq-airways.com
2	Emirates	http://www.emirates.com
3	Jordanian	http://www.rj.com/
4	Austrian	http://www.austrian.com/
5	Etihad	http://www.etihad.com
6	Qatarai	http://www.qatarairways.com
7	Iranian	http://www.iranair.com
8	Turkish	http://www.turkishairlines.com/
9	Lebanese	http://www.mea.com.lb
10	Egyptian	http://www.egyptair.com
11	Middle East	https://www.mea.com
12	Fly Dubai	https://www.flydubai.com
13	Fly Baghdad	http://www.flybaghdad.net

Communication Networks

Iraq has many Telecom companies that provide efficient telecommunications services, including internet access.:

No.	Mobile phone network	Internet site
1	Zain	https://www.iq.zain.com
2	Asiacel	http://www.asiacell.com
3	Korek	http://www.korektel.com
4	Etisaluna	http://www.etisaluna.com
5	Omnea	http://www.omnea.com
6	Kalimat	http://www.kalimattelecom.com

Hotels

Below, we summarize some details of five major hotels in Iraq which travelers can deal with in order to stay in the country or for the purposes of holding various conferences and forums:

No.	Hotel	Number of rooms	Number of halls	Number of restaurants	Contact details
1	Al-Rashid Royal Tulip Hotel	449 rooms 33 2ings	4 Halls - Zora Hall - can accommodate up to 850 people - Hall Baghdad: can accommodate up to 80 people - North Hall: can accommodate up to 30 people - South Hall: can accommodate up to 30 people	- Five restaurants Summer restaurant: capacity for 100 people - Prosperous Restaurant: capacity for 250 people - Rehana restaurant: capacity for 200 people - Restaurant Thousand and One Nights: capacity for 120 people - National Restaurant: capacity for 90 people	Tel: 009647700133370 reservation@royaltulipalrasheed.com www.royaltulipalrasheed.com
2	Crystal Grand Ishtar	307	5 Halls - Hall of July: can accomodate up to 800 people - Ishtar Hall: can accommodate up to 100 people - Gilgamesh Hall: can accommodate up to 60 people - Hall Baghdad: can accommodate up to 100 people - Uruk Hall: can accomodate up to 70 people	- Two restaurants - Restaurant Alorca: capacity for 90 people - JD Restaurant: capacity for 100 people	Sadoun Street, Baghdad / Iraq Tel: 009647706770711 Cristal.grandishtar@crystalhospitality.com www.cristalhospitality.com
3	Babylon Hotel	300	-2 Meeting Halls -Hug Hall can accommodate 600 people	- Arabic Café - Qasir Al Samaa Rest: provides Panorama view for Baghdad around 360 degree - Shanasheel Rest - Lebanese Rest - Asian Uruk Rest - Hotel Hall Rest	Baghdad/ Jadria Babilhotel@yahoo.com

3	Mansour Milia Hotel	135	6 Halls -Cordoba Hall: can accommodate up to 500 people - Red Hall: can accommodate up to 150 people - Abbasid Hall: can accommodate up to 150 people - Tents Hall: can accommodate up to 70 people - Hall Granada: can accommodate up to 25 people - Hall Lobby Bar: can accommodate up to 50 people	- Five restaurants - Tigris Restaurant: 200 people - French restaurant: capacity for 100 people - Italian: capacity for 120 people - Chinese restaurant: capacity for 80 people - Baghdadi Restaurant: capacity for 50 people	Tel: 009647700220775 mansourhotel@yahoo.com
4	International Palestine Hotel	271	3 Halls -Hall of Saladin: can accommodate up to 850 people - Jenin Hall: can accommodate up to 120 people - Iraqi Hall for meetings: for up to 30 people	Two restaurants - Restaurant Middle train: capacity for 150 people - Cafeteria and restaurant Tigris: capacity for 159 people	Tel: 009647905155150 com.palestinehotel@yahoo.com
5	Baghdad Hotel	175	Two Halls - Hall of brackets - can accommodate up to 300 people - Tigris Hall: can accommodate up to 150 people	Two restaurants	Tel: 009647708822090 relationsbaghdadhotel@yahoo.com