

Sub: Invitation For Investment Opportunities

The Ministry of Industry and Minerals / Republic of Iraq has the pleasure to announce several Investment Opportunities to rehabilitate and modernize its selected factories in different industrial sectors.

Specialized International Companies, Businessmen, and Financers are invited to participate in these Opportunities that may achieve economic feasibility and create rapid positive revenues.

The concept is that the investor and his supporting team shall rehabilitate and manage the plant on his account against a share of production achieved for a negotiated period of time.

The strength points of these opportunities are:-

- 1- High local demand of the products.
- 2- Availability of trained and experienced manpower.
- 3- Availability of local raw materials.
- 4- Adequate investment legislations and favorable terms for agreement.
- 5- Fast return on investment.

The Ministry expresses its willingness to assist you with all the necessary clarification as well as facilitating necessary visits to the factories (if required).

You are kindly requested to submit your offers within the indicated validity (Tuesday, June 5,2007) :-

Contact Details

Tel: 00964 1 8162006 Ext. 3127 , 3122

E-mail :invest@industry.gov.iq

Mobile: 00964 7901 371 867

Address: Ministry of Industry / Investment Department .

Nidhal Street

Baghdad – Iraq

Republic of Iraq
Ministry of Industry & Minerals
Investment Department



Investment File
Rehabilitation of
State Company for
Petrochemical Industries
Khor Al-Zubair/Basrah/Iraq

March 2007

Index

I- Investment Opportunity.

II- General Conditions.

III- Data & Scope of Work.

1- The Company.

2- Keys to Success.

3- Production.

4- Management and Employment.

5- Post war Activities (term 2003).

6- Pricing policy.

7- The Required Investment.

8- Product specifications.

9- Legal Framework.

10- Privileges for Investor.

11- Investor Obligation.

Appendixes

Annex - No.(1) Product specifications.

Annex - No.(2) Past production capacities.

Annex - No.(3) Production Capacity.

Annex - No.(4) Rehabilitation Requirements.

Annex - No.(5) Plant General Information.

Annex - No.(6) Investment Law No.(13) of 2006.

I- INVESTMENT OPPORTUNITY

Rehabilitation of State Co. for Petrochemical Industries

Invitation:

The Ministry of Industry and Minerals (MIM) / Investment Department invites Investors and international Competent Companies to invest in rehabilitation of State Co. for Petrochemical Industries located at Khor Al- Zubair, Basra Governorate - south of Iraq. That is to finance and implement the activities to rehabilitate the plant in accordance with latest technology, Manage and operate the plant on the investor account against share of production.

History of the plant

Company History

The State Company for petrochemical Industries (SCPI) established in 1977 to manage and operate the petrochemical Complex No.1 (PC-1) and its future expansion process plants and facilities.

The complex consists of six major process units designed to produce polymers and petrochemicals for both domestic use and export.

This fully self-contained facility also include extensive utilities systems to provide water, generate electric power and clean effluents. The extensive infrastructure system include office and housing facilities, roads and rail roads systems, housing, medical center and fire protection.

The construction of the complex and hence the commissioning activities were interrupted by Iraq/ Iran war, in Sept.1980, bringing it to total shutdown and was subject to standstill preventive maintenance (mothball) program. In 1988, Just before the end of that war, the original Contractor (Lummus) performed necessary repairs for the (PC-1) due to long stand still deterioration of machines and equipments, and to re-start and commission the (PC-1).

Due to shortage of financial resources and the Economic Embargo imposed on Iraq during nineties, a low quality spare parts were used and poor maintenance was implemented which caused reduction in the production capacity and the necessity to rehabilitate and modernize the plant to cope with new development in petrochemical Industry , and to bring the plant to its design capacity.

Concept and Evaluation Criteria

The evaluation criteria for selecting the investor shall be :-

- 1- The share of MIM as a percentage of production offered by the Investor.
- 2- The actual amount of Invested budget .
- 3- Obligation of the Investor to assure availability of electrical power generation.
- 4- Obligation of the Investor to keep the existing workforce of the plant paying their salaries & incentive according to the increase in production.
- 5- The period planned to implement the rehabilitation activities to conclude the targeted production Capacity of the plant.
- 6- Period of sharing agreement for the investment Agreement.
- 7- Maximum production Capacity obliged to be fulfilled by the Investor.
- 8- The Investor Financial Capability to fulfill his under-taking to rehabilitate the plant supported by :-
 - Financial statements for the last three years.
 - Supporting letter from Banks and financial houses to show the Investor Financial capabilities.
 - Documents on the financial capabilities of the investor partners or the supporting parties.
 - Documents on Financial facilities that Banks may grant to the investor.
- 9- The technical and managerial capacity of the investor and his Supporting partners to achieve the rehabilitation works (Engineering Companies , Vendors, Site work Contractors), Operate and manage the plant after completion of rehabilitation. Organizational structure of the Investor/group of Investors to be provided .
- 10- Similar experience of the Investor and his supporting companies in similar works with documental reference.

The project advantages

The Strength point of the project is:-

- 1- The plant is located at an area of abundance raw material needed for petrochemical Industry.
- 2- Basrah Governorate where the plant is located has a long history in petrochemical Industry with a rather low cost labors of good experience in different levels .
- 3- The growing demand on petrochemical products to meet the local requirements and for export.
- 4- Adequate security of the area and very near location to Um Qassir port.
- 5- East return on investment.

The Investor Obligations:

1st: It is important approach to the interested investor, before and after purchasing the investment file, to visit the plant to have detailed information on site condition, the prevailing conditions of the plant, look at any necessary drawings, and present any request for clarification and questions to the specialized team on the address mentioned below. According to detailed investigation, in addition to the informations and general conditions, he might submit the investment offer which should consists of detailed suggested rehabilitation works, expected investment budget, rehabilitation duration, rehabilitation procedures, intermediate & final targeted production capacities (if any), investment package agreement period, percentage of share product, philosophy and detailed procedure for managing & operating the plant before and after completion of rehabilitation activities until the end of investment agreement.

2nd: The investor should consider the followings according to the investment file conditions:

- 1.** The investment package should assure the availability of Electric power generation with a capacity capable to operate all the complex production and utilities units and other facilities without depending on National Electricity Grid.
- 2.** It is preferable for the interested investors to arrange a seminar for the project team (of the project) and the related staff, to show his qualification experience and points of view for the Rehabilitation approach.
- 3.** The investment package should include confirmation to keep & getting use from the available employees and assure the payment of their salaries & incentives.
- 4.** The Rehabilitation package should be fulfilled on all complex production and utilities units.

Measures

- 1.** The Interested company might send its authorized representative to:-
1-1: Ministry of Industry & Minerals (MIM)/ Investment Dept. Iraq/ Baghdad/ Al-Nidhal street,
OR 1-2: State Co. for Petrochemical Industries / Iraq- Basrah – Khor Al-Zubair.
To purchase the investment file against the amount USD 250 (only two hundred and fifty USD) starting on 15/ 4 /2007.

- 2. Please contact the following address for any information or clarifications:-**

Ministry of Industry / Investment dep.

Al-Nidhal Street

Baghdad – Iraq

Tel: 00964 1 8162006 /Ext. 3127, 3122

(009641) 8166040

E-mail :invest@industry.gov.iq

Mobile: 00964 7901 371 867

- 3. After finalization of contractual detail negotiations with the winner investor, the investment agreement will be signed.**
- 4. The Investment Package to be submitted to the Ministry of Industry & Minerals/ on or before 5/ 6 /2007.**

**Investment Department
Ministry of Industry & minerals
Republic of Iraq**

II- General Conditions:

(For Plants Rehabilitation Agreement)

1- Scope of rehabilitation works:

The "investor" shall undertake, according to the agreement, to rehabilitate and develop all production units and utilities in a manner to guarantee achieving the targeted capacity within a certain period. He may reach the targeted capacity in stages. The "investor" shall in his proposal, specify the target capacity of each stage according to his action plan.

2- The Agreement concept:

The core concept of the "investment Agreement" is that the "investor" shall perform all rehabilitation works in accordance with the terms of the investment file, and to undertake management and operation of the plant throughout the period of rehabilitation and afterwards on the agreed upon capacity, including supply and transport of raw material, operational and secondary materials, cost of water, fuel, electricity etc, additionally to pay the salaries and allowances of personnel(staff) (including labors) working at the state company during the rehabilitation period, and afterwards, all at his own expenses against having a share of the production.

3- Action plan:

The "investor" shall submit, within two months from signing the "Agreement" a detailed action plan and a detailed time schedule on the implementation of the rehabilitation works, taking into consideration stoppage of production units, for necessity only, for limited time in order to keep the continuity of production as much as possible during the rehabilitation period.

4- Maximum Use of Employee during Rehabilitation Agreement:

A- The "investor" shall, within two months from signing the Agreement, in coordination with the plant management, submit a plan on maximum use of the plant Employee in access to the production activities requirements in the rehabilitation works which he performs or in other projects he may establish in Iraq.

B- The "investor" shall keep all the employees pay their salaries and annual allowances according to prevailing rates of their colleagues at the Ministry of Industry and Minerals, pay incentives in accordance with an incentive system based on achieving the target capacities to be agreed upon before signing the 'Agreement'

5- Penalty on Delay & non-achieving Production Guaranteed capacities:

A: The investor shall undertake to supply the Ministry of Industry and Minerals /State Company with its share of the targeted stages capacities, regardless of achieving or not that targeted capacity on the contractual date.

B: The Penalty in (A) above shall continue for (3 months) only, starting from the contractual date for achieving that stage capacity. The investor shall be considered failed to complete the work if he couldn't achieve the contractual target capacity at the expiry date of the above mentioned period.

In case the investor succeeds in achieving the targeted production capacity within this (grace) period, this period shall not be a reason or part of request to extend the timing of the succeeding target capacities. Timing schedule should be respected as stated in the Agreement.

C: In case the investor failed to achieve the FINAL targeted capacity (at the end of the rehabilitation period), for a shortage not exceeding than 10% of the targeted FINAL capacity, he shall be liable to supply- as a Penalty- a quantity of production amounting to one ton of production for each one ton shortage.

In case this shortage is more than (10%). The investor should take, within six month, any necessary measures to rectify the situation to reach the contractual targeted capacity on his account. The investor during this period (6 months) shall continue to supply the Ministry of Industry and Minerals/State Company with the quantity of production mentioned above.

In case the investor fail at the end of this period to achieve the targeted production capacity, he shall be considered completely failed to fulfill his contractual obligations and the Agreement shall be considered terminated without any right to the investor to claim for any compensation on actual cost or expenses he has borne for his activities of this "Agreement"

6- Insurance:

The "investor" shall be obliged after signing the "investment Agreement" to get an "All risks insurance" policy for the plant and to insure all plant personnel against work accidents and risks.

7- Abide to labor laws::

The "investor" shall abide to all labor laws and the Iraqi instruction safety rules.

8- Letter of Guarantee:

The "investor" shall, on signing the "Agreement" submit on unconditional letter of Guarantee issued by a recognized Bank amount agreed upon later, The Letter of Guarantee shall be released after the expiry date of the "Agreement" and hand - over the plant.

The Ministry of Industry and Minerals shall have the right to, without court warning or judgment, confiscate the amount of the letter of guarantee in case of regress or failure of fulfillment of the investor obligations.

9- Electricity Generation unit:

The "investor" shall undertake to assure the availability of Electricity generation of a capacity sufficient to meet plant and services requirement of electric power at full production capacity.

10- Plant Management:

The "investor" shall present his work program containing the way he intends to manage the plant, technically and administratively to insure a smooth operation and best performance to achieve the agreed upon production capacity in a continuous way during the period of rehabilitation and afterwards.

11- Property of executed rehabilitation works:

All supplied and executed works of rehabilitation in accordance with the investment Agreement, after the expiry date of the agreement shall remain in the plant and will be within its property. This does not include personal materials used by the staff of the "investor" personnel, for which he can re-export after listing quantity and type.

12- Continuous Maintenance during Agreement period:

The investor, after completion of rehabilitation works shall continue to achieve agreed upon capacity by performing continuous necessary maintenance during the "Agreement" period and undertake to handover the plant after the expiry date of the Agreement in good technical condition able to produce at the same production rate agreed upon.

13- Letting of Agreement:

The "investor" shall not be allowed to letting the whole Agreement or part of it to a third party without a written approval from the Ministry of Industry & Minerals.

14- Materials used in rehabilitation:

All materials, equipment, machines and their spare parts to be used for rehabilitation should be brand new, reliable and genuine.

15- Monthly Report:

The "investor" shall submit a monthly report to the Ministry of industry & Minerals / technical committee, showing the progress of rehabilitation works and discuss the report to facilitate any obstacles he may meet.

16- Exemption of custom duties:

All equipment, materials, apparatus and their parts imported by the investor for the purpose of rehabilitation works which shall be part of permanent work certified by the Ministry/ state company shall be exempted from custom duties. The investor may ask for other exemptions and privileges in accordance with prevailing laws, in his proposal.

17- Inventory materials at plant stores:

All inventory materials owned by the state company should be listed and priced by the Ministry / State Company. The investor have the option to buy all or part of these materials in case he needs them for the rehabilitation work.

18- Security:

In due time, the investor shall coordinate with the state company management to organize the guard and security of the plant. In such a way that the responsibility of the security and safety inside the plant lay on the investor responsibility, and out side the plant on the relevant Governmental authorities responsibility.

19- Laws and regulation:

The investor shall abide with terms of prevailing Iraqi laws and regulations when performing his obligations of the "Agreement" with out jeopardize to his privileges of the "Agreement".

20- Agreement Period:

The investor, in his proposal, shall specify the minimum Agreement period he finds it necessary. At the end of this period the Agreement shall be ended unless the two parties agree on extension.

21- Entry/ exit visa and Residence permits:

The Ministry/ State Company shall support the investor to obtain Entry/ Exit visa and Residence permits for his Employees according to prevailing Rules and Regulations.

22- Force Majors:

The "Agreement" shall contain "Force Major" clause and the rights and obligations of each party on this case. The prevailing conditions at the time of signing the Agreement will not be considered a force major case.

23- Dispute settlement:

The disputes between the parties shall be settled amicably. In case of failure to reach an amicable settlement the parties may apply the Arbitration procedures of the prevailing laws in Iraq.

The Iraqi courts , only , shall have the jurisdiction to look in disputes.

24- Care of works:

The "investor" throughout his work in rehabilitation and development shall take due care of the plant, its machines, equipment and facilities, etc. paying utmost care to safety regulations during the Rehabilitation Agreement period.

25- Good Implementation

In case it appears to the Ministry of Industry/ technical committee, that a work is done inadequately, or using improper material or by unqualified labors or in a way endangering other equipment or facilities, the investor should agree to the MIM/ technical committee written request to stop the work and remedy the situation through an action to be agreed upon in a joint meeting.

26- Product Marketing:

The "investor" shall have the right to sell his share locally at the price he finds suitable and export the excess abroad.

27- Secrecy:

The "investor" undertake to keep the informations contained in the "Investment Agreement" confidential. He has no right to disclose or transmit the informations to other parties (except his partners) before he gets a written approval from the Ministry.

28- The "investor" legal entity registration:

The "investor" or the investing group shall establish a legal entity to perform the activities of the Agreement which should be registered at the Companies Registrar office in accordance with the Iraqi Ministry of Trade regulations and terms of companies law No. 21 for the year 1997 and its amendments.

29- Final Report:

The investor, at the end of the "Investment period" shall hand over to the Ministry / state company a detailed report targeting to help the Ministry / state company to keep the smooth efficient operation and maintenance of the plant (operation manual, maintenance manuals, inquiry and ordering Manuals and Inventory records etc).

30- Common services:

The investor and the Ministry / state company shall coordinate to control and run the facilities which serve other parties-such as water supply in a-way that such requirements of other parties shall be ensured.

31- Previous liabilities and Obligations:

The investor shall not be part or responsible of any liabilities and Obligations on the Ministry / state company before signing the Agreement concerning the activities of the state company/ Plant The same applies on the other parties liabilities and obligations towards the Ministry or the company or the plant.

32- Termination:

In case this Agreement is Terminated by the Ministry of Industry for no reason related to the failure of the investor to fulfill his contractual obligations, the Ministry shall compensate the "investor" for the actual expenses he spent to Implement his activities according to this Agreement.

33- Present Production:

The "investor" under take to sell to the Ministry at cost the present quantity produced during the period of running the plant parallel to the rehabilitation activities until the end of the first year from the Agreement validity.

In Case the whole quantity received by MIM at prevailing rate, before the end of the year, then the sharing formula shall be applied according to the agreement.

34- Site handover and effective dates:

The periods agreed upon in the Agreement for achieving targeted production stages and final production capacities, shall be counted starting from the date of handing over the plant to the investor to be within three months from the date of signing the Agreement otherwise the terms of clause (8) of this Agreement shall be applied.

III: Data and Scope of Work

1- The Company

1-1:Introduction

Basrah petrochemical complex(PC-I) was constructed by a world leading engineering and petrochemical company called ABB Lummus Global /USA in joint venture with the famous German company (thyssen).

The contract value was US\$1.1 billion .Construction work began in 1977 the complex was to produce (150000) ton/ year petrochemical products ,i.e.polethylene (low density and high density),PVC and Caustic Soda (flakes).

The mission behind the complex construction was:-

- a) To enhance national revenues. instead of relying totally on the oil export.
- b) Utilization of normally wasted energy (LNG) gas.
- c) Introduction of new know - how technologies and skills to the country.
- d) Satisfaction of domestic market.

1-2:Company History

The State Company for petrochemical Industries (SCPI) was founded in 1977 to manage and operate the petrochemical Complex No.1 (PC-1) and its future expansion process plants and facilities.

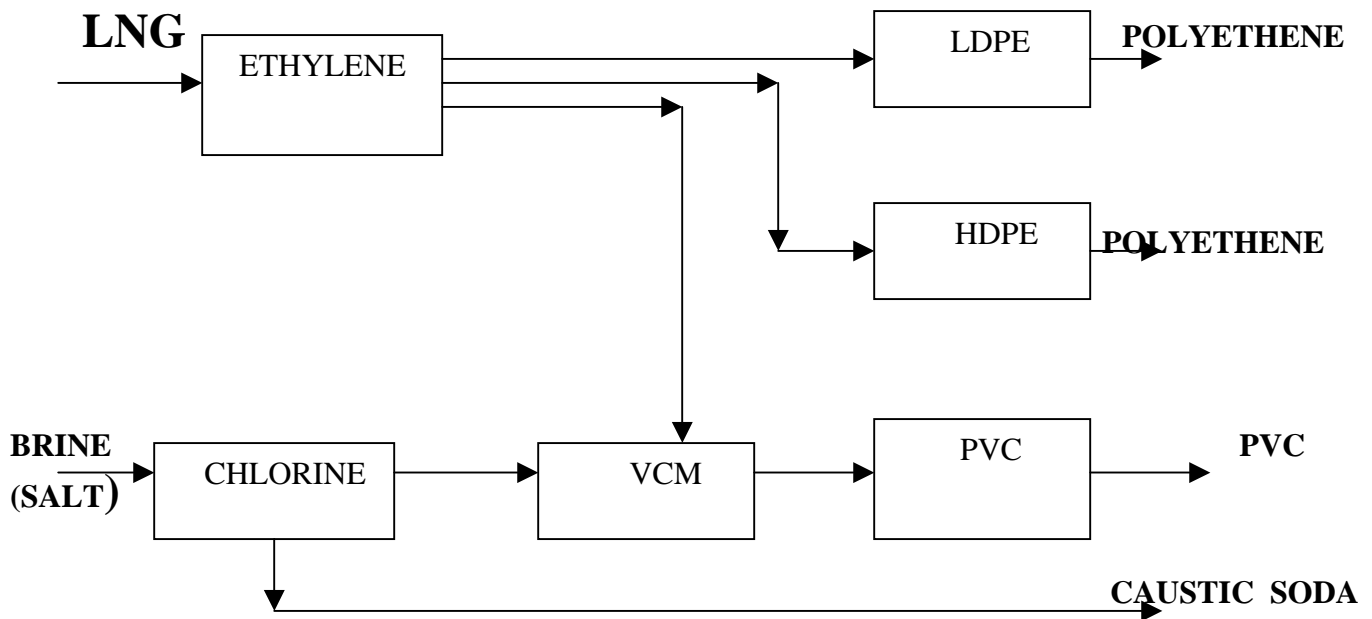
The complex consists of six major process units designed to produce polymers and petrochemicals for both domestic use and export.

This fully self contained facility also include extensive utilities systems to provide water, generate electric power and clean effluents. The extensive infrastructure system include office and housing facilities, roads and rail roads systems, housing, medical center and fire protection.

The construction of the complex and hence the commissioning activities were interrupted by the Iraq/ Iran war, in Sept.1980, bringing it to total shutdown and was subjected to standstill preventive maintenance (mothball) program. In 1988, Just before the end of that war, the original Contractor (Lummus) was contracted, against extra US\$100 Million to perform necessary repairs for the (PC-1) due to long stand still deterioration of machines and equipments, and to re-start and commission the (PC-1).

Once again, commissioning and production activities were stopped in Aug.1990 with the invasions of Kuwait and the imposition of UN sanctions Iraq. In 1991, SCPI, relying mainly on self capabilities, began the reconstruction work to repair damages caused by air raids bombing and had eventually managed to re-start and operate the complex..

1-3:Process Block Diagram



2.0 Keys to Success

2-1:Reliability

It is important that SCPI remains a reliable source providing the domestic consumers of polyethylene(PE) whom prefer SCPI products for various reasons.

2-2:Quality and Quality Assurance

PE products of SCPI have proved beyond doubt its excellent quality compared with most of similar products from competitors in neighboring countries.

2-3:ISO Monogram.

SCPI is working hard to apply & get the right to use the ISO monogram to back up its quality reputation of its products in a competitive regional market, particularly in a post war free market environment.

3- Production

3.1- Design Capacities

- Ethylene (Lummus License).	132000 T/Y
- Polyethylene, Low Density (LDPE) (USI Licensor)	60000 T/Y
- Polyethylene , High Density (HDPE) CHEVRON (Philips License)	30000 T/Y
- PVC (E.V.C License)	60000 T/Y
	150000 T/Y
- Chlorine (Hooker License)	
Chlorine (ETHEEN)	42000 T/Y
Caustic Soda	43200 T/Y
- VCM (VYNILE Chloride Monomer) (Stauter License)	66000 T/Y

3.2- Past Production Performance

The Enclosed table,(attachment No.3) shows the Production yield between 1990 and 2003, noting the following facts:-

- a- 1990, Production was halted with the invasions of Kuwait.
- b- 1991, the 2nd Gulf war and the reconstruction of (PC-1).
- c- 1996, Technical problems (utilities and process Chemical shortage due to UN sanctions.
- d- 2002, shutdown for a turnaround maintenance.
- e- 2003, the effect of 4rd Gulf war and the deterioration of the security situation.

3.3- Projected Production Plan (2004)

The projected Production plan of 2004 was based on the following factors:-

- a- Past years Production levels.
- b- The turn around maintenance work performed during Aug-Dec. 2002, particularly, the total replacement of the cooling water underground piping system, should reduce the Production down time.

c- Free hand of Board of Directors and Management.

		<u>Price \$</u>
Ethylene	60000 T/Y	---
LD Polyethylene	38000 T/Y	550
HD Polyethylene	17000 T/Y	550
Chlorine	6000 T/Y	150
Caustic Soda	10000 T/Y	100

3.4- Limitations

Process will be resumed only if:-

a- 70-90 Million cubic feet of (LNG) gas is supplied to complex from Ministry of Oil/ south Gas Company / Rumaila Oil fields, through gas pipe network. The exact quantity determines number of Ethylene cracking heaters (Furnaces) in service and consequently plant output of ethylene.

b- About 30 MW (stable) electric power from national Grid is made available. Company, at present, generates(12-15MW). This power is reliability and stability reasons. Unstable power is very harmful to process machines and equipments.

4- Management and Employment

- SCPI employs 4400 people spread over the various company departments. The present man power (employees) is more than needed. It is a result of the old regime employment policy during the depression period followed the UN sanctions.

- The man power available is the best for running and operating the (PC-1) due to:-

4-1- Long experience gained during the last 25 years.

4-2- Training courses enjoyed by most either in- plant site domestically or in a foreign countries(USA, Europe,Russia and others).

4-3- The heavy burden during the UN sanction to keep the PC-1 operating without the help of others.

-It is believed and expected that a good percentage of the present man power will choose to leave SCPI once the national wide reconstruction program begins to move forward, anticipating a better income.

5- Post war Activities (term 2003)

5-1- Process units were shut down prior to start of 3rd gulf war in March/2003, bringing all complex facilities to gas free and safe status.

5-2- Guarding and protecting company facilities and premises against looters and hooligans during invasion of occupant troops to Basrah.

5-3- Energization of parts of complex facilities to provide humanitarian aids to people of Basrah. SCPI Company was major producer of clean drinking water (R.O water). The UNICEF played a big role in handing the distribution of this water to consumers in city of Basrah & towns around.

5-4- Generating 16 MW of electric power when urgently needed just after the invasion . SCPI generator was used as black start at total Black out times.

5-5- Restarting most of the remaining available utilities to meet our arising demand and to serve as a preventive maintenance tool.

5-6- Restarting of chlorine unit to the best possible extent at times of crisis. Aim is to produce some 15-20 ton a day for a start to share domestic demand for chlorine for water chlorination purposes.

6- Pricing Policy

6-1- International market (stock exchange) prices are usually taken as reference. SCPI prices are not to exceed those price levels.

6-2- Pre- war prices were somehow subsidized particularly for the agricultural PE film and chlorine.

6-3- Domestic customers prefer SCPI, PE product due to:-

- Low prices
- Availability
- Avoiding importation headack and the associated extra charges.

6-4- SCPI expects that the other state owned companies will raise their prices for electric power, LNG gas, Fuels, Lubricating oils ...this will reduce the profit margin.

7- The Required Investment

The aim is to rehabilitate the plant technically and to operate & manage it on economical basis , to reach its contractual production capacity , all at the investor expenses, against a share of the product for certain period to be agreed upon with Ministry of Industry & Minerals (MIM)/ taking in consideration the following conditions:-

- 7-1 The investor shall undertake to perform the necessary rehabilitation & improvements works for all production lines and utilities to ensure that the plant shall work at the contractual production capacity, minimum.**
- 7-2 The investor in cooperation with his supporters, specialized in Petrochemical Industry, shall depute technical experts to visit the plant site to evaluate the technical requirements of rehabilitation & conclude detail investigation.**
- The current management of the plant will provide all needed assistance to help the experts team to perform the technical investigation of the plant including providing technical data, and drawings.**
- 7-3 The Investor shall present to the Ministry of Industry & Minerals, his technical and Investment proposal showing the share product he requires based on the budget he expect to invest in the rehabilitation works, agreement duration and plant management policy after rehabilitation.**
- 7-4 Replaced equipments should be brand new, high technology and from good reputable manufactures.**
- 7-5 Investment offer should include technical specifications of new equipments supposed to be installed and detail of modifications expected, also detail plan.**
- 7-6 The Ministry of Industry and Minerals team will negotiate the winner investor to conclude a final agreement.**
- 7-7 Annex No.(4) clarify the State Company for petrochemical Industries status, as an indicative rehabilitation needs for the reference of interested investor, from SCPI view.**

8-Product Specification

Kindly Refer to Attachment NO(1).

9- Legal Framework

Upon agreement between the Ministry of Industry & Minerals and the Investor, terms of the Investment law No 13 for the year 2006 (attached), including its privileges for investor, shall be adopted in the rehabilitation Agreement between the two parties.

Iraqi Law No. (22) of year 1997 for the state Companies, will be applicable.

10- Privileges for Investor

10-1: Has the Right to establish trade representation offices and branches in Iraq, such offices and branches shall be registered with the Iraqi Registrar of companies office .

10-2: Has the Right to establish a business entity jointly with an Iraqi or foreign Investor.

10-3: In case an agreement is concluded on basis of product sharing, the Investor shall have the right to sell his share in the market at the price he define.

10-4: Investor may collaborate with Iraqi partners.

10-5: Right to possess, use, dispose his invested money in Iraq in accordance with central bank regulations.

10-6: Use freely convertible currencies or Iraqi legal currency (Iraqi Dinar), the right to transfer money into and out side Iraq in accordance with Central Bank regulations.

10-7: The Ministry of Industry & Minerals shall put at the disposal of the investor the plant site and adequate storage space including existing equipment to implement modifications – Rehabilitation, to enable him to fulfill his obligations .

10-8: The imported fixed assets shall be exempted from custom duties provided they are brought to Iraq within three years from the date of Agreement . This period may be extended or reduced by the Establishment Authorized, if found necessary.

10-9: The Imported spare parts for the plant shall be exempted from duties.

10-10: Selling the plant product is not subjected to any price restriction.

10-11: The investor may request for any additional privileges which might be specified clearly according to the prevailing laws and to be included in the final Agreement.

11- Investor obligations :

In addition to the details mentioned in part II / General Conditions, the investor should consider:-

11-1: He and his supporting technical entity should possess sufficient experience and qualifications to construct (rehabilitate) petrochemical plants.

11-2: He should obtain quality certificate (ISO 9000).

11-3: Agree to engage Iraqi labors to operate the plant and insure them against risks, supply safety equipment and requirements. He may engage foreign employees for leading technical positions.

11-4: Abide to Health and safety regulations and Instructions issued by world Health organization (WHO) and International labors organization (I.L.O) and abide to Emission standards criteria available at the Ministry of labors and social Affairs.

11-5: Shall Under take to make electrical power generation available to Cover the plant needs of electricity as the national grid is not reliable at the time being, its rectification and increase of generation capacity may takes years.

11-6: Should fill-in the data forms enclosed with required details.

11-7 ; Suggest methods to avoid pollution which should comply with the environmental enforcements and regulations.

11-8: Treatment of gas pollution according to international standards.

Ministry of Industry & Minerals
Data Form

- **Project Name:**
- **Interested Company Name :**
- **Company legal entity (share holding Co., Limited,...etc), attach copy of establishment certificate & names of shareholders who have 30% share and above:**
- **Registered Capital :**
- **Company or Firm legal representative:**
- **Identification :**
- **Applicant address in Iraq:**
- **Contact details in Iraq and outside Iraq:**
- **Suggested Production Capacity *:**
- **The Applicant must abide by the Technical, Financial and Legal terms stated in the Investment file, clarify how to fulfill*:**
- **Technical Supporters with confirming documents* :**
- **Name of Financing Group/s with his/ their reference/s , supported by latest financial report/s: ***
- **Technical References & Expertise *:**
- **Similar Implemented and under construction projects (References) *:**

Signature:

Name:

Position in the company:

Stamp:

Note: Details for articles pointed by () To be given in details separately according to the enclosed forms .*

Suggested Production Capacity

Undertaking to abide by the Technical, Financial & Legal terms stated in the Investment file, clarify how to fulfill:

Technical Supporters with Confirming Documents.

**Name of Financing Group/s with his/their Reference/s,
Supported by the latest financial report/s.**

Technical References & Expertise.

Similar Implemented & under construction projects
(References).

Annex No.(1)

Product Specifications

1-Ethy lene units

2-Low Density poly ethy lene

3-High density poly ethy lene

4-Liquid chlorine

5-V C M

6-P V C

Ethylene product

COMPONENT	SPECIFICATIONS
Ethylene	99.9 mol%
Methane & ethane	1000 mol ppm
Propylene	10 mol ppm
acetylene	2 ppm
Total sulfur	1 ppm
hydrogen	5 ppm
oxygen	1 ppm
Carbon monoxide	1 ppm
Carbon dioxide	5 ppm
water	2 ppm
alcohol	1 ppm
amonia	1 ppm

Low Density poly ethylene

Grade	Melting index (MI)	Density g/cc
463	0.28 - 0.38	0.9225 - 0.0015
461	1.8 - 2.2	0.9215 - 0.0015
464	0.5 - 0.7	0.920 - 0.930

High density poly ethylene

Grade	Density (gms/cc)	Melt index (g/10min)
6001	0.960	0.15
6003	0.960	0.25
6006	0.964	0.75
6030	0.964	3.0
TR.401	0.942 – 0.945	0.08 -0.14
TR 140	0.947	0.30
TR 160	0.964	0.70
TR 416	0.946	0.30
M 621	0.964	6
5710	0.957	0.85 – 1.2

Liquid chlorine

AIR %	Cl ₂ %	H ₂ %	CO ₂ %	H ₂ O
0.5	98.5	0.5	0.7	50 PPM

	Caustic 50 %	Caustic 73 %	Caustic 93 %
% NAOH	49.51	73	93.0
%NUCL	1.24	1.58	2.3
% Na ₂ co ₃	1.2-2.0.	0.29	3.1
Fe (ppm)	10.0	7.0	6.0
Ni (ppm)	4.0	3.0	5.0
Na Clo ₃ (ppm)	-	2200	2200

VCM

Vcm	99.98 % min
Butadiene	10 ppm max
Methyl chloride	100 ppm max
C ₂ H ₅ CL	50 ppm max
EDC (1.1+1.2)	2 ppm max
HCL	1 ppm max
Fe	1 ppm max
A acetaldehyde	3 ppm max
H ₂ O	50 ppm max

PVC

Resin Type	608	676	686
K - Value	53.0 -55.5	65.5 - 67.5	70.5 - 72.5
Bulk Density (kg/ L)	0.5min	0.45 min	0.45 min
% Ash	Nil	Nil	Nil
% volatile	0.75 max	0.5 max	0.5 max
Screen Analysis			
40 mesh	0	0	0
+ 200 mesh	70-75%	90 - 95 %	90 - 95 %
- 200 mesh	25-30%	5 -10 %	5 - 10 %

Annex No.(2)

(Attachment #1)

Past Production Capacities (1990 - 2003)

(in tons)

Product	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Ethylene	77802	-	30480	32270	22020	26379	-	21298	33863	35584	57283	60319	35070	
HDPE	17131	-	3001	7200	878	2689	-	2108	6000	3578	15438	13802	9289	
LDPE	41587	-	20548	19323	12954	9272	-	9011	14952	19202	30223	34283	18425	
Chlorine	9239	680	3107	3523	2372	1331	767	940	1275	3532	4177	4226	3127	
Caustic Soda	17929	827	4900	7723	4668	3123	1097	523	357	3053	4247	4200	2905	
PVC	6754	-	-	-	-	-	-	-	-	-	100	227	179	
Master Batch	388	33	21	-	367	-	-	-	26	92	180	345	469	
HCL acid	-	-	-	-	-	-	-	-	933	1125	910	271	371	
PE Film Rolls	-	1721	7804	12652	9783	6492	-	4049	6782	10474	12813	10581	1078	
Sodium Hopochloride	-	-	-	-	-	-	-	-	46	577	762	63	43	

Annex No.(3)

PRODUCTION CAPACITY

S.NO	ITEM	Design Capacity (tonnes)	Current Production Capacity YEAR	Reasons for change	Maximum production which can be obtained after rehabilitation	Market price of Imports (USD/t)
1	HDPE	30,000	13528	1. Aged of equipment 2. scarcity of spare parts 3. shortage	25000	650
2	LDPE	60,000	34335	1. Aged of equipment 2. scarcity of spare parts 3. shortage	50000	650
3	PVC	60,000	266.850	1. Aged of equipment 2. scarcity of spare parts 3. shortage of ethylene	50,000	700
4	PLASTIC SHEETS	15,000	10571	1. Aged of equipment 2. scarcity of spare parts	12500	750
5	Ethylene	132,000	60339	1. Aged of equipment 2. scarcity of	95000	200
6	Chlorine	42,000	4226	1. Aged of equipment 2. scarcity of spare parts	12000 Tons/year	350
7	Caustic	43,000	4200	1. Aged of equipment 2. scarcity of spare parts	13000 Tons/year	400
8	Hydrochloric acid		278	1. Aged of equipment 2. scarcity of spare parts	9000 Tons/year	100
9	VCM	66000		Shut down	40000	500
9	Other					
10	Other					

INPUT MATERIALS DATA

S.NO.	Material	Source Domestic/ Imported	Distance from source	Mode Transprtation from	Cost/ Tonne (Domestic)	Cost/ Tonne (International)
1	Natural Gas	Rumalah	30km	Pine line	1 ID- /M3	
2	Water	muftia	30km	Pipe line	10ID/M3	
3	power	Soe / petro	500m	cables	2000 ID/KW	
4						
5						
6						
7						
8						
9						
10						
11						

NIT COST OF PRODUCTION – HDPE

s.on	Item	Units	Consumption units/t of HDPE	Rate / unit (NID)
1	Raw Materials			
	Natural Gas	N M cu		
	Catalysts	Kg	0.35	
2	Fuel and Utilities			
	Power	K Wh	953	
	Fuel	Nm [^] /hr.	122	
	Water	m [^] /hr	331	
3	Consumables & spares			
	Oils			
	Lubricants			
	Chemicals			
	Spare parts			
	Maintenance			
	Total Direct cost			

UNIT COST OF PRODUCTION - LDPE

s.on	Item	Units	Consumption units/t	Rate / unit (NID)
1	Raw Materials			
	Natural Gas	NMcU		
	Catalysts C32	Kg/t	1.55	
	Catalysts C67	Kg/t	0.135	
	Catalysts C2	Kg/t	0.055	
	Catalysts CII	Kg/t	few	
	ethylene	Kg/t	1.1	
	White mineral oil	Barral	78.25	1
	Polybutene oil	Barral	119.8	
	Anti corrosion (Naico)	Kg	150.75	
	ATF oil	Liter	1088	
2	Fuel and Utilities			
	Power	K Wh		
	Fuel			
	Water			
3	Consumables & spares			
	Oils			
	Lubricants			
	Chemicals S4 E9 E14 A10	Kg Kg Kg Kg Kg	2290 2273 627.5	
	Methanol Sodium bicarbonate	kg	250 480 50	
	Spare parts			
	Maintenance			
	Total Direct cost			

UNIT COST OF PRODUCTION - PVC

s.on	Item	Units	Consumption units /t of pvc	Rate / unit (NID)
1	Raw Materials			
	Natural Gas	N M cu		
	Catalysts	T/v	51.000	
	V.C.M	T/v	66.000	
2	Fuel and Utilities			
	Power	K Wh	5250	
	Fuel			
	Water			
3	Consumables & spares			
	Oils			
	Lubricants			
	Chemicals			
	Spare parts			
	Maintenance			
	Total Direct cost			

UNIT COST OF PRODUCTION - Plastic sheeting

s.on	Item	Units	Consumption units /1 of Plastic sheeting	Rate / unit (NID)
1	Raw Materials			
	Natural Gas			
	Catalysts	N M cu		
	LDPE Pellets	TON/YEAR	10000(locally production)	
2	Fuel and Utilities			
	Power	K Wh		
	Fuel			
	Water			
3	Consumables & spares			
	Oils			
	Lubricants			
	Chemicals			
	Spare parts			
	Maintenance			
	Total Direct cost			

UNIT COST OF PRODUCTION - Ethylene

s.on	Item	Units	Consumption units /1 of <i>ethylene</i>	Rate / unit (NID)
1	Raw Materials			
	Natural Gas	N M cu	6 TON	120 T/HR
	Catalysts			
	DC- 1601+S G-58B			25 M3
	DC- 1501 G-65			0.176M3
2	Fuel and Utilities			
	Power	K Wh	1200KWH/HR	
	Fuel		15 TON/HR	
	Water		12454M3/HR	
3	Consumables & spares			
	Oils		7 TON/ MONTH	
	Lubricants			
	Chemicals	TON	0.763 kg/ton ethylene	
	1- Monothanol Aminc		2.084 kg/ton ethylene	
	2- Methanol		0.49 kg/ton ethylene	
	3- Mercaptane		22.89 kg/ton ethylene	
	4- Wash oil		0.084 kg/ton ethylene	
	5- Anti – foan		0.272 kg / ton ethylene	
	Spare parts			
	Maintenance			
	Total Direct cost			

UNIT COST OF PRODUCTION - Chlorine

s.on	Item	Units	Consumption units /1 Of chlorine	Rate / unit (NID)
1	Raw Materials brino(Nacl+H2O)	TON	3.5	
	Natural Gas			
	Catalysts	NMcU		
2	Fuel and Utilities			
	Power	K Wh	1710KW+9.8KWD.C	
	Fuel			
	Water			
	Cooling water	M3/h	342.8	
	Process water	M3/h	129.9	
	Chilled water	M3/h	290	
3	Consumables & spares			
	Oils			
	Lubricants			
	Chemicals			
	Spare parts			
	Maintenance			
	Total Direct cost			

UNIT COST OF PRODUCTION - Caustic Soda

s.on	Item	Units	Consumption	Rate / unit (NID)
			Caustic soda	
			CPv^'YvCiieIA	
1	Raw Materials brine(NACL+H2O)	TON	3.5	
	Natural Gas	N M cu	700NM3/H	
	Catalysts			
2	Fuel and Utilities			
	Power	K W	2158 KW	
	Fuel			
	Water			
	DEMINRAL 12D WATER	M3/H	56.7	
	CHILLED WATER	M3/H	47	
3	Consumables & spares			
	Oils	LITTER	600	
	Lubricants	kg	16	
	Chemicals			
	Spare parts			
	Maintenance			
	Total Direct cost			

UNIT COST OF PRODUCTION - Hydrochloric Acid

s.on	Item	Units	Consumption units/t of HDPE	Rate / unit (NID)
1	Raw Materials Cl₂+H₂+H₂O	Kg	3.5	
	Natural Gas			
	Catalysts	N M cu		
2	Fuel and Utilities			
	Power	K W	10	
	Fuel			
	Water			
	DEMINER 112 WATER	litter	400	
	Cooling water	M³/h	30	
3	Consumables & spares			
	Oils			
	Lubricants	kg	4	
	Chemicals	ton	6.5	
	Spare parts			
	Maintenance			
	Total Direct cost			

Annex No.(4)
Rehabilitation Requirements
STATE COMPANY FOR PETROCHEMICAL
IND.

1. - Utilitarian and Power Generation

1.1 Water Treatment

A) Raw water Pump Station (Muftia)

- Two new pumps & motors GA- 8300,2000 m³/hr,1.2 kg/cm²,vertical type.
- One Diesel generator, 5 MW, 11.5 KV.
- New chlorination system, capacity of 15 kg/hr with two booster pumps.
- New mud scrubber with movable screen.
- Rehabilitation of the main water pipe line 32" &28".
- Rehabilitation of the overhead crane.

B) Primary Water Treatment

- Three new fire water Diesel pumps, 520 m³/hr, 1050 kPa.
- One new primary water pump GA-8400, 1000 m³/hr, 2.0 Bar.
- Two 18" check valves.
- Two 18" gate valves.
- Two new pumps with motors GA- 8428, 60 m³/hr, 250 kPa.
- Two new pumps GA- 8435,400 m³/hr, 200 kPa.
- Four new polymer pumps GA-8430, 160L/hr, 80kPa.
- New Anion polyelectrolyte dissolving system.
- Overhaul the thickener.
- Modify the control system (all Instrumentation) to PLC.
- Rehabilitation of the sand filter.
- Repair the plant sewers.
- Change all concrete slabs.
- Three 24" control valves with actuator.
- Three 30" control valves with actuator.
- Three 16" control valves with actuator.
- Two new vertical pumps (R/O pumps), 450m³/hr, 5.0 Bar.
- Rehabilitate the back wash pit.
- One new back wash pump, 1200 m³/hr, 200kPa.

- New Ion Exchange units (Two Lines), capacity of 600 m³/hr each with all accessories and instrumentation (Cod. In 600 µs, con. Out 1.0µs)
- Rehabilitation of the neutralizing pit.

C) Mixed Beds & Polishers

- Two new automatic valves.
- Two new distributors.
- Two new acid and caustic pumps.
- Repair and modify the control systems (2).
- New analyzers and instrumentations (Two systems).
- New 4" expansion joints, 150#.

1.2 Boilers

- Two new boilers with capacity of 120 Ton/hr each. 390°C, 42 Bar, Fuel gas fired.
- Rehabilitation of boilers A, B, C, and S.
- Two new gas igniters.
- Oxygen analyzer for the flue gas.
- Density analyzer.
- Two boiler feed water pumps, 300 m³/hr, 66 Bar, electric driven.
- Overhaul the existing four boilers feed water pumps.
- Overhaul the two dearetors.
- Overhaul the dump condenser.
- Overhaul the two boilers feed water heaters.
- Overhaul the three carbon filters for the condensate system.
- Overhaul condensate cooler EA-8105(2)
- Repair the foundation of the boilers, boiler and feed water pumps area.
- Two new Edwards valves, (10", 600#) and (4", 600#).
- One new brine heater.
- One new pre-heater.
- New dearetor heat exchanger.
- Hand valves (different sizes).

1.3 Nitrogen System

- New nitrogen plant capacity of 2500 m³/hr gas, 7.0 Bar, 500 m³/hr liquid equivalents.
- New oxygen analyzer for nitrogen product.
- Two new high pressure pumps, 200 bars.
- Overhaul the four air compressors with instrumentations.
- Two new air compressors, 10000 m³/hr, 800kPa.

1.4 Cooling Tower

- Repair all concrete structure.
- One new side stream filter unit.
- Overhaul the main pumps GA- 8500 Band C (pumps & motors).
- Overhaul the main pumps GA- 8500 A and S (pump & gear box)
- Rehabilitate the cooling water pit.
- Overhaul the main fans (GB-8500).
- Rehabilitate the main fans (GB-8500) foundation.
- New chlorination system.
- Overhaul the chemical additive system.
- Rehabilitate the pumps sump.
- New power transformer, 11.5/3.3 KV, 10 MVA, with C.B.

1.5 Waste Water Treatment

- *The system needs total rehabilitation, since most of the equipments have been removed, needs a special study and design.*

2. - Ethylene Plant

A) Overhaul of the followings,

- GB-1401- charge gas compressor
- GB-1701- propylene compressor
- GB-1801- Ethylene compressor
- GA-1101 (Pump & Motor)- Amine pump
- GA-1615 (Pump & Motor)- Direct ethylene pump
- GA-1401,1402,1403 (Pump & Motor)- caustic pumps
- GA-1206 & S (Pump & Motor)- caustic pumps
- GA-1704X, - oil pump of ethylene , propylene compressor(new motor turbine)
- GA-1705X,sead oil pump of propylene , ethylene compressor(new motor turbine)
- GA-1410 oil pump of charge gas compressor new (motor turbine)
- EA-1702 A&B propylene cooler(Studying of Re-tubing or new one)
- EA-1705,hotwell of propylene compressor (Rehabilitation)
- EA-1807,hotwell of ethylene compressor (Rehabilitation)
- EA-1401,1402,1403,1405,1406,1407 charge gas compressor coolers (Re-tubing)
- EA- 1903 Vaporizer of dry flare new one.
- EA – 1103 A& B Changing
- EA – 1102 A& B changing
- BA-1301,2,3,4, (New Spring Hangers Required)
- Second & Fourth cracking heaters (Rehabilitation)
- Changing of flare tip.
- PA 1501 (EA- 1502, EA- 1503 X) Rehabilitation.
- GA – 1501, TO install new pump & motor.

B) Studies

- To repair the plugged of EA-1203X in the cold box, or change the whole exchanger.
- To reduce the Ethylene loss in the storage tank FB-9201.
- Check the performance of the heat exchangers EA-1420X,& SX
- Check and calculate the design & performance of DA-1401 to increase the production.
- check the performance of BA-1301,2034 cracking heaters
- To study the possibility in using the off – spec. Ethylene product.

C) New Projects

- **Re tubing of the furnaces BA – 1302, BA- 1304.**
- **Re tubing the exchangers for BA – 1301, 2, 3, 4.**
- **To install new cold box PA-1502.**
- **To install new Ethane surge drum(capacity 160 tons)**
- **To install new Dryer FF-1601.**
- **To Change methanization catalyst**
- **DC-1601and& S change the catalyst.**
- **To install new natural gas compressor at Gas natural Gas feed area.**
- **To install a common new oil centrifuge for the GB – 1701, GB – 1401.**

3. - Low Density Polyethylene

A) Overhaul of the follow

- The Reactors, DC-5101, (whole reactor with the stirrer)
- Primary Compressor GB-5101,5201(spare parts delivered on 20/06)
- Secondary Compressor, GB-5102, 5202.
- Catalyst Pumps (Uhde Pumps), GA-5116A, B, C& GA-5216A, B, C, and supply complete separate pump package.
- Extruder Demin water pump (sundyne pump) GA-5501 &S
- Modifier Pumps, GA-5120A, B and GA-5220A, B.(Plus new pump.)
- GB-9441 (blower) new one.
- GA- 5130, Supply new motor.
- GA-5114, Supply new motor.
- Supply new motor for the ventilation blower, GB – 9448.
- GA-5171 &5172, Supply cartridge filters.
- Supply suction filter for the secondary compressor FD-5103 (NOS 4)
- Supply capacitance probe , FC- 5103 (High press . separator)
- Supply pre – Amplifier and Amplifier for FC- (Low press . separator)

B) New Projects

Change the following exchangers

5101,5102,5103,5203,5104,5204,5105,5205,5106,5206,5117,5217,5116ABC,5216ABC

- New Chiller for the Extruder area.
- Complete new blower GB-9432 for the Bagging area.
- High Pressure Valves, (HV-5213, 5113, PV-5110, 5210).
- Pressure Transmitters PT 5220,5221,5120,5121.
- Modify Bagging System for better performance.
- New 14" butterfly valve.
- New 2" G2A High press. Globe valve.
- New MOV – 5202 9 (Motor operated valve) 303 bar, 300 ° C.

C) Parts to be changed

- **Secondary Compressor High Pressure Tubes.**
- **Reactor High Pressure Tubes.**
- **ED-5109 High Pressure Tubes, heat exchanger double tin be.**

D) Instrumentation

- **Temperature Gauge 0 – 100 ° C, stem length 6" and 9" (nos.10)**
- **Temperature gauge 0-25 ° C , stem length, 6" and 9" (no . 10)**
- **Pressure Gauge 0- 2100 kPa (panel mounted), no . 10)1/2" NPT.**
- **Pressure Gauge 0- 40 kPa (panel mounted), no. 10)1/2" NPT.**
- **Pressure Gauge 0- 250 kPa (panel mounted), no. 10)1/2" NPT.**
- **Local mounted PG (0-2100 kPa, 0-40 MPa, 0-250 MPa) 1/2" NPT.**

3.1 Polyethylene Sheets Plant

- **New Rewinding system**
- **Bearing for the gear box of the third line.**
- **New complete chilled water system and new HVAC system.**

3.2 Plastic foils plant

- **New printer (6 colures)**
- **Bags welding machines (no .2)**

4.0 - High Density Polyethylene Plant

A) Extruder

- **New die plate holder.**
- **Gear box special tool. (Stud Tensional).**
- **Taco generator for the main drive.**
- **Replace both extruder feeders' screws.**
- **New hot oil pumps, GA-6307X & GA-6308X.**
- **Sprocket for dry additive blenders.**
Wight indicators for the fluff silos.
- **Flow switches for the gear box lube oil system.**
- **Wight cells for the pellet blenders.**
- **Change the pelletizer fly knife head.**

B) Overhaul Recycle Isobutane Compressor GB – 6401 & S.

C) Overhaul Reactor Circulation Pump GA – 6201 (plus new turbine).

D) Rehabilitation of the Reactor, DC – 6201

- **Reactor RTD (No 8)**
- **Flow meters for R. Isobutane flushes (No 16)**
- **Two set of PTO valves.**
- **Catalyst feed panel**
- **Four way solenoid valves for Borsig valves.**
- **XV- 6205 Actuator.**
- **Bag filters (timer & filter elements).**
- **Analyzers for feed & flash gas system.**

E) The Silos.

- **Two sets of flexible hoses for fluff & pellet area.**

F) Rehabilitation of Catalyst Activation System

- **New mesh grid.**
- **Instrumentation to be changed to PLC.**
Weight indicator for the catalyst charge & recovery.

G) The new catalyst system (Lynex 100)

- **Review & check the performance of system**

H) Overhaul the Refrigeration package.

2.1 HDPE Master Batch Plant

A) Extruder

- **For black and Colored Lines**
 - 1. Spare parts for the electrical resistance E- 7.**
 - 2. Spare parts for the bearing 7R- 16.**
 - 3. Spare parts for the Twin Screws.**
 - 4. Overhaul the metal detector systems.**
 - 5. Overhaul the torque meter.**
 - 6. The material pressure instrument is not functioning.**

B) Overhaul the checking system for both pellet and pigment.

(Gerick), And the taco meter.

C) The plant needs portable Feeder for pigment ratio control.

D) Supply new improved pellets cutters for better production

And size adjustment

E) Overhaul the Incinerator PA-9758, especially the heaters (no. 15

F) Overhaul the chiller for the colored line PA-9758

5.0 - Vinyl Chloride Monomer Plant (VCM)

The Investment in this plant is postponed at this stage

6.0 – Poly vinyl Chloride Plant (PVC)

The Investment in this plant is postponed at this stage

Since the VCM and PVC Plants are not included in this Investment Plan, a new Linear Low Density Polyethylene (LLDPE) capacity of 30000 Ton / Year to be built just beside the existing HDPE plant due to enough space and the similarity of both plants in the layout and plant sections.

8 – SAFETY AND FIRE FIGHTING SYSTEM

- Revamping the existing fire fighting including all underground, overhead, and equipments.
- Modification of the fire alarm panel.
- Change the existing fire water sprinkler system by new one with all necessary spare parts.

Requirements

- Two fire fighting trucks (water - powder and foam).
- Two water fire fighting trucks capacity of 20000 **Liters**.
- **One** wheeled breathing air equipment.
One self contained breathing apparatus.
- (25 m) portable ventilation.
- **One** breathing air compressor with accessories and spare parts
- Spare (25 m) conduits.
- (Oxygen, Combustible Gas, and Toxic gas) meter with high accuracy with all necessary spare parts.
- 200 (8kg) portable CO2 fire extinguisher.
- 250 (9kg) portable dry powder fire extinguisher.
- 25 (50kg) portable dry powder fire extinguisher.
- 25 (100kg) portable dry powder fire extinguisher.
- 250 fire hose (2.5"), double jacketed, three layers with aluminum instant male/female coupling.
- 50 fire fighting instant nozzle (2.5"), adjustable jet /Spray Type.
- **Five** Tons concentrate foam **3% AFFF**.
- Five Tons concentrate Flouro Protein Foam, on toxic, non corrosive.
- Ten Tons ABC dry chemical powder.
- Five Tons BC dry chemical powder.
- Five fire fighting suits.
- Ten fire rescue suits.
- 200 pairs fire boots.
- 200 pairs fire gloves
- **100** fire helmets.

9 – INSPECTION

- Provide all international standards, codes documents.
- Provide the necessary gas detectors.

10 – ELECTRICAL POWER FACTOR

- Most of the power factor capacitors for 3.3 KV motors in all plants deleted due to problems rose especially when the gas turbines are running without the SOE which results an increase in the MVA. This problem to be rectified.

11 – QUALITY CONTROL

A -

1- Glasses.

2- Chemicals.

3- Laboratory Instruments.

B –

R and D

ITEM	Description
1	Metallurgical microscope with camera
2	Multi wheel polisher with automatic holder
3	High temperature furnace 1600 – 2000 °C
4	Rehabilitation of the cathodic protection system

12 – Maintenance workshop

12 -1 Electric workshop requirements

- New building.
- Complete workshop equipments. 5- G/2004
- Beam lifter 90/2000
- UPS sets 3- G/2005

12 -2 Instrumentation workshop Requirements

- **Temperature calibrator**

Multi inputs/outputs, J, K, T, PT 100, Accuracy $\pm 0.01\%$.

- **Five Fluke meter**

Portable, Auto Range, Model- **Fluke 77.**

- Two Oscilloscopes
Two channels, 100MHz, 220 v /50Hz.
- Five Soldering Iron Stations
Type- Weller, 220 v /50Hz.
- Five Loop calibrator / simulator.
Input (4-20) mA, Output (4-20), Portable with rechargeable battery 9v.

12 -3 Heat Exchangers Workshop Requirements

- One electrical screw air compressor
- Six high pressure pumps (jet cleaner).
- The following Expanders;
 - Fifty short type, 3/4" G10 – G22.
 - Fifty long type, 3/4" G10- G 22.
 - Fifty short type 1" G10- G 22.
 - Fifty long type 1" G10- G22.
 - Thirty 2" G10- G22.
 - Twenty 2.5" G10- G22.

- Thirty 3" G10- G22.
- (22) Torque controlled pneumatic rolling machine.
- (25) Hydro pneumatic testing pump.

12 -4 Welding Workshop Requirements

- Two electric welding machine, 6 or 8 poles, 380v, 50Hz.
- (15) Electric welding machines
- (3) Argon welding machines with all accessories.

12 -5 Valves Workshop Requirements

- Two test stands.
- Two lapping machines, lapping plates Diameter 100 cm.
- Two lapping machines, lapping plates Diameter 50 cm.
- Five lapping plates, Disc type, Diameter 50 cm.
- Five lapping plates, Rectangular type (40×60 cm).
- Three Mono lights for face lapping with special glass.
- One Vacuum pump up to 100 kPa.
- (100kg) Abrasive powder for lapping machine (very fine silicon carbide).
- (50kg) Abrasive powder for lapping machine (very fine aluminum oxide).

12 -6 Balance Workshop requirements

- Three Horizontal balance machines (different capacities).

12 -7 Alignment Workshop requirements

- Two Pocket vernier caliper 16 N.
- Two workshop vernier caliper 17 N.
- Two Micrometer 40 SH.
- (5) Kits, Indicator with 3 contact points, adapter, and 3 attachments.
- (10) Sets, Indicator with 3 contact points alone.

12 -8 Manufacturing workshop Requirements

A) Machines

- One CNC Milling machine.
- One CNC Lathe machine
- One Universal milling machine.
- Three Center lathe machine, two meters length.
- One Table type, horizontal boring machine.
- One Radial drilling machine.
- One full automatic, mitered, band saw machine.
- One Shaping/slotting machine.
- One **H- Frame, capacity of 100 tons.(PRESSING MACHINE)**

B) Tools

- (500), **Straight, boring, internal side, pointed straight, off set, parting-off carbide tip tools.**
- (250), **Bent turning, boring, internal side, Right/Left angle, pointed-off tools with Hss tip.**
- (100) Carbide Tips.
- (100) Line turning tools.
- (100) Cutters.
- (12) Sets, Metric/British solid round.
- (20) Sets, Metric/British hand taps.
- (100) Power hack saw blades.
- **Drills.**
- **Hss slot cutter.**
- **T- slot cutter Hss.**
- **Side & face milling cutter Hss.**
- (12) Casting box.
- (3) Tool box.

C) Measuring Devices

- (50) Vernier tools.

- (6) Universal bevel protractor.
- (12) Screw pitch gages.
- (20) Dial indicator.
- (10) Flex-O-post indicator.

D) Raw Materials

- Teflon bars.
- Graphite bars.
- Bars/Rods.

12 -9 Rotating Equipments Workshop Requirements

- One (4) Ton vertical press.
- One (5) Ton horizontal press.
- One large bearing heater.
- Two small bearing heaters.
- Three hydraulic cages for rising loads.
- Side crane.
- Four (3) Ton hydraulic handling crane.
- Six middle clamp.
- Large clamps.
- Two 48" large pipe spanners.
- Six 36" middle pipe spanners.
- Six 24" small pipe spanners.
- (8) Large Hydraulic puller for bearing release.
- (8) Medium hydraulic puller for bearing release.
- (4) Sets of torque spanner with all accessories and socket, size from 3/4" to 3 3/4".
- Two fixed grinders.
- Four Manual drills, size 16 mm.
- Four Tip grinders with all accessories, pneumatic type.

12 -10 Heavy Equipments, Special Trucks & Spare Parts

- One (25) Tons crane.
- One (6) Ton crane.
- Two (5) ton fork lift.
- One (5) Ton loader crane.
- One Shovel.
- One Bulldozer.
- One Digger.
- One Propane Tanker.
- One Sulfuric acid tanker.
- One Hydrochloric acid tanker.
- One fuel tanker.
- One flat trailer.
- One body trailer.
- Spare parts for cranes.
- Spare parts for fork lifts.
- Spare parts for overhead cranes.
- Hand tools for crane repairing.

12 -11 Equipments & Transportation Workshop Requirements

- New Building.
- Equipments.
- Transfer maintenance car.
- Diesel fuel injection pump test bench.
- Nozzle tester.
- Tiers changer and balancing.
- Water pump and piping.
- Welding machine.
- Compressor.
- (20) Ton overhead crane.
- Big battery charger 24 v.
- Car electric tester.

- **Engine/gear box supports.**
- **Hydraulic press machine.**
- **Constant drill.**
- **Saws-cutting discs.**
- **Spray guns/air brushes.**
- **Portable workshop.**
- **Drills and accessories kits.**
- **Lubrication tools**
- **Vices.**
- **Cylinder and valve measurement.**
- **Taps, dies, extractors.**
- **Tools**
 - **Petrol engine service tools.**
 - **Sterling and suspension tools.**
 - **Wind screen tools.**
 - **Oil changing tools.**
 - **Diesel engine service tools.**
 - **Cylinder and valve tools.**
 - **Cooling system tools.**
 - **Clutch repair tools.**
 - **Air tools.**
 - **Pincers.**
 - **Precision instruments.**
 - **Precision screwdrivers.**
 - **General duty pliers.**
 - **Insulated screwdrivers.**
 - **Hex keys.**
 - **Punches chisels and nail sets.**
 - **Crimping tools.**
 - **Vortex accessories.**
 - **All types spanners.**

- **Toro insert bits.**
- **Impact socket sets.**
- **Eldora socket sets.**
- **Modular insert trays.**
- **Eldora spanners with worth combination.**
- **Socket handles.**

Annex No.(5)
Plant General Information

1. Input Raw Material

No.	Material	Source	Distance (**)	Transport	Cost (*)	Remarks
1	Natural Gas	Rumaila	30 km	Pipe Line	50 ID/m ³	
2	Water	Muftia	30 km	Pipe Line	200 ID/m ³	
3	Power	SOE/SPC I	500 m (***)	Cables	2000 ID/KW	

- (*) Assume One US\$ = 1330 ID.
- (**) Distance from Petrochemical Complex # 1.
- (***) Inside Petrochemical Complex # 1 (from the Four Gas Turbines).

2. Utilities

- The current utilities operation as follows:
 1. Boiler 55% of design capacity.
 2. Nitrogen Plant 20% of design capacity.
 3. Plant Air 100% of design capacity.
 4. Primary Water Treatment 62% of design capacity.
 5. R / O Plant 35% of design capacity.
 6. Demineralized Water 75% of design capacity.
 7. Cooling Towers 60% of design capacity.
 8. Waste Water System Out of service
 9. Solid Disposal System Out of Service
 10. Chilled Water System Out of Service

• Water Analysis

Sample	PH	Cl2 ppm	TDS ppm	Ca ppm	T.H ppm	Cl
Raw Water	7.6	0.2	1574	400	740	504
Clear Water	6.3	0.6	1561	400	740	490
R/O Water	7.0	0.0	78	12	20	44

• **Boiler Feed Water Analysis**

Sample	PH	Cond. μ s	N2O ppm	M.Alk ppm	P.Alk ppm	PO ⁻³
Boiler Water	7.7	5.0	0.437	4.0	0.0	-----

Ethylene Plant

1. The unit consists of an Ethane Recovery section, an Ethylene Section, and supporting facilities.
2. The Ethylene Section was designed to produce 132000 Ton / Year of polymer grade ethylene by thermal cracking of feedstock recovered in the Ethane Recovery section and ethane's recycle within the Ethylene Section. The Ethane Recovery Section is designed to produce 168000 Ton / Year of 97.5%mol ethane rich stream from natural gas to be suitable as feedstock for the Ethylene Section. The Refrigeration required in natural gas processing will be supplied by the Ethylene Section refrigeration system.
3. The plant designed is based on the following natural gas composition and condition:

Component	Mol %
H2S	0.00
CO2	1.83
N2	2.76
CH4	64.50
C2	16.17
C3	9.31
i C4	1.03
nC4	2.76
iC5	0.71
nC5	0.87
Hexane	0.03
Heptanes plus	0.01
Total	100.00

- The delivery pressure: 3325 kPa min. at the Gas Reception facilities.

4. When the plant is supplied with a quantity of natural gas no less than one indicated above and with the composition and condition listed, the production of specification ethylene product shall be not less than 16385 kg/hr, excluding, the ethylene recovered from purge gas from LDPE and HDPE plants.

Ethylene Product Quality:

Ethylene	99.9% mole, in.
Methane & Ethane	1000 mole ppm max.
Propylene	10 mol ppm, max.
Total Sulfur	2.0 mass ppm, max.
Hydrogen	1.0 mass ppm, max.
Oxygen	5.0 mass, ppm, max.
Carbon Monoxide	1.0 mass ppm, max.
Carbon Dioxide	5.0 mol ppm, max.
Water	5.0 mass ,ppm max
Alcohol(as Methanol)	1.0 mass ppm, max.
Ammonia	1.0 mass ppm, max.

- As per the original design the ethylene quality will not be affected within normal variation of natural gas composition.

Utilities Consumption

4200 kPa Steam	172000 kg /hr
1550 kPa steam	8500 kg /hr
Cooling Water	12454 m ³ /hr
Fuel Gas	28.8 million kcal/hr
Electricity	1.6 MW/hr

Raw Materials Consumption (kg / Ton)

Natural Gas	8.4 Ton
Amine	0.763
Methanol	2.014 kg
Mercaptane	0.495 kg
Wash Oil	22.89 kg
Anti Foam	0.084 kg
100% caustic Flakes	6.0 kg
Anti Poly. Agent	0.244 kg
Kerosene	From LDPE Plant
Oil Grade 4003	4000 Liter / Month
Oil Grades 4006/4008	200 Liter / Month
Oil Grade 4020	800 Liter / year
ATF Oil	480 Liter / Year

Natural Gas consumption: 120 Ton / hr

Fuel gas Consumption: 10.0 Ton / hr.

Yield of Ethane (97.2%): 23.8 Ton / hr

Yield of Ethylene (99.9%): 19.7 Ton / hr.

- The current ethylene specification is within the limits.
- The current production rate is 60% of the design.
- The main bottleneck of the plant is the blockage in the cold box (PA- 1201) in the ethane section.
 - Plant Production 1990 – 2003

The below table shows the annual production with percentage of the design capacity achieved.

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
77802	0	30480	32270	2220	26379	0	21298	33863	35584	57283	60036	35070	10217
59%	0%	23%	24%	16%	20%	0%	16%	25%	27%	43%	45%	26%	7.8%

Ethylene Production 1990- 2003

High Density Polyethylene

- The plant was designed to produce HDPE in pellets form by catalytic polymerization of ethylene to fluff in loop reactor, and subsequence polarization of the fluff in an extruder. In addition to ethylene within reactor, Isobutane diluents, hydrogen, catalyst and hexene-1 for copolymer are also employed.
- The plant was designed for production of 30000 Ton/Year of HDPE resin with specified characteristics.
- Part of the HDPE production is used for the manufacture of black and colored master batch compounds, capacity of the master batch section is 300 Ton / hr for two lines.
- The plant also includes a new catalyst system (lynex 100).
- The plant was designed to process the feed stocks below:

1. Ethylene

- State: Vapor, Pressure: 5170 kPa, Temperature: 27 °C

Ethylene	99.9% mass, in.
Methane & Ethane	1000 mole ppm max.
Propylene	10 mol ppm, max.
Total Sulfur	2.0 mass ppm, max.
Hydrogen	1.0 mass ppm, max.
Oxygen	5.0 mass, ppm, max.
Carbon Monoxide	1.0 mass ppm, max.
Carbon Dioxide	5.0 mol ppm, max.
Water	5.0 mass ,ppm max
Alcohol(as Methanol)	1.0 mass ppm, max.
Ammonia	1.0 mass ppm, max.

2. Isobutane

- State: Liquid, Pressure: 550kPa , temperature: °C

Isobutane	95 % mol, min.
Olefins	100 mass ppm, max.
Acetylene	2.0 mass , ppm max
Total Sulfur	1.0 mass, ppm, max.
Hydrogen	5.0 mass, ppm, max
Oxygen	5.0 mass, ppm, max
Carbon Monoxide	1.0 mass, ppm, max.
Carbon Dioxide	15 mass, ppm, max.
Water	20 mass, ppm, max.
Carbonyls, Phenol & Alcohol	1.0 mass, ppm, max.

3. Hexene -1

- State: Liquid, Pressure: 400 kPa, Temperature: °C

n-Alpha Olefins	96 % mass, min
Mono-Olefins	98.5 % mass, min
Saturates	1.5 % mass, max.
Carbon number,C6	99 % mass, max.
Carbon Number below C4	0.10 % mass, max.
Vinylidenes	1.75 % mass, max
Other Olefins	1.0 % mass, max.
water	25 mass, ppm, max
Oxygen Peroxide	1.0 mass, ppm, max.

4. Hydrogen

- State: Vapor, Pressure: 390 kPa, Temperature: 40°

Hydrogen	92.6% mole
Carbon Monoxide	0.99% mole
Methane	6.9% mole
Ethylene	0.13% mole

Utilities Consumption

4200 kPa Steam	5680 kg /hr
1550 kPa steam	1670 kg /hr
Cooling Water	1118 m ³ /hr
Chilled Water	5 m ³ /hr
Electricity	3813 kW hr /hr

Raw Materials Consumption (kg/Ton)

EB 30 catalyst	0.40
EB 308 Catalyst	0.50
Hexene	24.0
Pump Seal Oil	0.20
Di -ethyl Zinc	0.03
Isopropyl alcohol	0.03
Irganox 1010	1.20 (grade 5710 only)
BHT	0.70
Irganox 1076	1.50
PS 800	0.70
Studios 450	0.002
Calcium setrate	7.2 (Grade 5710 only)
Nalco 439	0.01
Isobutane	55.0

1. The plant was designed to deliver a yield of products as follows:

- Ethylene 32000 Ton / Year
- HDPE 30000 Ton / Year

2. The production of the plant (1990- 2003)

Table for Annual production and percentage of design capacity achieved.

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
17131	0	3001	7200	878	2689	0	2108	6000	3578	15438	13638	8706	2372
95%	0%	10%	27%	3%	10%	0%	7.2%	20%	12%	51.5%	46%	31%	7.9%

- The main reasons not to achieve the design capacities:

1. Utilities Specifications specially Nitrogen.
2. Shortage in ethylene.
3. Shortage in spare parts.
4. Catalyst Activator
5. The Extruder.

Low density Polyethylene

- The Low Density Polyethylene Unit is designed to produce LDPE in pellet form. Stirred autoclave reactors are used. the unit has total annual capacity of 60000 Tons. The production is carried out in two independent and identical lines, each having an annual capacity of 30000 Tons.
- Part of the LDPE production is used for the manufacture of black and colored master batch compounds of two lines capacity of 300 Ton/year each.
- Total ethylene charged to the unit 72704 Ton/Year
- Expected ethylene loss 6316 Ton/Year
- Net ethylene to the unit 66315 Ton/Year
- Low Density Polyethylene 60000 Ton/Year

Raw Materials Consumption (kg/Ton)

Catalyst C32	2.0 Average(Depend on Grade)
Catalyst C67	.15 Average(Depend on Grade)
Catalyst C2	.06 Average(Depend on Grade)
Catalyst C11	Few in Fire Off Only
Ethylene	1.1 Ton/Ton
Erucyla mide (S4)	0.5
Ethylene Glycol	0.15
White Mineral Oil	0.4
Poly Butene Oil	0.55
Kerosene M14	15 Average(Depend on Grade)
Methanol	2.6 (only 463C Grade)
A 10	1.7 (only 463C Grade)
Oil 4012	1.0
Oil 4003	1.0
Oil 4010	0.6

Year/Ton

Utilities Consumption

4200 kPa Steam	8360kg /hr
400 kPa steam	3920 kg /hr
Cooling Water	3346 m ³ /hr
Chilled Water	0.0 m ³ /hr
Electricity	15222 kW hr /hr

- Production of the plant (1990 – 2003)
- Production and percentage of design capacity achieved.

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
41587	0	20548	19323	12954	9272	0	9011	14954	19202	30223	34283	17426	5268
96%	0%	34%	32%	21%	15%	0%	15%	25%	32%	50%	57%	30%	8.8%

LDPE Production 1990 - 2003

- The main reasons behind the decrease in the production rate:
 1. Ethylene not available all the time.
 2. Shortage in the spare parts especially for Primary, Secondary and flash gas compressors.
 3. Frequent Power dip.

Ethylene Balance Summary

Year	Ethylene	HDPE	LDPE	VCM	Losses	% Losses
1990	77802	17131	41587	7419.5	9799.23	12.6
1991	0	0	0	0	0	0
1992	30480	3001	20548	0	4576.1	15
1993	32270	7200	19323	0	3094.7	9.6
1994	22020	878	12954	0	6804.8	30.9
1995	26379	2689	9272	0	13221.9	50.12
1996	0	0	0	0	0	0

1997	21298	2108	9011	0	9067.1	42.62
1998	33863	6000	14952	0	12911	38.12
1999	35584	3578	19202	0	10526	29.58
2000	57283	15438	30223	110	7005.3	12.22
2001	60036	13638	34283	249.7	7208.038	12.11
2002	35070	8706	18425	196.9	5135.326	12.81
2003	10217	2372	5268	0	1813	17.74
# Production in Ton						
Assume 1.1 Ton of Ethylene for 1.0 Ton HDPE & LDPE						
Assume 0.46 Ton of Ethylene for 1.0 Ton VCM						

Annex - No.(6)
Investment Law No.(13) of 2006

Unofficial translation

In the name of people

Presidency Counsel

Pursuant to what was approved by the Council of Representatives in accordance with provisions of Para (first) of Article (61) of the constitution and elapse of the legal period given in Para 5/A of Article 138 of the constitution ,the following law is promulgated

**No. (13) of 2006
The Investment Law**

Chapter One

Definitions

Article (1)

The following terms, wherever mentioned in this Law, shall have the following specific meanings unless the context indicates otherwise:

A: The Council :the Council of Ministers

B: National Commission for Investment: the commission established in accordance with this law responsible for drawing up the national policy and laying out its guidelines and monitoring the implementation of these guidelines and instructions in investment. It shall specialize in investment projects of a federal nature exclusively.

C: Region's Commission: The investment commission of the region responsible for investment planning and granting investment licenses in the region.

D: Governorate Commission : The investment commission of the governorate not organized in a region responsible for investment planning and granting investment licenses in the governorate.

E: The commission: The National commission for Investment or the Region's commission or the Governorate Commission as the case.

F: Chairman of the Commission: the Chairman of the National Commission for Investment.

G: The Project: the economic activity subject to the provision of this law.

H: The Assets: the tools, apparatuses, equipments, machineries, transportation means and office furnishings and appliances to be used for the project exclusively and the furniture and appliances of the hotels, tourist cities, hospitals, schools and colleges.

I: The foreign Investor: is the investor who does not hold the Iraqi nationality in the case of real person, and is registered in a foreign country in the case of a juridical or legal person.

J: The Iraqi investor: is the investor who holds Iraqi Nationality in case of real person, and registered in Iraq in case of a juridical or legal person.

K: Taxes and duties: all kinds of taxes and duties imposed according to applicable laws.

L: The designed production capacity: is the production capacity designed within a specific unit of the time (hour, day.....etc) in accordance to what is fixed in the documents incoming with the machine of the supplier and the feasibility study of the project.

M: Investment Portfolio: A collection of investments in shares and bonds.

N: Investment: is the investment of capital in any economic activity or project that results in a legitimate benefit for the country.

Goals and Means

Article(2)

This law aims at the following:-

First: To promote investment and transfer modern technologies in order to contribute to the process of the developing and enhancing Iraq, and expanding and diversifying its production and service base.

Second: To encourage the Iraqi and foreign private sector to invest in Iraq by providing the required facilities for establishing investment projects and enhancing its competitive capacities in the local and foreign markets for projects covered by this law.

Third: To develop human resources based on market demands and provide work opportunities for the Iraqis.

Fourth: To protect the rights and properties of investors.

Fifth: To expand exports and improve the balance of payments and balance of trade of Iraq.

Article 3

The following means shall be adopted to realize the objectives of this law:

First: To grant projects covered by provision of this law the necessary privileges and guarantees for its continuation and development by providing support in a way that enhances the competitive capacities of these projects in the local and foreign markets.

Second: To grant projects that obtained an investment license from the Commission, additional facilities and exemptions from taxes and duties in accordance with the stipulations of this law.

Chapter Two

The National Commission for Investment and the Investment Commission in the Regions and Governorates

Article 4

First: A Commission shall be established and called the “The National Commission for Investment”.it shall enjoy a juridical personality and shall be represented by the Chairman of the Commission or the person authorized by him. It shall be responsible for drawing up the national policies for investment and drawing up it's Plans, regulations as well as monitoring the implementation of these guidelines and instructions in investment. It shall specialize in strategic investment projects of a federal nature exclusively.

Second: The National Commission for Investment shall be managed by Board of Director comprised of nine member who must be competent, specialized, and hold a college degree that suits the specialty of the Commission. They must not have been sentenced for a felony or misdemeanor of moral turpitude or have declared their bankruptcy.

Third:

- A. Upon a request by the prime Minister, the Council of Ministers shall nominate a Chairman of the Commission at a grade of Minister and a Deputy Chairman at a grade of Deputy – Ministry for a period of five years and present them to the Council of Representative for approval.
- B. The prime Minister shall appoint four member for a period of five years at a Grade of Director General.
- C. The Prime Minister shall select three members from the private sector for five years after their nomination by Chairman of the Commission and specifying their compensations according to the bylaws.
- D. At the conclusion of the membership of any member of the Commission referred to in Paragraph (A and B) of this Article in cases not involving dismissal and resignation, the Prime Minister shall assign them to any governmental entity at the same grade. Those mentioned in (A) of this article shall be retired on pension when not assigned to a government position equivalent to their grade.
- E. The Council of Representatives may directly dismiss the Chairman of the National Commission for Investment and his Deputy, or upon a request by the Prime Minister for compelling reasons.
- F. The Council of Ministers may dismiss or replace any member of the Commission or replace him with others in case he does not adhere to the standards and regulations of the Commission.
- G. The Board of Directors of the National Commission for Investment shall meet at the invitation of its Chairman. The quorum of convening and adopting resolutions and recommendation shall be determined by absolute majority. The conduct of work shall be organized by by- laws issued by the commission.
- H. The National commission for Investment shall be connected to the prime Minister.
- I. The salary scale and entitlements of the Commissions employees shall be determined by a decision of the Prime Minister based on a proposal from the Chairman of the National Commission for Investment.

Fourth:

The Commissions headquarters shall be in Baghdad and it may appoint representatives in the regions and governorates.

Fifth:

The National Commission for investment shall draw up an overall national strategic policy for investment identifying the more important sectors and shall prepare a map of investment projects in Iraq in the light of the information it receives from the regions and governorates. It shall also prepare lists of investment opportunities in strategic and federal investment projects with initial information about these projects and making it available to those wishing to invest.

Article 5

First: The regions and governorates not organized in a region may form investment commissions in their areas. The latter shall enjoy the powers of granting the investment licenses, investment planning ,promoting investment and opening branches in their areas within the provisions of this law in consultation with National Commission for Investment to guarantee the availability of the legal conditions.

Second: The Investment Commission of the regions and governorate shall be composed of at least seven members including the chairman and the vice chairman of at least seven years of experience and competence and with a university degree appropriate to the specialization of the commission and not convicted in a felony or a misdemeanor involving turpitude or has declared his bankruptcy.

Third: The regions and governorates not organized in a region shall establish a mechanism of forming the investment commission of the region and the governorate and dismissing the Commission member in case of not adherence to the Commission regulations and standards.

Fourth: The Investment Commissions of the regions and governorate shall coordinate their work with the National Commission for Investment, and shall coordinate and consult with local governments regarding investment plans and facilities.

Fifth: The regions and governorates Commissions shall draw up their investment plan in a way that dose not contradict with the federal investment policy and shall prepare list of the investment opportunities in the areas that are subject thereto, with initial data about these projects and offer it to those wishing to invest.

Sixth: The regions Commissions shall be connected to the prime Minister of the region and is subject to the scrutiny of the regions Council. The governorate commission shall be connected to the Governor and is subject to the scrutiny of the governorate council in a way that does not contradict with the provisions of this law.

Seventh: Regions and Governorates Commissions board of directors shall convene upon an invitation from their chairman . The quorum of convening and adopting resolutions and recommendations shall be determined by absolute majority. The conduct of work shall be organized by by – laws issued by the Commission.

Article 6 :

In addition to ordinary correspondence, the Commission may adopt electronic mail with the official entities connected with the work and activity of the Commission through local networks or the Internet according to guidelines set by the Commission.

Article 7 :

- A- The Commission shall accept investment license requests for projects whose capital is not less than the minimum amount determined by the Council of Ministers or the Council of Ministers of region as the case, by a regulation issued based on a proposal by the Commission.**
- B- The Commission must obtain the approval of the Council of Ministers before granting the license if the value of the investment project is more than two hundred and fifty million dollars.**
- C- The Commission shall make its final decision concerning the requests of investment license within a period not exceeding (45) forty five days from the date of filing a request.**
- D- The decisions of the Commission regarding the approved investments projects shall be obligatory for the purposes of this law.**

Article 8 :

The Commission shall have an independent annual budget whose revenues shall be made up of its allocated amount in the State General Budget.

Article 9 :

The Commission shall promote investment through the following:-

First: Building confidence in the investment environment, identifying investment opportunities, and promoting and stimulating investment in them.

Second: Simplifying the procedures for registration, issuing of investment projects licenses, and following up existing projects and giving them priority in processing with the official entities. Completing the procedures of answering investor requests and obtaining the required approvals for the investor and the project.

Third: Establishing one window at the National Commission for investment and the Regions and Governorates Commissions, which includes authorized representatives from the ministries, and members nominated by the Councils of the regions and governorates as the case and the concerned authorities to undertake issuing licenses and obtain the approvals of other authorities in accordance with the law.

Fourth: Providing advice, information, and data to investors and issuing special manuals in this regard.

Fifth: Setting forth and implementing programs to promote investment in different areas of Iraq in order to attract investors.

Sixth: Facilitating the allocation of the needed lands and renting them out for establishing projects for a sum to be determined by the Commission in coordination with the concerned authorities.

Seventh: Establishing secure and free investment areas with the agreement of the Council of Ministers.

Eighth: Encouraging Iraqi investors through providing them with easy loans and financial facilities in coordination with the Ministry of Finance and with the assistance of Banking Institutions, provided that the investor obtaining the loan shall employ a number of unemployed Iraqis proportional with the volume of the loan.

Ninth: Any other tasks related to its work and assigned by the Council of Ministers.

Chapter Three

Privileges and guarantees

Article 10:

The Investor irrespective of his /her nationality shall enjoy all privileges, facilitations and guarantees and shall be subject to the obligations stated in this law. The Iraqi and foreign investor shall have the right for the purposes of housing projects, the use of the land for a sum to be determined between him and the land owner without land speculation according to conditions set forth by the National Commission of investment and the approval of the Council of Ministers. The Commission shall facilitate the allocation of the required lands for the housing projects. The housing units shall be allocated for ownership by the Iraqis after the completion of the project.

Article 11:

The investor shall enjoy the following benefits:-

First: the investor shall have the right to take out the capital he brought into Iraq and its proceeds in accordance with the provision of this law and pursuant to the instructions of the Central Bank of Iraq in an exchangeable currency after paying all his taxes and debts to the Iraqi Government and all other authorities.

Second: The foreign investor shall have the right to :

- A. Exchange shares and bonds listed in the Iraqi Stock Exchange
- B. Form investment portfolios in shares and bonds

Third: Renting or leasing land needed for the project for the term of the investment project, provided that it dose not exceed 50 years renewable with the agreement of the Commission, and provided that the nature of the project and its benefit for the national economy is taken into consideration when determining the period.

Fourth: Insuring the investment project with any foreign or national insurance company it deems suitable.

Fifth: Opening accounts in Iraqi or foreign currency or both at a bank inside or outside Iraq for the licensed project.

Article 12:

This law shall guarantee the following for the investor:-

First: The right to employ and use non- Iraqi workers in case it is not possible to employ an Iraqi with the required qualifications and capable of performing the same task in accordance with guidelines issued by the Commission.

Second: Granting the foreign investor and non –Iraqis working in the investment projects the right for residence in Iraq and facilitate inter and departure from Iraq.

Third: Non- seizure or nationalization of the investment project covered by the provisions of this law in whole or in part, except for projects on which a final judicial judgment was issued.

Fourth: Non Iraq technicians and administration employees working in any project shall have the right to transfer their salaries and compensations outside Iraq in accordance with the law after paying their dues and debts to the Iraqi government and all other entities.

Article 13:

Any amendment to this Law shall not have any retroactive affect regarding the guarantees, exemptions, and rights recognized by this Law.

Chapter four

Investor Obligations

Article 14:

The Investor shall observe the following:-

First: To notify the National Commission for Investment , the Region or Governorate Commission in writing immediately after the installation and equipping of the fixed assets for the purposes of the project and the date of the beginning of commercial activity.

Second: To keep proper records audited by a certified accountant in Iraq in accordance with the law.

Third: To provide an economic and technical feasibility study for the project and any information, data or documents required by the Commission or other competent authorities regarding the budget of the project and the progress made in its execution.

Fourth: To keep records of the projects duty- free imported materials in accordance with the provisions of this Law and specifying the depreciation periods of these materials.

Fifth: To protect the safety of the environment and to adhere to the valid quality control norms in Iraq and International regulations in this field also adhere to laws connected to security and health and to public order and Iraqi social ethics.

Sixth: To adhere to the valid Iraqi laws regarding salaries, vacations, work hours, work conditions and others as a minimum.

Seventh: Commitment to the correspondence of the work progress schedule submitted by the investor with reality provided that the time difference shall not exceed six months, the National Commission for Investment shall set forth punitive conditions in case of exceeding the six –month period and the Commission shall have the right to withdraw the license.

Eighth: To train and rehabilitate its Iraqi employees as well as raising their efficiency, skill and capabilities. Priority in employment and recruitment shall be given to the Iraqis.

Chapter Five

Exemptions

Article 15:

First: The project that has obtained an investment license from the Commission shall enjoy exemption from taxes and duties for a period of (10) ten years as of the date of commencing commercial operations in accordance with the areas of development defined by the Council of Ministers at the suggestion of the National Commission for Investment based on the degree of economic development and the nature of the investment project.

Second: To Council of Ministers shall have the right to propose draft laws to extend or grant exemptions in addition to the exemptions stipulated in paragraph (First) of this Article, or provide incentives, guarantees or other benefits to any project or sector or region and for the periods and percentages it deems appropriate in accordance with the nature of the activity, its geographical location and its contribution to manpower employment and its effect on driving the economic development, for considerations of national interest.

Third: The National Commission for Investment has the right to increase the years of tax and duties exemption in a way directly proportional to the increase in the Iraqi Investor share in the project to reach fifteen years if the Iraqi Investor share in the project was more than 50% .

Article 16:

In case the project is moved from one development area to another during the exemption period, the project – for the purpose of exemption stipulated in(First) of Article 15- shall be treated during the remaining term the treatment of the project in the development areas it is moving to, provided that the Commission is informed of such move.

Article 17:

The project that obtains an investment license shall also enjoy the following:-

First: Assets imported for the purposes of the investment project shall be exempted from duties provided that their entry to Iraq is made within(3) three years from the date of granting the investment license.

Second: The imported assets required for the expansion, development or modernization of the project shall be exempted from duties in case they led to an increase in the designed capacity, provided they are brought in within three years from the date of notifying the Commission of the expansion or development. Expansion, for the purposes of this law, shall mean adding fixed capital assets aimed at increasing the designed capacity of the project in commodities or services or materials by a percentage exceeding (15%)fifteen percent. Development, for the purposes of this law, shall mean replacing project machines with more developed ones, totally or partially or making a development on the standing devices and equipments of the project by adding new machines and devices or parts thereof with the aim of raising the productive efficiency or improving and developing the quality of the products and services.

Third: Spare parts imported for the purposes of the project shall be exempted from duties if the value of these parts does not exceeded(20%) twenty percent of the fixed assets value, provided that they are not be used for any other purpose.

Fourth: Hotels, tourist institutions, hospitals, health institutions, rehabilitation centers and educational and scientific organizations project shall be granted additional exemptions from duties and taxes on their imports of furniture, furnishings and requisites for renewing and updating purposes at least once every four years, provided that these items are brought into Iraq or used in the project within (3) three years from the date of the approval decision of the Commission on the import lists and their quantities, and provided that these items are not used for purposes other than the imported purposes.

Article 18:

In case it is found that the project assets totally or partially exempted from customs and duties, are sold, in contrary to the provisions at this law or used not for the project, or used not for the declared purpose then the investor must pay the taxes and fines incurred pursuant to the law.

Chapter Six

Procedures for Granting investment and project Establishment License

Article 19:

First: The investor shall obtain the license in addition to obtaining the rest of the licenses for the purpose of enjoying the privileges and exemptions provided by the Commission.

Second: To Commission shall grant the license for investment or project establishment based on a request submitted by the investor according to conditions facilitated and prepared by the Commission. The request submitted by the investor shall include the following:-

- A- Filling a request form prepared by the Commission.
- B- Financial competency from an accredited bank.
- C- Projects performed by the investor inside or outside Iraq.

- D- Details of the project intended to invest in and its economic feasibility.
- E- A timetable for completing the project.

Article 20:

First: The Commission must issue the establishing license through establishing one window in the region or the governorate not organized in a region that includes authorized representatives of the ministries and relevant bodies. The Commission shall grant project establishment license and obtain approvals from the entities in accordance with the law.

Second: To Commission must help the investor to obtain licenses by approaching the competent authorities and exploring the opinions of the entities concerning the issuance of the establishment license. These entities must issue the decision to reject, approve or request amendment within 15 days from the date of being notified. The failure to reply from the entity from which the opinion is solicited shall be deemed as an approval and in case of a rejection there must be cause for it.

Third: In case of disagreement between the National Commission for Investment decision and the other entity related to granting establishment license other than the region commission the dispute shall be raised to prime Minister for settlement.

Fourth: In case the request for registration in rejected, the applicant may file a complaint to the Chairman of the region or the governorate Commission concerned within(15) fifteen days after receiving notification of the rejection decision. The Chairman of the Commission concerned shall take a decision concerning the complaint in question within a period of seven days. The petitioner may appeal the decision of the Chairman of the Commission concerned rejecting his complaint to the authority to which the Commission concerned is connected to within 15 days from the date the complaints rejection and its decision is deemed final.

Chapter Seven

General Provisions

Article 21:

The project capital subject to the provisions of this law shall be made up of the following:-

First: Cash transferred to Iraq through banks and financial companies or any other legal means with the aim of investing it for the purposes of this law.

Second: The in – kind assets and incorporeal rights imported to Iraq or purchased from the local markets by the cash transferred into Iraq:-

A- In- kind assets related to the project.

B- The machinery, tools, equipment, building , construction, transportation means, furniture and offices appliances required for establishing the project.

C- The incorporeal rights that include patents, registered trade marks, technical know- how, engineering services, administrative and marketing services and the similar.

Third: Profits, proceeds and reserves resulting from the capital invested in Iraq in the project if the capital of such a project was increased or was invested in another project covered by the provisions of this law.

Article 22:

The foreign investor shall enjoy additional privileges in accordance with international agreements signed between Iraq and his country or multilateral international agreements which Iraq has joined.

Article 23:

In case the property of the project during the exemption term is transferred to another investor the project shall continue to enjoy granted exemption facilities and guarantees until the end of that period provided that the new investor continue to work on the project in the same specialization or in another, with the approval of the Commission. The new investor must take the place of the former investor in the rights and obligations consequent to the provisions of this law.

Article 24:

First: The investor, with the approval of the Commission, may sell exempted fixed assets or relinquish it to another investor benefiting from the provisions of this law, provided that he uses them in his project.

Second: The investor, after informing the Commission, may sell the exempted fixed assets to any person or other project not subject to the provisions of this law after paying the outstanding duties and taxes.

Third: The investor, with the approval of the Committee, may re-export the exempted fixed assets.

Article 25:

In the event two or more companies or enterprises merge, the new company or entity resulting from the merger must set up separate accounts for each project before the merger in order to register and apply exemptions and facilitations stipulated in this law during the remaining period of the exemption.

Article 26:

Any project approved in accordance with the provisions of the previous applicable laws shall continue to benefit from all exemptions granted to it pursuant to that law and until the expiration of the exemption period and under the same terms.

Article 27:

Disputes arising between parties who are subject to the provisions of this law shall be subject to the Iraqi law unless otherwise agreed, save to the cases that are subject to the provisions of the Iraq law exclusively or the jurisdiction of Iraqi courts.

- 1- Disputes arising from the labor contract shall exclusively be subject to the provisions of the Iraqi law and the jurisdiction of the Iraq courts. Non –Iraqi labor shall be exempted if the work contract stipulated otherwise.
- 2- If parties to a dispute are non – Iraqis and in disputes not arising from a crime, the opponents may agree on the law to be applied, the competent court or any other agreement to resolve their dispute.
- 3- In case of dispute between partners or between the owner of a project subjected to the provisions of this law, and others that result stoppage of work for a period of more than three months, the Commission may withdraw the license and ask the owners of the project to settle the dispute within a period not exceeding three months. If such period elapsed without settling the dispute between the partners or between the owner of the project and others, the Commission may take legal measures to liquidate the project and notify the owner of the project or one of the partners of such action. The liquidation money shall be deposited in one of the banks after paying the dues of the State or any other dues after final judgment of their entitlement is rendered.
- 4- If the parties to a dispute are subject to the provisions of this law, they may, at the time of signing the agreement, agree on a mechanism to resolve disputes including arbitration pursuant to the Iraqi law or any other internationally recognized entity.

- 5- Disputes arising between the Commission or any governmental entity and any of those subject to the provisions of this law on matters not related to violations of one of the provisions of this law shall be subject to Iraqi law and courts on civil matters. As for commercial disputes, parties may resort to arbitration provided that such an arrangement is stipulated in the contract organizing the relationship between parties.

Article 28:

In case the investor violates any of the provisions of this law, the Commission shall have the right to warn the investor in writing to remove the violation within a specific period.

In case the investor dose not remove the violation within the specified period, the Commission shall summon the investor or who represent him to state his position and grant him other respite to settle the issue. Upon repeating or not removing the violation, the Commission shall have the right to withdraw the investors license it issued and order stoppage of work on the project and retain the state’s right to deny the investor the granted exemptions and privileges from the date of the violation and allow other to retain their rights to demand compensation for the damage caused by this violation, without breaching any punishments or other compensations stipulated in the applicable laws.

Article 29:

All fields of investments shall be subject to the provisions of this law except:-

First: Investment in Oil and Gas extraction and production.

Second: Investment in banks and insurance companies sectors.

Article 30:

The council of Ministers may.

First: Issue regulations to facilitate the implementation of the provisions of this law.

Second: Issue bylaws defining the Commissions formations, divisions tasks, process of its work, its authorities, financial affairs, employee affairs and any others matters.

Article 31:

The Committee may issue instructions to facilitate the implementation of regulations issued by the Council of Ministers pursuant to the provisions of this law.

Article 32:

The Provisions of this law shall be applied to the existing and operating projects of the mixed and private sectors which have commenced before the issuance of this law and upon a request from its management and the approval of the Commission with no retroactive effect.

Article 33:

No text shall be valid which contradicts the provisions of this law.

Article 34:

The (dissolved) CPA Order No. 39 of 2003 shall be revoked.

Article 35:

The Arab Investment law No(62) of 2002 issued by the dissolved Revolution Command Council shall be annulled.

Article 36:

This law shall enter into force from the date of its publication in the Official Gazette.

Justifying Reasons

For the purpose of driving the process of economic and social development and bringing technical and scientific experience and developing human resources, and for creating work opportunities for the Iraqis by encouraging investments and supporting the process of establishing investment projects in Iraq and their expansion and development at various economic levels and by granting privileges and exemptions for these projects, this law is legislated.

