

Sub: Invitation For Investment Opportunities

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

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

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

The strength points of these opportunities are:-

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

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

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

Contact Details

Tel: 00964 1 8162006 Ext. 3127 , 3122

E-mail :invest@industry.gov.iq

Mobile: 00964 7901 371 867

Address: Ministry of Industry / Investment Department .

Nidhal Street

Baghdad – Iraq

**Republic of Iraq
Ministry of industry & Minerals
Investment Department**



Investment File

For Rehabilitation of

Kirkuk Cement Plant
(Kirkuk Governorate)

March/2007

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Part I

INVESTMENT OPPORTUNITY

"Rehabilitation of kirkuk Cement Plant"

The Ministry of Industry and Minerals (MIM) / Investment Department invites Investors and international Competent Companies to invest in rehabilitation of Kirkuk Cement Plant at Kirkuk Governorate – North - East of Iraq, about 20Km from Kirkuk City. That is to finance and implement the activities to rehabilitate the plant in accordance with Modern Cement Industry Technology, to operate and manage the factory at the investor expenses against a share of production.

History of the plant

The plant is one of many Cement plants operated by the Iraqi State Company for Cement ((totally owned by the State) . It was implemented by the Japanese firm (Kawasaki Heavy Ind.) in accordance with a contract signed on 1981, the plant was operated in Dec. 1984 .

The plant is based on dry process, the product is Ordinary Cement at a designed capacity of (2000 000 ton Cement/year).

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

The project advantages

The Strength point of the project is:-

- 1- The plant is located at an area of abundance raw material needed for Cement Industry, huge limestone and Gypsum reserve is available there.
- 2- Kirkuk Governorate where the plant is located, has a long history in Cement Industry with a rather low cost labors of good experience in different levels .
- 3- Availability of filling Station in Bags and loose.
- 4- The growing demand on Cement to meet the requirements of the reconstruction plans in Iraq.
- 5- Adequate security of the area.

Concept and Evaluation Criteria:

The evaluation criteria for selecting the investor shall be :-

- 1- The share of the MIM as a percentage of production offered by the Investor.
- 2- The actual amount of Invested budget.
- 3- Readiness of the Investor to install a 50 MW power generation Unit(s).
- 4- Readiness of the Investor to keep the existing workforce of the plant paying their salaries and incentives connected to increase in production.
- 5- The period planned to implement the rehabilitation activities to reach the target capacity of the plant.
- 6- The least period needed by the investor for the duration of the investment agreement.
- 7- The maximum production Capacity undertaken to be achieved by the Investor.
- 8- The Investor Financial Capability to fulfill his undertaking to rehabilitate the plant supported by :-
 - Financial statements for the last three years.
 - Supporting letter from Banks and Financial firm to show the Investor Financial capabilities.
 - Documents on the Financial Capabilities of the investor partners or the Supporting parties.
 - Documents on Financial facilities that Banks may grant to the investor.
- 9-The technical and managerial capacity of the investor and his Supporting partners to achieve the rehabilitation works (Engineering Companies , Vendors, Site work Contractors) , and to operate, manage after completion of rehabilitation. Organizational structure of the Investor /group of Investors.
- 10-Acumilated experience of the Investor and his supporting companies in similar works with documental reference.

Requirement

First : The interested investor – before or after buying the Investment file – shall visit the plant to get detailed information on site condition , the prevailing condition of the plant equipment , machinery and facilities, look at any necessary drawings , and present any request for clarification and questions to the specialized team at the address mentioned below, on that basis and the information and terms contained in the "investment file " the investor shall present his investment proposal containing the details of the rehabilitation work that he shall perform, the procedure for implementing the work, the final and stages production capacity targeted , the investment (amount) intended, period of the investment Agreement , the share of the Ministry of the production that he offers and the procedure to operate and manage the plant after completion the rehabilitation work.

Second : The Investor shall pay special attention to the following according to the investment file terms .

- 1- The proposal shall contain the undertaking to supply, install, and operate a 45 MW power generation Unit (s) sufficient to meet the plant needs.
- 2- It is preferable for the interested investors to arrange seminar for the project team (of the project) and the related staff, to show his qualification experience and points of view for the Rehabilitation approach.
- 3- The proposal shall contain the undertaking to keep the plant personnel, pay their salaries and allowances throughout the Agreement period.
- 4- The scope of rehabilitation work shall cover all the production lines , Units services and supporting unit including the quarry Machinery and equipments.

Further Steps:-

- 1- The interested investors in this opportunity, should send their authorized representative to collect the investment file document from:
 - a- Ministry of Industry & Minerals/ Investment Department /IRAQ-Baghdad/ AL-NIDHAL Street.
 - b- The IRAQI State company for Cement / Kirkuk Governorate / Laylan/ IRAQ.

(Against a sum of 250\$ (only two hundred fifty US. Dollars);
starting from (15/4/2007))

- 2- A specialized team from the Iraq side shall study all the proposals and select the best proposal .
- 3- Negotiate the investor of the best proposal to finalize and sign the Agreement.
- 4- The investor shall present his proposal (offer) on or before the day (5/6/2007) to the Ministry of Industry & Minerals.
- 5-Please contact the following address for any information or clarifications:-

-Ministry of Industry & Minerals/ Investment Department.
Baghdad /IRAQ
Tel : 009641 8162006 / Ext. 3127, 3122
Mobile:00964 7901371867
E.mail: invest@industry.gov.iq

II- General Conditions:

(For plants rehabilitation agreement)

1- Scope of rehabilitation works:

The "contracting party" shall undertake, according to the Agreement, to rehabilitate and develop all production lines, facilities, and production vehicles, in a manner to guarantee achieving the targeted capacity in a certain period. He may reach the targeted capacity in stages. The "contracting party" 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 "contracting party" shall perform all rehabilitation works in accordance with the terms of the investment file, and to undertake management and operation of the plant through out the period of rehabilitation and afterwards, at the agreed upon capacity, including supply and transport of raw material, operational and auxiliary materials, cost of water, fuel, electricity etc, additionally to pay the salaries and allowances of plant employees working at the state company during the rehabilitation period, and afterwards, all at his own expense against having a share of the production.

3- Action plan:

The "contracting party" shall submit, in 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 through the rehabilitation period.

4- Maximum use of Employee during rehabilitation:

The "contracting party" shall, within two months from signing the Agreement, in coordination with the plant management, submit a plan on maximum utilization of the plant Employee in the rehabilitation works which he performs or in other projects he may establish in Iraq.

5- Penalty on non-achieving production Guaranteed capacities:

A: the contracting party undertake to supply the Ministry of industry /state company with its share of the targeted capacities, regardless of achieving or not that targeted capacity given in the data form enclosed (production capacities of the plant).

B: In case the contracting party did not achieve the guaranteed/stage capacities on the date specified in the Agreement, he shall be liable to supply the Ministry, as a penalty (in addition to A above), with quantity of cement of 2% of the weekly targeted stage production capacity on each week of delay in achieving the capacity on time specified in the data form enclosed in the investment file concerning the stage capacities and its timing; The quantity is to be supplied monthly.

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

In case the contracting party succeed in achieving the target 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. These dates should be kept and respected as given in the Agreement.

D: In case the contracting party failed to achieve the FINAL target capacity (at the end of the rehabilitation period), at a shortage not more than 10% of the targeted FINAL capacity, he shall be liable to supply- as a Penalty- a quantity of cement amounting to one ton of cement for each one ton shortage.

In case this shortage is more than the percentage above, the contracting party should take, within six month, any necessary measures to rectify the situation to reach the contractual target capacity on his account. The contracting party during this period (of

six month) shall continue to supply the Ministry with the quantity of cement mentioned above.

In case the contracting party fail at the end of this period to achieve the target 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 contracting party to claim for any compensation on actual cost or expenses he has borne for his activities of this "Agreement"

6- Insurance:

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

7- Abide to labor laws:

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

8- Letter of Guarantee:

The "contracting party" shall, on signing the "Agreement" submit an unconditional letter of Guarantee issued by a recognized Bank of an amount of (300) Million Iraqi Dinar, valid for one year, to be raised by another (300) Million each three months until it reaches (3) Billion Iraqi Dinar in 2.5 years. The LETTER OF Guarantee shall be released after the expiry of the "Agreement" and hand - over the plant.

The Ministry 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 contracting party obligations.

9- Electricity Generation unit:

The "contracting party" shall undertake to supply and install an Electricity generation units of a capacity sufficient to meet plant and services requirement of electric power at full production capacity either in one or two stages. The contracting party shall undertake to supply at least 17 M.W generation capacity within a period not more than (9) months from the date of the agreement and to supply full generation capacity within 18 months from the date of agreement.

Failure to meet the requirement of this clause shall be subjected to the terms of clause (8).

10- Plant Management:

The "contracting party" shall present in his investment proposal his suggestions on the way he intend to manage the plant, technically and administratively to insure the smooth operation at the best performance to achieve the agreed upon production capacity in a continuous smooth 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, shall remain the property of the Ministry of Industry and Minerals, including the technical equipment and vehicles of the quarry. This does not include personal materials used by the staff of the "contracting party" personnel, for which he can re-export after listing quantity and type.

12- Continuous Maintenance during Agreement period:

The contracting party, 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 on the expiry of the Agreement period in good technical condition able to produce at the rate of production rate agreed upon.

13- Letting of Agreement:

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

14- Materials used in rehabilitation:

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

15- Monthly Report:

The "contracting party" shall submit a monthly report to the Ministry of industry and 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 contracting party for the purpose of rehabilitation works which shall be part of permanent work and certified by the Ministry/ state company shall be exempted from custom duties. The contracting party may ask for other exemptions and privileges in accordance with prevailing laws, in his proposal.

17- Inventory material at plant stores:

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

18- Quarry license:

The Ministry under-takes to transfer the quarry license of the lime stone to the name of the contracting party in accordance with Minerals Investment law No 91 year 1988. The contracting party should abide to the State Company of Geological, Survey and Mining, regulations and instructions concerning work at quarries and plan of extraction.

The contracting party may agree with other suppliers of raw materials as he find it suitable.

19- Explosives:

In case the contracting party use explosives in his work at the quarry, he shall be responsible to abide to the prevailing regulations and rules of the relevant authorities.

20- Guard:

In due time, the contracting party shall coordinate with the state company management to organize the guard and security of the plant and the quarry in such a way that the security and safety inside the

plant lay on the contracting party responsibility, and out side the plant on the relevant Governmental authorities responsibility.

21- Laws and regulation:

The contracting party 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".

22- Agreement period:

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

23- Entry/ exit visa and Residence permits:

The Ministry/ state company shall support the contracting party to obtain Entry/ Exit visa and Residence permits for his Employees according to prevailing Rules and Regulations.

24- Force Majors:

The "Agreement" shall contain "Force Major" clause and the rights and obligations of each party. The prevailing condition at the time of signing the Agreement is not considered a force major case.

25- 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.

26- Care of works:

The contracting party, through out his work in rehabilitation and development shall take due care of the plant machines, equipment and facilities...etc., paying utmost care to the safety during the rehabilitation and the Agreement period in addition to apply all safety measures during with.

27- 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 labor or in a way endangering other equipment or facilities, the contracting party should agree to the Technical committee written request to stop the work and remedy the situation through an action to be agreed upon in a joint meeting.

28- Product Marketing:

The "contracting party" shall have the right to sell his share locally at the price he finds suitable and export the excess abroad, after consideration of article (35).

29- Secrecy:

The "contracting party" undertake to keep the information's contained in the "Investment Agreement" confidential. He has no right to disclose or transmit the information's to other parties (except his partners) before he gets a written approval from the Ministry of Industry & Minerals.

30- The "contracting party" legal entity registration:

The "contracting party" or the investing group shall establish a legal entity to perform his activities of the Agreement which should be registered at the Companies Registrar office in according with the Iraqi Ministry of Trade regulations and terms of companies law no 21 of the year 1997.

31- Final Report:

The contracting party, at the end of the "Investment period" shall hand over to the Ministry of Industry & Minerals/ 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).

32- Common services:

The contracting party and the Ministry / state company shall coordinate to control and run the facilities which serve other parties-

such as water supply in away that such requirements of other parties shall be ensured.

33- Previous liabilities & Obligations:

The contracting party 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.

34- Termination:

In case this Agreement is Terminated by the Ministry of Industry and Minerals for No reason related to the failure of the contracting party to fulfill his contractual obligations, the Ministry shall compensate the "contracting party" for the actual expenses he spent to implement his activities according to this Agreement.

35- Present Production:

The "contracting party" undertake to sell to the Ministry at cost (to be negotiated and agreed upon before signing the Agreement) 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 date validity.

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

36- 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 contracting party to be within three months from the date of signing the Agreement otherwise the terms of clause (8) of this Agreement shall be applied.

Part II

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Part III

Data and Scope of work **Kirkuk Cement factor**

1- Introduction

KIRKUK Cement plant is one of four cement plant run by the IRAQI state Company for cement (one of the state companies under the Ministry of Industry and Minerals). The plant consists of two production lines.

The original construction contract of the plant was signed with A JPANIES firm (Kawasaki Heavy Industries) and started up by the same Co. On 1984. The plant is designed on Dry process to produce a Portland Cement at a design capacity of 2000 000 ton cement /year. Plant operation is controlled by computer and provided with advanced quality control systems.

Due to shortage of funds and the embargo imposed on Iraq in the nineteen's, poor maintenance was performed with absence of standard spare parts, This situation prevailed until now. The result was low productivity of the plant, It needs large scale of rehabilitation and modernization work to bring the plant to up graded capacity according to modern development technology in cement Industry.

2- The Required Investment

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

A: The "investor" shall undertake to perform all necessary rehabilitation works for all production lines of the plant including the quarry and other facilities to ensure that the plant shall work at the targeted capacity.

B: The "investor" in cooperation with his supporters, specialized in cement Industry, shall depute technical experts to visit the plant site to evaluate the technical requirements of rehabilitation & conclude detail investigation at the same time, the plant management shall provide all needed assistance to help the experts team to perform the technical investigation of the plant including providing technical data, and drawings.

C: The "Investor" shall present to the Ministry of Industry & Minerals, his technical and Investment proposal showing the share percentage of product he requires based on the budget he expects to invest in the rehabilitation works, agreement duration and plant management policy after rehabilitation. (See part II – general condition for detailed terms of the eventual agreement)

D: The Ministry of Industry and Minerals and the state company, shall negotiate the candidate investor to conclude a final agreement.

3-Plant Departments:

The plant is composed of the following units departments:

- 1- Crushing plant 2×700 ton/hr.
- 2- Row materials grinding 2×300 ton/hr.
- 3- Rotary kiln 2×300 ton/day.
- 4- Cement Mill Grinding 3×130 ton/day.
- 5- Packing plant 7× 2000 Bags /hr.
- 6- Utilities:- 2× 760 kw generator, two Boilers & water treatment unit, compressors (20), gas and fuel station, electrical and Mechanical work shop, laboratory & fire fighting system.

4- The Production Method:-

The lime stone is crushed at the stone crusher and mixed with clay at limited percentages then milling is done at the mills of raw materials then homogenous mixture is stored at the silos.

The mixture is burned at the kiln, the clinker which results is cooled at the clinker cooler and stored at clinker stores.

The clinker to be crushed at cement mills adding gypsum to produce the cement and stored at cement silos then to packing machines.

5- Preliminary scope of work to achieve design capacity:-

The following is a recommended suggestions in general to upgrade the production capacity. Work needed is classified according to production units as follows:-

1- Mechanical:

a: Crushing plant: To revamp Apron feeders, Conveyors, crushers, Sampling, Stacker, Dust collectors, civil work.

b: Rotary kiln & RSP: Overhauling of RSP changing air quenching cooler to new design, new Metallic conveyors, bucket elevators, Exhaust Primary Fans, Burners, Expansion Joints, Refractory for kiln , Brick retamers, feeders equipment, root blower, E.P.S, dust collectors, inlet & outlet seals, pinion girth gear for kiln, kiln shell (part of) kiln alignment...etc.

c: Cement Mills:- To supply new vibrating feeders, revamping of conveyers, dust collectors, induced fan, weighing feeders, lubrication systems, new mill linings, new girth gears & pinions, mill reducers, internal cooling, air separators, circulation fans, fuller pumps, trunion & bearings, high & low pressure pumps...etc.

d: Packing & dispatch:- (8 No. of bulk loading system 150 ton/hr each) to supply belt conveyors, three Rotor packers and overhauling for the remaining packers, bucket elevators, vibrating screens, dust collector...etc.

e: Utility Depts.:-

Revamping for, Laboratory, water supply system, air-conditioning, gas & fuel oil system up to burners including boilers, compressors, quarry Equipment, Fire fighting & heavy oil heater...etc.

2- Electrical & Automation:

2-1: Renew the CCR (Central control room) which includes:-

a: PID controllers, mimic board, PLC.

b: Industrial computer PDP 11/34 type Dec.

c: Replacing some field instruments.

2-2: Renew the quality control system which includes:-

a: Automatic sampler.

b: Pneumatic transport system.

c: X-ray analyzer.

3- Revamping the ESP (electro static precipitators) type Elex Swizland.

4- Revamping LCR (Laral control room) for crusher dept. and packig house.

5- New Motors for raw materials cement mills & kiln main drives and fans...etc.

6- Supply of cycle geared motors.

7- Overhauling of all H.T. switchgears, rotor resistors...etc.

Note: The Attached Annex gives the details of the rehabilitations works recommended.

5- Raw Materials

a- Raw materials used is to produce one ton of cement is given below:-

Lime stone	1.46 ton
Clay	0.5 ton
Iron	0.03 ton
Gypsum	0.03 ton
(fuel) Heavy oil	140 ltr
Electric power consumption	160 kwh

b-Fees of raw material extracted according to No. (19) of year 1988 Article (22) Organization of Mineral Investment:

Raw Mat.	Fees (I.D)/ m³
Lime stone	1500
Gypsum	750
Sand	250
Sand glass	2000
clay	300
Iron	

7-Quality of product

(Produced cement certificate; according to Iraqi Specification):

Chemical requirement	Units	I.O.S No:5/1984	Ordinary Portland cement
Ins Res.	%	Max. 1.5	1.57
L.O.I.	%	Max. 4	0.39
So ₃	%	Max:	
		Ordinary cement 2.8	2.43
MgO	%	Max. 5	3.12
L.S.F		0.66 1.02	0.88
Physical Requirements			
Specific Surface (Blaine)	M ² /kg	Min:	
		Ordinary cement 230	314
Setting Time – Vicat:-			
Initial	Minutes	Min 45	145
Final	Hours	Max 10	03.25
Compressive Strength Mortar Cubes:			
After 3- days	M N /M ²	15	25.8
After 7- days		23	37.3
Expansion – Autoclave	%	Max 0.8	0.2

8- Plant site:

- 1- The plant covers an Area around 847913m².
- 2- The plant is situated at Kirkuk Governorate (Laylan district) about (20 km) away from the Kirkuk city center, longitude 35, 20, 30.
Horizon 44, 28, 30.
- 3- The Quarry is located in Bazyan (100) km away from the Cement factory.
- 4- The plant is 260 km away north Baghdad.
(Enclosed map indicates the cement plant site).

9- Local Market demand:

There are (17) established cement factories in Iraq. All of them are the property of the State. Its total design capacity 19000000 ton/year, however the actual production capacity currently is around 3000000 ton/year only.

The gap between demand and production is wide. Local demand is growing in large scale and quickly while production is not improving.

The prediction for cement consumption shows that the consumption may reach 27 million ton/year in the coming years, based on the wide program for reconstruction, infrastructure requirements and large scale housing scheme accordingly there is a strong investment opportunities in rehabilitation of existing cement plants and for new plants as well.

10- Human Resources:

Iraq possess an accumulated technical experience in cement Industry, both in dry and wet process. The experience is represented in a number of Engineers, technician, skilled and semi-skilled labors working in operation and maintenance activities, in addition to other management and Accounting experienced personal. However, the investor may hire Experts and specialists from outside Iraq for supervising rehabilitation works and training Iraqi staff on new technologies if required.

11- Achieved production from 1993 up to 2004:

Cement: Ton/year	Clinker: Ton/year	year
86320	130372	1995
128480	112337	1996
201607	165411	1997
162173	170579	1998
368324	344273	1999
495370	538725	2000
636193	568620	2001
866937	787154	2002
274953	267275	2003
215371	258344	2004
373695	284058	2005
439355	398914	2006

12-Environmental Requirements and standards:

A: The investor should undertake to apply ISO 14001 and 9001 code plus the European regulations for Environment.

B: It is important to note, also, the following points:-

1- The investor must present an environmental impact assessment (EIA) certified by the ministry of Environment, and must include:

a- The environmental impact evaluation and the positive and negative effect of the project on environment.

b-To suggest methods to avoid pollution ,and control methods which comply with the environmental enforcements and regulations.

c- The expected accidental pollutions and the precautions that must be taken.

d-The use of the alternative applicable cleaner technology and minimization use of resources.

e- Waste minimization and recycling / or re -use.

f- Assessing the costs of merits and demerits resulting out of the project.

2- The factory must have dust precipitators at all chimneys for all the industrial processes and other methods to prevent the discharge of dust from the chimneys or other sources more than 150 mg /m³ and must not exceed 0.2 mg /m³ at the factory fence with the wind direction.

3- Treatment of the industrial waste water according to the Iraqi river regulation standard.

4- The solid waste must be transferred to special locations in coordination with the relevant authorities.

5- The availability of pollution monitoring instruments and providing the ministry of Environment with the pollution monitoring data. In case of the unavailability of the monitoring instrument the investor must do the monitoring by a reliable consultants and laboratories.

6- Construct and update an environmental database concerning environment protection in addition to the pollution concentration &level caused by the factory.

*** The implementation of the environmental requirements and standards mentioned above and others will not eliminate the task of the Ministry of Environment to make field inspection to check fulfillment of the environmental requirements and that the factory is applying the environmental law No.3 year 1997, issued by Iraqi Authorities.**

13- Legal Framework

- a: Upon agreement between the "Ministry" and the "Investor", terms of the Iraqi "Investment law No 13 for the year 2006", can be adopted in the eventual rehabilitation "Agreement" between the two parties.**
- b: Iraqi law No. 22 of year 1997 for the state companies, will be applicable.**
- c: The Ministry of Industry & Minerals shall select the best proposal according to the criteria mentioned in the investment file.**
- d : The winner investor shall be notified in order to conclude investment agreement between both parties.**
- e : The signed contract shall include the rights and obligations of each party.**
- f : The contract shall come into force after approval of the concerned Iraqi Authorities.**

14- Privileges for Investor

- 1- Right to establish trade representation offices and branches in Iraq, such offices and branches shall be registered with the Iraqi Registrar of companies office.**
- 2- Right to establish a business entity jointly with an Iraqi or foreign Investor.**
- 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 defines.**
- 4- Investor may collaborate with Iraqi partners.**
- 5- Right to possess, use, dispose his invested money in Iraq in accordance with prevailing rules.**
- 6- Use freely convertible currencies or Iraqi legal currency, Right to transfer money into and out side Iraq in accordance with Central Bank regulations.**
- 7- The Ministry of Industry & Minerals shall put the plant site and an adequate storage space at the disposal of the investor to enable him to fulfill his obligations, including existing equipment to implement modifications and Rehabilitation.**
- 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 Authorized Body, if found necessary.**
- 9- Imported fixed assets necessary for extension or development of the plant shall be exempted from custom duties.**
- 10- Selling the plant's products is not subjected to any price restriction.**
- 11-The investor may in his proposal ask for any additional privileges to be included in the final Agreement, provided that accepted by MOI .**

15-Investor obligations:

In addition to the terms of the General conditions, the investor shall notice the following:

15-1: The Investor or his supporting technical entity should possess sufficient experience and qualifications to construct (rehabilitate) such plants.

15-2: The Investor should obtain quality certificate (ISO 9000).

15-3: Agree to engage the present employee of the factory in all his activities and insure them against risks, supply safety equipment and requirement. He may engage foreign employees for leading technical positions.

15-4: 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.

15-5: Shall undertake to supply power generation Unit of 51 MW capacity to Cover the plant needs of electricity as the national grid is not reliable at the time being.

15-6: The investor shall undertake to produce Cement in accordance with Spec. European standard (EN96 TYPE 42.5Min).

15-7: The investor should Fill-in carefully in details the data Forms enclosed.

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 .*

**• Minimum Suggested target capacity:
(Kirkuk Cement Plant)**

A: The investor shall explain here his plan to up grade the production of the plant to target production capacity, the stages of production up grading and the relevant timing.

B: The target final capacity for the purpose of this Agreement is (1800000) ton cement/year.

C: the investor should take into consideration (when specifying the final and stages target capacity and its timing) the following:-

(62500) ton cement/month on the Fifteen month from the starting date specified in clause (36) of the general conditions.

(125000) ton cement/month at the (30) thirtieth month from the starting date.

(150000) ton cement/month on the (36) thirty sixth month from the starting date.

- **Technical Documents.** **Supporters** **with** **Confirming**

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

- **Technical References & Expertise (Documented)**

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

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

Annex

**Description of Machines, Equipments
and the factory requirements for
Rehabilitation (Update & Supply)
(Kirkuk Cement Factory)**

Annex 2

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 its 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 guarantes, exemptions, and rights recognized by this Law.

Chapter four

Investor Obligations

Article 14:

The Investor shall observe the following:-

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

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

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

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

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

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

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

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

Chapter Five

Exemptions

Article 15:

First: The project that has obtained an investment license from the Commission shall enjoy exemption from taxes and duties for a period of (10) ten years as of the date of commencing commercial operations in accordance with the areas of development defined by the Council of

Ministers at the suggestion of the National Commission for Investment based on the degree of economic development and the nature of the investment project.

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

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

Article 16:

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

Article 17:

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

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

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

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

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

Article 18:

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

Chapter Six

Procedures for Granting investment and project Establishment License

Article 19:

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

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

- A- Filling a request form prepared by the Commission.
- B- Financial competency from an accredited bank.
- C- Projects performed by the investor inside or outside Iraq.
- D- Details of the project intended to invest in and its economic feasibility.
- E- A timetable for completing the project.

Article 20:

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

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

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

Fourth: In case the request for registration is 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 others 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 Commission's formations, divisions tasks, process of its work, its authorities, financial affairs, employee affairs and any other 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.