

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**



INVESTEMENT FILE

**UPGRADING & REHABILITATION
OF
STATE COMPANY FOR IRON & STEEL**

BASRAH-KHOR ALZUBAIR

South of Iraq

Index

I- Investment Opportunity.

II- General Conditions.

III- Data & Scope of Work.

***Introduction**

1-Process technology (demands).

2-Site of company.

3-Infrastructure and main shades and buildings.

4-Market demands.

5- Human resources.

6-Environmental requirement.

7-Raw materials.

8-Standards.

9-The required Investment

10-Investor proposals.

11-Legal Frame Work

12- Privileges for Investor

13- Investor Obligations.

Annexes:

Annex (1):Description of production lines &utilities of state company for iron & steel.

Annex (2):List of existing equipments.

Annex (3):Suggested scope of the complete upgrading project.

Annex (4):Table of main items and stages of proposal.

Annex (5):Table of buildings & shades.

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

Annex (7):CD of drawings and layouts.

I- INVESTMENT OPPORTUNITY

Upgrading & Rehabilitation of State Co. for Iron & Steel/ Basrah – Khor Al- Zubair/ South of Iraq

Invitation:

The Ministry of Industry and Minerals (MIM) / Investment Department invites Investors and international Competent Companies to invest in Upgrading and rehabilitation of State Co. for Iron & Steel located at Khor Al-Zubair, Basrah 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 at the investor account against share of production.

History of the plant

Company History

Ministry of Industry & Minerals signed a contract with a French Company beginning of Seventies to build Factories of the State Co. for Iron & Steel.

Factories were put in operation during the period 1978 - 1980... production was not smooth from the beginning then stopped due to the war status in the region.

During the period of Economic Embargo on Iraq 1991-2003 the production dropped down, then stopped totally due to Machinery deterioration & lottery status after April/2003 .

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- Scope of Rehabilitation work.
- 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, allowances & incentive according to the increase in production.
- 5- The period planned to implement the upgrading and rehabilitation activities to conclude the targeted production capacity of the plant.
- 6- Period of sharing product of 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 upgrading and 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- Basrah Governorate where the plant is located has a long history in Steel Industry with a rather low cost labor of good experience in different levels .
- 2- The growing demand on steel products to meet the local requirements.
- 3- Adequate security of the area and very near location to Um Qassir port.
- 4- Availability of Steel scrap.

The Investor Obligations:

1st: It is important 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, the Investor might submit his investment offer which should contain detailed suggested rehabilitation works, rehabilitation duration, rehabilitation procedures, intermediate & final targeted production capacities investment package agreement period, percentage of product share, 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 for a seminar showing his 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 Iron & Steel /Iraq Basrah-Khor Al-Zubair.
To purchase the investment file against the amount USD 250 (only two hundred and fifty USD) starting from 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
00964 1 8166040
E-mail :invest@industry.gov.iq
Mobile: 00964 7901 371 867**
- 3. 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

Introduction:

State company for iron and steel (SCIS) belongs to the Ministry of Industry & Minerals and is owned completely by the government of Iraq. It is the only specialized company for the production of re-bars, sections, sponge iron and spirally welded pipes all over Iraq.

The company was established with the help of a French enterprise at the beginning of seventieth. Commissioned from 1978-1980, and after a bad start, production stopped during the two Gulf Wars, then production restarted with limited quantity because of the sanctions since 1990 due to the shortages of required funds for raw materials and for spare parts. In 2003 the company stopped completely due to bad conditions of production units.

SCIS prepared this investment file for the purpose of enabling investors from local or /and foreign private sectors to participate in a complete job for upgrading and rehabilitation of production units and other services of the existing shops of the company by utilizing the existing infrastructure.

This invitation is addressed to Iraqi, foreign, or joint group of Iraqi and specialized foreign investors. It represents a part of the ministry policy to promote and encourage investment in different industrial branches, and steel making is considered as one of the most important of these branches and will be an essential part of Iraq reconstruction program.

1-Process technology (demands):

The project (upgrading & rehabilitation of state company of iron & steel of Basra) does not include the establishing of a completely new plant but include the utilizing of the existing plant with all its infrastructure (civil work, steel structure, shades and usable auxiliary equipments) and by the replacement of main production aggregates and lines with a modern design equipments with high productivity and to rehabilitate some other equipments.

For a better understanding of this proposed project we include the attached annexes below:-

Annex (1):Description of production lines &utilities of State Company for Iron & steel.

Annex (2):List of existing equipments.

Annex (3):Suggested scope of the complete upgrading project.

Annex (4):Table of main items and stages of proposal.

Annex (5):Table of buildings & shades.

Annex (6):Drawings and Layouts.

2-Site of company:

The state company for iron &steel is located in the industrial region of Khor-Al-Zubair, about 40 Km to the south of Basra centre and only 7Km from the specialized seaport of Khor-Al-Zubair.

3-Infrastructure:

There are some services power available for the existing company, most important of which are the followings:

a-Electrical power: there are two double lines for power transmission 132 KV from Khor-Al-Zubair power (and distribution) plant which is located 8 Km to the south of the company. These lines are capable for transmission about 200 MVA However power generation is not available from the National Grid.

b-Raw water: The Company owns a separate pumping station for raw water in Abu-Alkhaseeb city. The station capacity can reach up to 6000 M³/hr and pumps the water to the company site through two separate pipes (one of 700 mm pipe, the other 900 mm pipe, length of about 35 Km each).

c-Natural gas: the company has a separate pipe line for natural gas that is connected to the main line of Khor-Al- Zubair network. The available gas pressure is 37 Kg/cm² and the quantity can reach up to 75 million cubic feet/ day

d-Railways and streets:

There is a separate railway line to the company connected to the main line of Basrah-Um Qaser, and there is a complete network of railways inside the company site including stores, scrap yards and lime kiln. There is also a separate motor way road coming from Um-Qaser high way.

e- Unloading sea yard: there are specialized yards in Khor-Al-Zubair seaport for unloading raw iron and can be modified for scrap unloading, and these yards are connected to the site through a double road of about 7 Km long.

f- Shades and buildings: The company comprises many production workshops, shades for services, stores, and others, all of which are in very good conditions as foundations, steel structure and general shape and can be utilized fully in the suggested upgrading work.

**g- The total site area available is around 13730302 m²
In addition there is a wide area near to the site belongs also to the company.**

4-Market demands:

The final product of the Company (rebars and sections) can be considered one of the most important items for the local markets since it is essential part in all kind of building materials and the expected demand for these products in the nearest future will be very high especially with the starting of Iraq reconstruction program, the expected demand will not be less than 3 million tons per year.

5-Human resources:

All the required qualified personnel needed for running the company after upgrading and with all specialties (and for erection work) are available, the available personnel now are around 6000, almost all of them are technically qualified and many of them were trained abroad, they may need a partial advanced training for the new equipments and technologies, the plan of upgrading should employ all this number of personnel.

6-Environmental requirements:

the investor is committed to follow the ISO standards (ISO 14000) and the following environmental limitations:

6-1:Suggested means to deal and overcome pollution causes to comply with environmental enforcements & regulations.

6-2:Potential and emergency pollution cases and precautions to be taken.

6-3:Possible alternatives to adopt more environmental technologies and rationalization of resources .

6-4:Minimizing and recycling of wastes.

6-5: Evaluation the costs of environmental benefits and harms caused by the project.

6-6:Processing of liquid wastes to cope with rivers protection rules.

6-7:Supply of pollution measuring and monitoring devices and to submit the results to the Ministry of Environment .In case of unavailability of such devices, the investor should carry these inspections at accredited consultant offices and laboratories .

6-8:constructing and maintaining of environment database showing pollution concentration levels caused by the process.

6-9:Treatment of air pollutions according to international measurements and limitations, to be reported.

6-10:The investor is responsible for the design and performance efficiency mentioned.

6-11:Solid wastes must be transferred to special locations in coordination with relevant authorities.

Applying all above mentioned requirements and limitations will not eliminate the role of environment specialists of Ministry of Environment to carry field visits and inspection in order to check the means and commitment with the instructions. The plant is subjected to obeys the environment protection act No.3 for the year 1997.

7-Raw materials:

Steel making process comprise a lot of raw and auxiliary materials, almost all of these materials are imported, and the main items of these are:

- Steel scraps: The available quantity of un prepared scrap in the company stores is around 100 000 tons, and there is a huge quantity of scrap all around Iraq which can be utilized.

- Iron ore: pellets of iron ore are used for the production of sponge iron (DRI), the amount available in the company stores reach up to 300000 tons.

- Additives & consumables: Like graphite electrodes, ferro-alloys, copper moulds rolls and refractory, all of which are imported.

- Limestone: Available from the local resources.

8-Standards:

The Company apply strict regulations regarding quality control and world standards for production, processes and raw materials.

The applied standards are:

Re-bars	ASTM A615
Sections	DIN 17100

9- The Required Investment

The aim is to upgrade and 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)/ Republic of Iraq, taking in consideration the following conditions:-

9-1: The investor shall undertake to perform the necessary upgrading, rehabilitation & improvements works for all production lines and utilities to ensure that the plant shall work at the production capacities agreed upon.

9-2: The investor in cooperation with his supporters, specialized in Steel Industry, shall depute technical experts to visit the plant site to evaluate the technical requirements of upgrading and 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.

9-3: 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. The proposal shall include also plant management policy after upgrading and rehabilitation.

9-4: Replaced equipments should be brand new, high technology and from good reputable manufactures.

9-5: Investment offer should include technical specifications of new equipments supposed to be installed and detail of modifications expected, also detail plan.

9-6: The Ministry of Industry and Minerals team will negotiate the winner investor to conclude a final agreement.

9-7: Annex No.(4) clarify the State Company for Steel and Iron status, as an indicative rehabilitation needs for the reference of interested investor, from SCIS view.

9-8: The followings issues to be considered:-

- To reach a yearly production of about 800000-1000000 tons of final product after upgrading (according to technology suggested), this target can be done in one or two stages, the first stage should reach a production of 450000-500000 tons.**
- The proposal should include the upgrading and rehabilitation of the existing plant and not a completely new plant.**
- The offered equipments should be new, of high technology, from well known companies and should fit in the existing shops.**
- Quality of products should be according to world standards.**
- The plan of upgrading offered should utilize to maximum extent the available foundations, steel structures, auxiliary equipments and others.**
- The proposal should include the technical information of the offered equipments.**

10-Investor proposals:

All the suggestions for the process of upgrading given here are general ideas and can be fully discussed and changed and the investor has the right to present a suitable different proposals that leads to re-operate the plant with economical return. In addition the investor has the right to :

- 1- Visit the site, study the available documents and layouts and make a complete and detailed survey for the condition of the shops to fix the best technical and logistic requirements for the project.**
- 2- Laying all questionnaire needed to get a full and clear idea about the present state of the shops and upgrading requirements.**
- 3- Presenting his ideas and suggestions for the way of handling his action plan suggested program.**

11- 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 Annex 6), including its privileges for investor, shall be adopted in the rehabilitation Agreement between the two parties.

Terms of the Investment Law No.(13) for the year 2006.

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

12- Privileges for Investor

12-1: 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 .

12-2: Has the Right to establish a business entity jointly with an Iraqi or foreign Investor.

12-3: 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.

12-4: Investor may collaborate with Iraqi partners.

12-5: Right to possess, use, dispose his invested money in Iraq in accordance with central bank regulations.

12-6: 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.

12-7: 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 .

12-8: 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.

12-9: The Imported fixed assets necessary for upgrading or development of the plant shall be exempted from custom duties.

12-10: Selling the plant product is not subjected to any price restrictions.

12-11: 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.

13- Investor obligations :

In addition to the details mentioned in part II of General Conditions:-

13-1: The Investor and his supporting technical entity should possess sufficient experience and qualifications to construct (rehabilitate) Steel plants .

13-2: The Investor should obtain quality certificate (ISO 9000) and should commit to the national standards, refer to article(8).

13-3: Agree to engage the state Company employee in the erection & rehabilitation activities, in addition of operation and insure them against risks, supply safety equipment and requirement. He may engage foreign employees for leading technical positions.

13-4: 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.

13-5: Shall Under take to supply & erect electrical power generation with capacity 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.

13-6: The investor should fill in data forms enclosed with required details.

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.
TO PRESENT HEREWITH DETAILED
DESCRIPTIO FOR HIS TECHNICAL ALLIES

***IN THE FILEDL OF DESIGN AND
IMPLEMENTATION OF UPGRADING WORK***

***Similar Implemented & under construction projects
(References).***

Annex No. (1)

DESCRIPTION OF PRODUCTION LINES & UTILITIES OF STATE COMPANY FOR IRON & STEEL (as designed)

Introduction:

State Company for iron and steel (SCIS) belong to the Iraqi ministry of industry and minerals and is completely owned by the government. It is the only company specialized in producing rebars and sections all over Iraq.

The company had been constructed at the beginning of the seventieth by a French company and was commissioned in steps during the period 1978-1980. From the start time, production was limited, after which completely stopped during the first and second gulf war then a very limited production because of the sanctions from 1991 up to 2003 due to the shortage of funds required for production and maintenance. In April 2003 the company was completely stopped due to bad conditions of its equipment and looting events happened at that time.

Main plants and departments:

I-Sponge Iron Plant:

The plant is specialized in producing pellets of sponge iron (DRI) in special reactors in which the iron ore pellets (imported) are reduced with the help of reducing gas that is generated by the reaction of natural gas and steam in special reformers. The technology is based on the well known old technology (HYL1). The plant consists of the following main sections:

A-Big Unit: consists of two modules each of four reactors with all its associated equipments .The total capacity is 800000 ton/year and the unit is designed basically to export all its products through khor Al- Zubair sea port.

B- Small Unit: It is also of two modules with services .The total capacity is 400000 ton/year to be utilized completely by electric arc furnaces through storing bunkers and conveyors system.

C-Water treatment plant: with a capacity of 4000 m³/hour including two osmosis units of 230 m³/hour both.

D- system of storing bunkers and material transportation.

2- Steel making plant:

The plant is specialized in producing steel billets of square sections size 80,100, 120, 150 mm with 6-m length of medium carbon steel and is designed for a production of 440000 ton/year. The plant utilizes (as metallic charge) scrap and DRI in different proportions ranging from 0-80 % DRI. The plant consists of:

A-Melt shop: comprising four electric arc furnaces, 3 –phase, 70 ton capacity liquid steel of the type (JT70), each furnace is equipped with a 35 MVA furnace transformer. In the original design all the furnaces were conventional refractory types, and in 1994, two of them have been modified to water cooled panels and roof.

B-Casting shop: comprise two casters type concast with six strands and five meters radius, open nozzle type and simple control system. In 1994, turret system had been added with higher-level control system.

C- Lime Kiln: comprise two shaft furnaces for lime production using domestic limestone in a capacity of 90000 ton / year to be utilized by the steel making and water treatment. The plant includes also some storage bunkers and conveyors.

D-Scrap preparing yard: specialized in sorting and cutting of scraps (coming to the company from domestic sources) to be usable by the furnaces, comprising a lot of presses, cutters, manual cutting equipments and car shredder.

E- The plant includes some other section like refractory building, electrical and mechanical maintenance and others.

3- Rolling shop:

In this shop, all the billets received from melt shop are rolled to the required products after being heated up to the forming

temperature of 1100-1200 C. the designed capacity of the plant is 400000 ton / year. The plant consists of two main lines:

A-Rebar section line: This line produces mainly rebars, both deformed and round type in addition to some other small sections With a yearly production of 240000 ton/year and as follows:

Deformed – bar	Dia. 12-----32 mm
Round – bar	Dia. 12----- 32 mm
Equi-Angle section	Size 20----- 50 mm
Strip– section	Size 25*6 -----50*5
Square bar –section	Size 10 , 12 , 16 mm
U – channel	Size 40 * 20 mm

The line comprises the main following equipments:

- Reheating furnace of 60 ton / hr capacity working with natural gas (pusher type).
- One three high stand with related equipments.
- Two set of tow high stands (roughing and finishing stands).
- Cooling bed of 95-m length with related equipments.
- Cold saw to cut the product to required length with equipment for straitening, collecting and weighing.

B-Medium section line: This line produces different sections with a capacity of 160000 ton / year and as follows:

I – beam	Size 100 ,120 ,140 , 160 mm
U – channel	Size 80 , 100 , 120 , 140 , 160 mm
Equi – angle	Size 80*8,80*10, 70*6 , 60*6 mm

The line comprises the followings:

- Reheating furnace of 40 ton / hr capacity working with natural gas (pusher type).
- Three stands (three high stands) with related equipments.
- One finishing tow high stand.
- Cooling bed of 70-m length with related equipments.
- Cold saw to cut the product to required lengths with straitening and weighing equipment.

C- The shop includes some other workshops:

- * **Lathe shop in which all preparation and lathing works are done for rolls and stands.**
- * **Work shop for preparing of equipments and tools for production.**
- * **Hydraulic and mechanic workshop.**
- * **Electric work shop.**

4 - Engineering Utilities department:

This section is responsible for supplying all utilities for the company (production and others) and includes mainly the followings:

A-Electrical substation: To supply the electrical power to the whole plant and comprises the 132 KV electrical grid, High power transformers of 2× 60 MVA for the electric arc furnaces and 3× 25 MVA transformers for other services in addition to the control system and anti-flickering equipment.

B- Water treatment plant: to supply all industrial and RO water for production aggregates and other services, it comprise cooling towers, pumps, softening units, piping and heat exchangers.

C-Oxygen plant: to supply pure oxygen for electric arc furnaces, casters and scrap cutting equipment with a capacity of 200 m³/hr .It produces also Argon gas for liquid metal purging.

E-Air compressors: to supply compressed air for production units, control system and cleaning.

5-Quality control department:

This section is specialized for all kinds of tests for final and intermediate products (DRI, Billets and Rolled products) in addition to testing of raw materials, water, air, oils, and chemicals .The section comprises metal analyzer, mechanical testing equipment, and chemical lab. And metallographic lab.

6- Others:

Include some central workshops specialized for motors rewinding, maintenance of electronic parts, welding, mechanical workshop, mobile and hydraulic equipment workshop in addition to

some administration, safety, engineering testing, environment keeping, technology, ISO and technical departments.

ANNEX No. (2)

LIST OF EXISTING EQUIPMENTS

List of main equipments and Lines(original design)

Equipment /	Qt.	Capacity	productivity	specification	Present state
-------------	-----	----------	--------------	---------------	---------------

line					
Scrap charging crane	2	10 t	200000 t/y	Magnetic disc	Missing item
Bucket car	2	60 t	100000 t/y	16 tyres, pulled by tractor	Destroyed
EAF	4	70 t	480000 t/y	Lectro – melt 70 t with launder, electro-mechanical electrode movement 3-4hr tap to tap time	Bad condition, a lot of missing items
EAF Transformer	4	35 MVA fixed ratio	30 KV primary 0.5 KV	29 steps (503-190V) max. current 60KA	Damaged
Charging Cranes	2	60/15/3 T		60/15 ton for charging 3ton for electrodes setting.	Missing item
De – dusting system	2	168000 m ³ /hr each		One system for each two furnace without filtration	Bad condition
DRI and lime addition system	4	90 ton/hr DRI 8 ton/hr lime		For continuous feeding	Bad condition
Alloy addition system	-	-		-	-
Ladle preheaters	5			Air / gas, 3 vertical preheater and 2 drying horizontal	Bad condition
Ladle	10	70 t		With slide gate (inter stop) and Argon brick	Bad condition
ladle furnace	-	-	-	-	Not exist
Ladle preparation stand	2	-	-	Horizontal for charging nozzle, slide gate, etc	Bad condition
Casting crane	2	115 / 30 t	480000 t/y	115 ton for teeming from EAF and to deliver to caster	Missing item
Caster	2	70 t	440000 t/y good billets	6-strands, 5m radius billet of 100,120,150 mm sQty.re with rotating turret, rigid dummy bar and hydraulic cutting	Bad condition of main parts, missing items
Billet crane	4	10 t	440000 t/y good billets	Magnetic	Bad condition
Scrap buckets, Ladle and Tundish					Bad condition in general
Lime kiln	1		90000 t/y	2 – shaft furnaces with all auxiliary equipments, Silos and conveyors	Missing items

Equipment / line	Qt.	Capacity	productivity	specification	Present state
Step – down transformer.	2	60 MVA		132/12.6kv each one feed two EAF	Some missing items
Service transformer.	3	25 MVA		132/11kv	Missing items

Auto – transformer	4	35 MVA 12.6/30kv		Primary 12.6 kv secondary 30kv with on load tap changer, each one feed one furnace transformer.	2 damaged 2 missing item
Synchronous condenser	2	34 MVAR 12.6kv 750 RPM		Correction of power factor and Anti- flickering unit	Missing items
Substations and auxiliaries	many	30kv, 11kv, 5.5kv		Feed all utilities and production shops	Missing item damaged parts
Water – treatment plant (Industrial water + R-O water)	1	2000 m ³ /hr		Cooling water for melt shop and rolling shop and other	Very bad condition
Oxygen plant	1	200 m ³ /hr oxygen 6 m ³ /hr Argon	99.8 %	To produce pure oxygen and argon	Missing items
Air compressor	4	(2x4800 + 2x1800) m ³ /hr	ZR500+ ZR200	For air supply	Missing items
Pumping station (shuttal-Arab, row water)	Lot	5000 m ³ /hr		Pumps, submersible, pips and auxiliaries.	Moderate condition
DRI plant small unit	1	1467 t/day		One reformer, 8 reactors, preheaters, 9 quench tower, piping and pumps, clarifier and cooling tower, conveyors ,..etc and inert gas unit and compr.	All equipment are in bad conditions
DRI plant big unit	1	2500 t/day		Same as above but with two reformer and two compressor	All equipment are in a very bad condition
Water – treatment plant (LURGI)	1	4000 m ³ /hr inlet		For decarbonated water	Piping is not good , missing items
Osmosis unit for DRI plant	1	140 m ³ /hr		Reverse osmosis water for small unit	Missing items
Storage bunkers	6	8000 ton each		Feed from top	Moderate condition
Handling equipment	Lot			Conveyors, motors, gear box, bunkers ,etc	Very bad condition
Equipment / line	Qt.	Capacity	productivity	specification	Present state
Metal analyzer	1			Spectrometer for iron and slag analysis	Damaged
Mechanical , chemical and metallurgical laboratories				Water, Ferro alloy, gas and oil analysis, tension compression, etc	Damaged
Central work shop	1			Lathing, drilling, welding,etc	Bad condition missing item

Heavy – equipment work shop	1			For shovels and trucks, and grap cranes, etc	Missing tools
Auto – car work shop	1			For repairing car ,...etc	Missing tools
Reheating furnace for rebars	1	60 t/hr	240000 t/year	Pusher type , top and bottom fired , natural gas fuel , designed for billet 100 square mm max, length 6.0 m . size (inside): 19x6.55m	Not in a good state ,a lot of missing items, lining is not good , heating is not good deformed shell
Stand No:1	1			1400 mm , ×3 high ,mill, 525 reduction ratio 60.1/1 with A.C motor 5.5 kv ,710 kw and 590 r.p.m	Bad operating and mechanically not good, missing items.
Continues stands Stands (2 –7)	1			2 high roughing stand size 380x800 mm Gear ratio from 20.6 to 1 up to 4.5 to 1	Bad operating Condition
Flying crop shear with blades	2			Max section to cut 36 mm ² Temperature of bar 1050 °C Motor :Mu 808	Bad operating Condition
First continuous finishing mill stand (8-13)	1			2 high finishing stand size of 335 x 600 mm gear ratio from 2.65/1 to 1/1	Bad operating Condition
Flying dividing shears (false cuts and overhung knives)	2			Max speed of materials 14 m/s with temp. 900°C	Bad condition Condition

Equipment / line	Qt.	Capacity	productivity	specification	Present state
Cooling bed and all its	1			125 entry rolls , dia. 265 mm A.C motor variable speed	Missing item some

equipments (90 m length)				distance between entry and delivery table is 9m ,moving gate cycle 5 seconds max , length of material is 84 m	mechanical part are not in good condition
Cold shear (Down cut shear) with 2 blades	1			Max section to be sheared 8000 mm ² max , shearing force 3000ton	Missing items and not efficient
Transfer unit	3			15 chain for evacuation of bars from rolls table pitch 135 mm ,speed 0.2 m/sec , transfer length 6 m.	Bad condition
Straightening machines 9 rollers type 5 driven top rollers 4 idle bottom rollers	3			Designed to straighten material as follows: flat: 25x4 – 50x5 mm Angle: 20 – 50 mm Speed: 2 – 5 m/sec	Bad condition
Bundling and binding unit	3			Located at the back side of straighten beside exit roller table	Bad condition
Second stand continuous finishing mill (two Hi- stand) stand 14 – 17	1			For production of wire rods in coil 8-10mm dia. 240 – 260 mm table width 500mm gear ration from 1.15 – 1 to 0.12/1	This line had not operated successfully from the start up of the factory
Reheating furnace for Medium section (top fired)	1	40 T/ hr	160000 T/year	Pusher type designed for 100 x 100 or 150 x150m.m 6m long billets. Dimensions 19x 6.5 m	Bad condition missing item bad heating and control system.
Stand No.1 3- high stand	1			Dimension 525 x 1550 mm, reduction 6.1/1, with A-C motor 710 kw, 5.5 kv and 590 RPM	Missing items
Stand No.2 3 – high stand	1			525 x 1550 mm reduction	Missing items
Stand No3 3 – high stand	1			525x1250 mm, G.R 4.68/1 stand 2&3 are driven by single motor 1510 kw, 600 rpm	

Equipment / line	Qt.	Capacity	productivity	Specification	Present state
Stand No.4	1			450x1000 mm	Bad condition

2 – high stand				G.R: 3.36/1, A.C motor 280 kw 590 rpm	not efficient
Cooling bed 75 m length	1			81 rollers of 260 mm diameter, 300 mm table length	Missing items
Cold shear	1			Same as in rebar section above	Bad condition
Transfer table	1			At entry side of straightening machine same design as rebar	Bad condition
Straightening machine roller type	1			5 driven top rolls, 4 idle bottom rolls speed 0.8 – 1.6	Bad condition
Bundling and weighing	-			Not exist	
Over head cranes	11			Capacity : 6 – 10 tons serve the two bays of rolling and storage area	Missing item
Lathes for rolls	3			For groove preparing for rolls	Missing item missing tools

Annex (3)

SUGGESTED SCOPE OF THE COMPLETE UPGRADING PROJECT

Suggested scope of upgrading:

(one or multi stages job)

Melt Shop:

No.	Equipment	Qt.	Capacity	Requirements
1	Scrap charging cranes	2	15 ton min.	Completely new with grab and magnets.
2	Scrap bucket carriages	2	About 100 ton	Self motorized with weighing System and rail system
3	Scrap bucket	8	About 60 m3 or modification of existing 6x42 m3 bucket	With clamshell
4	EAF with transformer	2	70/75 ton tapping weight	Completely new , modern design with oxy – fuel burners , carbon-Oxygen manipulator ,EBT, etc Tap /Tap time around 50 minutes.
5	Dedusting system	1 or 2	Suitable to EAF & LF	Completely new with filtrations system.
6	Furnace charging cranes	2	60/15/3 ton	Revamping to existing ones
7	Carbon – Oxygen injection machine	2	Suitable	Completely new
8	Lime adding system	2	8 t/hr	Revamping to existing
	DRI adding system	2	90 t/hr	
9	Electrode joining machine	2	508 mm dia.(existing)	Revamping to existing and or modification
10	Ladle furnace with transformer and ladle car	1 or 2	70/75 ton	Completely new , temperature rise around 4 °C /min
11	Alloy addition system	1	Suitable	For alloying and flux to ladle
12	Steel ladles	16	70/75 ton	Completely with slide gate system and argon blowing
13	Ladle car	2	Suitable	For steel tapping from EBT furnace with rail system
14	Ladle preheaters and dryers	5		Revamping to existing 3 vertical + 2 horizontal
15	Casting cranes	2	115/30t	Revamping
16	Slid gate station	1		Revamping
17	Brick demolishing machine	1	suitable	Completely new
18	Continuous casting machine billet size 100,120,130,150 mm ²	1 or 2	70/75 t ladle 6-strands	Completely new design with 5m radius
18a	Continuous casting machine billet size 100,120,130,150 mm ²	1	70/75 t ladle	Completely new design with 9m radius with turret system and civil work
19	Billet cranes	6	10 ton magnetic	Revamping of existing 4pcs, and adding another 2pcs
20	Mould preparation work shop	1		Revamping
21	Over head cranes rail system	5 bays		Overhaul checking and revamping of rail and bus bars system

The job should include the followings:

1. Upgrading of scrap charging bay to a capacity of about 2000 t/day modification of existing (5) concrete bins size of bins :
4x 720 m³, 1 x 1200 m³, height 3.5 m.
2. Rehabilitation and upgrading EAF shop to a production of about (8 00000 -1000000) t/y liquid steel in steps using 20% scrap and 80% DRI charge by using a modern , updated electric arc furnaces with Oxy- fuel burners and oxygen lancing , water cooled panels and roof with a capacity of 70/75 ton liquid steel tapping .
The size of the furnace should allow for a hot heel of about 12/15 ton liquid steel , to be installed in position of one existing , furnaces and to keep in mind that teeming crane capacity in only (115) ton .
3. Upgrading the casting machine by installing a completely new caster (one or tow) of 5 m radius from mould level up to cooling bed including tundish carrying system with updated design, Keeping the existing turret with necessary modifications to cast all liquid metal of medium carbon steel allowing for suitable sequence casting to produce billets of 100 , 120 , 150 mm².
Option: Completely new caster of 9 meter radius with turret and complete civil work to produce engineering steel and alloy steel.
4. Adding a completely new ladle furnace (one or tow) of 70/75 ton to be installed in casting bay.
5. To modify and rehabilitate all utilities network for water, air oxygen and natural gas inside melt shop.
6. Rehabilitation and supply other auxiliary equipments

The table below shows the required items to be upgraded and Added.

Rolling mill:

A- Existing mill:

1. To upgrade the mill to capacity of 500.000- 600.000 t/y finished products by the following:

a: Medium section mill:

**Upgrading medium section line to reach capacity 200.000
Ton / year**

**Product mix: IPE: 100 , 120 , 140 , 160 mm
UAP: 80 , 100 , 120 , 140 , 160mm
< : equal angle 70 * 7mm
80* 8mm
80* 10mm**

b: Bar mill:

**Complete changing to new mill with capacity around 300.000-
400.000 ton/year**

Product mix:

**Deform bar: Ø 12 – Ø 32 mm
Equal angle: 25 – 45 mm.
Flat and square bars**

- 2-Revamping of overhead cranes, rail and bus bars system
11 pcs: 6 - 15 tons**
- 3- New equipment of roll preparation shop suitable for the
two lines.**
- 4- Complete electrical equipment.**
- 5- All media system.**

**The above upgrading works need a complete survey to the existing
line to decide the optimum and most suitable philosophy of
upgrading and choosing of equipments to get required target.
The table below shows the suggested items to be upgraded and added
(for information).**

**List of main equipments and lines for
(W.R.M.B)**

I	Equipment / line	Qty	Capacity	Production	Specification	State	Suggestions
1	Reheating furnace for	1	60 T/Y	240.000 t/y	Pusher type , top and	Not in a good state lot of	To be changed

	rebar				bottom fired , natural gas fuel , designed for billet 100x100mm max length 6m size (in side) : 19x6.55m	missing item, lining is not good heat and control system is not good deformed shell.	completely to modern design and suitable size (walking beam with capacity 85 T/Y to match the target of production 400000T/Y
2	Pinch roll unit	1					Add new
3	High pressure descaler	1					Add new
4	Stand No.1	1			3 - High , mill 525x1400mm reduction ratio 6.1/1 with A.C motor 5.5kv, 710,kw and 590r.pm.	Bad operation and mechanically not good , missing item	To be change to continuous multi 2-high stands
5	continuous stands mill stand 2-7	1			2 - High finishing stands six of 325x800 mm , gear ratio from 20.6 to 1 up to 4.5 to1	Bad operation	To be changed to in accordance with the furnace new size (vertical / horizontal) and convertible

I	Equipment / line	Qt.	Capacity	Prod.	Specification	State	Suggestions
6	Crop shear	1			Max section to cut 36 mm ² temp. bar 1050°C motor: Mu 808	Bad operation	To be changed
7	Finish mill	1			2 High finishing	Bad	To be change to

	stand 8-13				stands six of 325x600mm , gear motor from 2.65/1 to 1 to1	operation	in accordance with the furnace new size (vertical / horizontal) and convertible
8	Flying dividing shear	2			Max speed of material 14 m/s with temp. 900°C	Bad operation	To be changed
9	Cooling bed and all equipment 90m length				125 entry rollers, dia.260mm,A.C motor variable speed distance between entry and delivery table is 9m ,moving gate cycle 5 second max length of material is 84m	Missing item some mechanical parts are not in good condition	Can be rehabilitated and parts to be changed electrical and automatic control should match the new line design.
10	Cold shear (down cut shear)	1			Max section to be sheared 8000mm ² max shearing force 300 tons	Bad condition	To be changed

I	Equipme nt / line	Qt	Capacity	Prod.	Specification	State	Suggestions
11	Transfer unit	3			15 chain for evacuation of bars from roller table pitch 135 mm speed 0.2 m/ sec transfer	Bad condition	To be changed to a new automatic system.

					length 6m		
12	Straightening machines 9 roller type 5 driven top roller 4 idle bottom rollers	3			Designation to straighten material as follows : flat: 25x4- 50x5 mm angle :20-50 mm Speed:2-5m/sec	Bad condition	To be changed
13	Bundling and binding unit	3			Located at the back side of straightening beside exit roller table.	Bad condition	To be changed
14	Second stand continuous finishing mill 4 two Hi-stand , stand 14-17	1			For production of wire rods in coils 8 - 10mm dia 240-260mm table width 500mm gear ration from 1.15-1 to 0.12/1	This line have not operated successfully from the start up of the factory	To be discussed

List of main equipments and lines for (M.S.B.M.)

I	Equipment / line	Qt.	Capacity	Prod.	Specification	State	Suggestions
1	Reheating furnace for rebar	1	40 T/Y	160000t/y	Pusher type , designed for billet	Not in a good state lot of missing item,	To be changed completely to modern design

	(TOP FIRED)				100x100mm to 150x150mm atural gas max length 6m size (in side) : 19x6.55m	lining is not good heat and control system is not good deformed shell.	and suitable size walking beam with capacity60 T/Y to match the target of production 200000T/Y
2	Pinch roll unit	1					Add new
3	High pressure declare	1					Add new
4	Stand No.1	1			3 High, mill, one 525x1550mm reduction ratio 6.1/1 with A.C motor 5.5kv, 710, kw and 590r.pm.	Bad operation and mechanically not good , missing item	Changing or revamping
5	Stand nO.2	1			3 High , mill one , 525x 1550mm	Bad operation	=
6	Stand nO.3	1			3 High , mill one , 525x 1250mm reduction 4.68/1s stand 2x3 a driveled by single motor 1510 kw 600r.p.m	Bad operation	=

I	Equipme nt / line	Qt.	Capacity	Prod.	Specification	State	Suggestions
7	Stand No.4	1			450 x 1000 mm G.R 3036/1 A.C motor 280kw 590 R.B.M	Bad operation	=
8	Cooling bed and all equipment 75m length	1			81 entry rollers, dia.260mm,A.C motor variable	Bad operation	revamping

9	Cold shear (down cut shear)	1			Max section to be sheared 8000mm ² max shearing force 300 tons	Bad condition	
10	Transfer unit	1			At entry side of straitening machine same design as rebar	Bad condition	
11	Straightening machines	1			5 driven top rolls 4 idle bottom rolls speed 0.8- 1.6 m/sec	Bad condition	
12	Bundling and binding unit	-			Not exist		

B- New mill:

To install a completely new rolling mill with a capacity around 300.000-400.000 tons/year for production of rebars.

Utilities:

The suppliers should hold a complete survey for the available utilities to decide the best measures to utilize the existing building and equipments on site and make all modification to replace with new.

The offer should include:

- 1. Electrical Substation :**
Complete main substation from 132 KV line for power and auxiliary lines to serve all production units (Rolling & Steel making) with suitable anti-flickering system and utilities (water treatment , air compressors ,oxygen, etc) and should include also all related substations and complete cabling and wiring .
- 2. Water treatment plant :**
A complete water treatment plant for the upgrading shops and equipments offered in addition to other serves.
- 3. Oxygen plant:**
A complete modern plant for production of Oxygen (gas and liquid) of suitable capacity with purity 99.5 % and Argon for ladle purging.
option: oxygen plant complete of 92 % purity with the same above capacity.
- 4. Air Compressors:**
Rehabilitation of existing Atlas – Copco compressors ZR 500– 2 pcs and ZR 200 – 2 pcs.
- 5. Ventilation System :**
A complete revamping of ventilation units of 39 pcs for steel making and rolling plants
- 6. Raw – water station:**
A partial revamping of the existing 4000 m³/hr and 2000 m³/hr units on shatt Al arab river (30 km from SCIS site).
- 7. Upgrading all piping system.**

Central Laboratories:

The offer should include:

- 1. Laboratory for spectral metal analysis.**
- 2. Mechanical and metallurgical test (laboratory for concast billet and rolled products).**
- 3. Chemical testing laboratory by wet and instrumental method (for gas, Water, Oil, and ferroalloys).**

Central work shop:

The offer should include:

1. Hydraulic work shop.
2. Mechanical work shop.
3. Electrical work shop.
4. Electronic work shop.

Scrap Preparation Yard:

To rehabilitate and upgrade the equipment of scrap preparation to reach a productivity of about – 2000 ton/day sorted scrap, as follows:

1. Rehabilitation of scrap shredder (Lindemann) of 20 ton/hr production.
(Complete mechanical, electric and hydraulic overhaul)
2. Rehabilitation of scrap shear (capacity up to 100 mm thickness) of Haric USA.
Complete overhaul mechanical, electric and change of Hydraulic parts.
3. Partial maintenance of mobile bailers (4 pcs calmar).
4. Complete rehabilitation of grab crane (5 pcs calmar)
5. Supply of 100 pcs petrogen cutting devices for manual cutting of scrap.
6. Supply of 2 pcs magnetic cranes.
7. Supply of 3 pcs grab cranes.
8. Supply of 2 pcs , telescopic cranes, 15 ton and 25 ton.
9. Supply of heavy shear (one pce) for large thickness scraps.
- 10-Supply of 2/fork lift.

Lime Kiln plant:

Rehabilitation and upgrading the existing two shaft furnaces to reach the original designed capacity of 90.000 ton/y of burned lime , The above should include overhaul of mechanical , electrical and heating system , change of refractories , all conveyor and charging facilities and control and measuring system .

Sponge Iron Plant:

- 1- To install a completely new plant with updated technology to produce DRI with amount of about 1 million ton/year (Midrex or HYL111 plant) with all required accessories.**
- 2- To rehabilitate the water treatment section to suit the new plant.**
- 3- To rehabilitate and upgrade the material transportation system(conveyors,vibrator,hoppers,etc--)**
- 4- To rehabilitate storing bunkers.**
- 5- To rehabilitate conveyor system extending from the plant to Khor alzubair seaport.**

ANNEX NO.(4)

TABLE OF MAIN ITEMS AND STAGS OF PROPOSAL UPGRADING PHASE (1) & PHASE (2) (SUGGESTED)

State Company for Iron & Steel

Table No. (1): Upgrading of State Company for Iron & Steel

Product Type: Reinforced Bars and steel Sections

Stage No. (1)

No.	Item	Description
1	Shop Name	Melt Shop + Rolling Mill + Utilities State company for Iron and Steel has been erected by a French company called Cresout – Loire enterprise and was commissioned in 1978.
2	Site of plant	Basra – Khour Al Zubair – a bout 40 Km south of center of Basra city.
3	Total Area	13730302 m ²
4	Condition of existing equipments	All production and service equipments are in bad condition due to the followings : <ol style="list-style-type: none"> 1. Old technology used in the original design which is not suitable with modern development in steel production field. 2. Bad conditions of equipment, operating for (30) year, long periods of shutdown and not efficient maintenance due to war conditions and embargo. 3. Looting action after April 2003 which led to a complete shutdown.
5	Name of Proposed project	Upgrading and Revamping of Melt shop, Rolling Mill and Utilities (First stage)
6	Proposal Details	The proposal consist of the following main item: <ol style="list-style-type: none"> 1. Upgrading scrap production unit of by using suitable loading equipments, suitable for the new capacity and upgrading scrape charging bay and upgrading lime production unit. 2. Replacement of existing four furnaces (capacity 70 ton) by modern electrical arc furnace (70/75 ton). 3. Replacement of existing continuous casting machine by a modern caster with better spaces to cast (120×120) mm billets and with utilizing existing turret. 4. Adding ladle furnace to complete the technological line . 5. Install a new de-dusting system and to add alloy addition system. 6. Rehabilitation of over head cranes and some auxiliary equipment. 7. New light section mill(for rebars), Replacing reheating furnace by modern one (suggested 70 ton/hr), revamping of cooling bed and adding a new automatic weighing and bundling machines.

		<p>8. Upgrading medium section completely to improve product quality with new reheating furnace and revamping cooling bed completely.</p> <p>9. Upgrading preparation off-line section and adding lathing and milling machine.</p> <p>10. Revamping over head cranes and utilities equipment.</p> <p>11. Install complete quality control laboratories.</p> <p>12. Upgrade the main substation to suit the new production lines and upgrading existing net work.</p> <p>13. Install a new water treatment facility and revamping raw water station (Abu- Alkhasib station).</p> <p>14. Install a new Oxygen plant with suitable capacity to product pure Oxygen (liquid and gas) and argon gas, revamping existing Oxygen plant.</p> <p>15. Revamping existing air compressors.</p> <p>16. Revamping air, water and gas transportation pipes.</p> <p>17. Revamping air conditioning and ventilation</p>
7	Proposed capacity after upgrading & marketing	<ul style="list-style-type: none"> - (500000) ton/year finish product. - The product is directed completely to the local market.
8	Raw Materials	Scrape will be used as a charge for first stage, and this will be supplied from the local market, for the first running years.
9	Benefits of proposal	<ol style="list-style-type: none"> 1. Re starting steel production in the country. 2. Increase productivity and reduce product cost using modern technology. 3. Increase product quality in order to be competitive with the world product. 4. Quick return of invested budget because of availability of full marketing. 5. using the available personal of the company to support national economy.

10	Products Standard	<p>Reinforced bar ASTM A615 Grade 40 , Grade 60 Medium Section DIN 17100</p>
11	Employees	Existing company employees ,with partial training for the new equipments
12	New shades	There are no shades required.

	required.	
--	------------------	--

State company for iron & steel
Table No (2): Upgrading of iron & steel
Product type: Sponge iron and rolled product
Phase No: 2nd

No.	item	Description and details
-----	------	-------------------------

1	Shops name	Sponge iron plant+melt shop+rolling shop+utilities Sponge plant started work at 1980 ,the big unit had not been commissioned by the French company because of technical problems ,the small unit was forcibly accepted due to war condition at that time
2	Site of plant	Basrah-khor alzubair at about 40 Km to the south of Basra centre
3	Total area of plant	13730302 m ²
4	Shades area(existing)	105767 m ²
5	Type and number of existing of production equipments and auxiliaries	Sponge iron: Big unit: No. 2 module* 4 reactors, yearly design production is 800000 ton. Small unit:No.2 modules* 4 reactors, yearly design production is 400000 ton Osmosis water plant. Accessories unit: including bunkers, conveyers and others.
6	Condition of existing equipments	All Sponge plant are obsolete and cannot be rehabilitated for the following reasons: -Very old technology used (HYL1) which has been fully excluded all over the world because of low productivity and bad product properties. -Very bad condition of equipments and specially exchangers , pipes, conveying facilities and other systems due to long life, so many stoppages during wars and lack of efficient maintenance. -Events of looting in April/2003.
7	Name of project	Upgrading &rehabilitation of sponge iron plant melt shop, rolling mill and utilities.
8	Items proposed for the project	The proposal for upgrading include the followings: 1-Installing a completely new sponge production unit with the latest advance technology, high productivity and better product quality instead of the existing plant of about 1 million ton. 2-Rehabilitation of existing water treatment plant and material handling system of existing sponge iron to suit the new plant needs. 3-Introducing necessary production units to the existing melt shop to raise the steel production up to 110-140 ton/Hr with all accessories. 4-Rehabilitation of sponge feeding system of the EAF 5-Introducing a completely new rolling line(rebars),separated from the existing shop to deal with the new added productivity(capacity of around 300000-400000 ton/year) 6-Adding all required utilities(water, oxygen, etc) for new equipments.
9	Project productivity	Sponge iron 1 million ton/year Rolled product 800000-1000000 ton/year
10	Raw materials	Sponge iron can be utilized in the EAF in a ratio up to 80% of the metallic charge
11	Aim and profits of proposed project	Second phase advantages: 1-Applying sponge iron production to be the major part

		<p>of the metallic charge and to be a good substitute to more expensive scrap, since the cost of sponge ,in any case, will be lower than scrap because of availability of natural gas</p> <p>2-Utilizing the existing melt shop to increase steel production by introducing additional furnace and caster.</p> <p>3-Possibility for marketing the new added production.</p> <p>4-Availibility of human resources to run the plant from the company personnel.</p>
12	Product standards	<p>Sponge iron Metallization:90-93%</p> <p>Rebars ASTM A615 grade 40,60</p> <p>Sections DIN 17100</p>

13	Operational personnel	Fully from the employees of the company with a partial training for new equipments introduced.
14	New buildings	A complete new building for the new rolling shop.

Annex No. (5)

TABLE OF BUILDINGS & SHADES

SHADES	Area m²
Melt shop/main shade	17000
Rolling shade/mill	37500

Central work shop shade	4200
Stores shades/24 stores	19200
Vehicles shop	720
Refractory shop	1008
Scrap charging bay	1800
Mobile cranes shop	300
Welding shop	600
BUILDINGS	Area m²
Reception	136
School	142
Commercial dep.1	340
Commercial dep.2	360
Weighing bridge building	187
Main office/2 Flores	1000
Carpenter building	515
Medical office	550
Maintenance planning	250
Planning dep.	465
Fire house	325
Laboratories building/2 Flores	215
Rolling office/2 Flores	375
Cooling towers/2 unit	932
Substations/3 units	2128
Air compressors room	275
Motors room	375
Lime kiln office	420
Central work shop office	65
Ventilation office	115
Melt shop and spectro building	450
Sponge plant buildings	8818
Water reservoirs	7000

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 does 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.

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 does 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 investor's 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.