



The Iraqi Market for Construction Equipment

March 2005

Iraq's design and construction industry has been in a state of disrepair for more than a decade as a result of the trade sanctions imposed by the United Nations during the reign of the previous regime. The current reconstruction and rehabilitation of Iraq has created a huge demand for construction equipment and basic building materials, finishing products, engineering skills, technology, environmental awareness, and maintenance systems. With international donors pressing for the involvement of local companies in the Iraqi projects, Iraqi construction firms stand to learn much about western industry practices.

The U.S. construction industry is playing a major role in reconstructing the country's power and water facilities, bridges, roads, schools and other infrastructure. Current estimates of the expenditure on reconstruction vary from \$30 billion to \$400 billion. A conservative estimate by USAID is \$150 billion. The Government of Iraq has allocated about \$5.2 billion from its 2005 budget for reconstruction projects, including water projects, roads, bridges, etc.

Water and Wastewater

There are about 250 cities in Iraq and treatment plants cover only 6 percent of the population; the rest of the population depends on individual septic tanks and other means of disposal, often highly unsanitary. There is virtually no sewerage in rural areas, where about 30 percent of the population lives. Lack of maintenance has meant that there are effectively few operational sewerage systems currently in Iraq. Most sewage repair vehicles were damaged or destroyed by looting. Restoring water and sanitation systems will ensure a reliable supply of potable water to the general public.

Roads

Iraq has an extensive network of approximately 24,000 miles of roads and highways, the majority of which were constructed in the 1970s and 1980s and have not been sufficiently maintained since. Baghdad is connected to Iraq's various cities by a series of 'primary' roads often consisting of four lanes. There are also a number of smaller secondary roads that need paving, many of which also require expansion.

Buildings

After the war, nearly all public facilities were looted and/or burned. Lack of government buildings in which to conduct the public business, including the education of Iraq's school children, prolongs the disruption to government operations and acts as a drag on the standard of living in Iraq. The restoration of public buildings is key to successfully meeting the operational needs of Iraqi public servants and citizens.

Airports

All of Iraq's airports, including the international airports at Baghdad and Basra, and major domestic airports at Mosul, Kirkuk and Erbil, are severely outdated. Outdated

equipment, especially for air traffic control, is currently being replaced although construction of the smaller airports has not yet begun.

Rail

Iraq has five rail lines and approximately 1,525 miles of track, approximately half of which is in poor condition. Many of its 107 stations, as well as maintenance shops, were looted during hostilities in 2003. Approximately 10 trains run per day. A major investment in locomotive cars, trucks, and equipment will improve this to 30 per day, and increase speeds from 30 to 90 km/hour.

Seaports

Shipments of food and other goods in a massive humanitarian aid program are vital to making a new Iraq work, and they are succeeding. Iraq has six ports, but only one deep-water harbor, located in the southeast of the country at Umm Qasr.

Task Ahead

International and Iraqi government funded reconstruction is underway and will continue for several years. U.S. construction equipment manufacturers should consider appointing a local agent. The U.S. Commercial Service stationed at the U.S. Embassy in Baghdad is prepared to assist U.S. companies with a number of export assistance programs. To receive announcements on commercial developments and potential business opportunities in Iraq, please register with the Commerce Department's Iraq Investment Reconstruction Task Force by visiting <http://www.export.gov/iraq>.

Additional Information

For more information on Iraq's construction sector, please contact the U.S. Commercial Service industry specialist Mr. Muhammed Sami at e-mail: Muhammed.Sami@mail.doc.gov.