

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



Investment File for Rehabilitation of the Plants of the State Company for Automotive Industry

Iskandariyah / Babylon Governorate Iraq

March /2007

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Part I

INVESTMENT OPPORTUNITY

Rehabilitation of the Factories of State Company for Automotive Industry

Invitation:

The Ministry of Industry and Minerals (MIM) / Investment Department invites Investors and International Competent Companies to invest in rehabilitation of the factories of the state Company for Automotive Industry located at Iskandariah about 50KM . South Baghdad. These factories are as follows:-

- 1- Trucks Assembly Factory.
- 2- Buses Factory.
- 3- Truck Bodies and Semi-trailers Factory.

History of the Company:-

1-Truck Factory:

The factory was established in 1973 to produce Trucks and Truck-Tractors according to a contract signed with the French Company SAVIM then with SCANIA of Sweden with a designed capacity of 2500 unit per year. The current production of the factory is (100) units per year . The required capacity after rehabilitation will be 2000 unit per year.

2-Buses Factory

The existing factory was established in 1983 to produce Buses of various types in cooperation with MUKART- IKARAUS of Hungary. The agreement included renovation of original contract signed with the a/m Company in 1973. Three types of Buses were produced namely City, Intercity and Medium Buses with a capacity of 1500 unit per year(one shift per day).

The works had stopped in the factory for ten years(1991 up to 2000). From 2001 the rate of production reached (100) units per year due to financial difficulties which the company had faced during that period.

3- Truck Bodies and Semi-trailers

It was established in 2001 to produce Fixed and Tipping Bodies for trucks as well as semi-trailers with sides and without sides with designed capacity of(500)unit per year. The production capacity had settled at 60 unit per year ever since 2002 till now.

Concept and Evaluation Criteria:-

The concept is to finance and implement the activities to rehabilitate the plants in accordance with modern Automotive Industries technology, Manage and, operate the plants, all at the investor account against share of production accomplished.

The evaluation criteria for selecting the investor shall be :-

- 1- The share of MIM as a percentage of production offered by the Investor.
- 2- The Scope of Rehabilitation work.
- 3- Readiness of the Investor to install a power generation Unit(s).
- 4- Readiness of the Investor to keep the existing workforce of the plant paying their salaries & incentive according to the increase in production.
- 5- The period planned to implement the rehabilitation activities to achieve the targeted production Capacity of the plant.
- 6- Period of the investment contract.
- 7- Maximum production capacity undertaken 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 showing the Investor Financial capabilities.
 - Documents on the Financial Capabilities of the investor partners or the Supporting parties.
 - Documents on Financial facilities that Banks may grant to the investor.
- 9- The technical and managerial capacity of the investor and his Supporting partners to achieve the rehabilitation works (Engineering Companies , Vendors, Site work Contractors) , Operate and manage the plant after completion of rehabilitation. Organizational structure of the Investor/group of Investors to be provided .
- 10-Similar experience of the Investor and his supporting companies in similar works with documental reference.

The project advantages

The strength points of the project are:-

- 1- Babylon Governorate, where the plant is located has a long history in Automotive Industry with a rather low cost labors of good experience in different levels .
- 2- The growing demand on all the products of the Company to meet the requirements of the transportation plans in Iraq.

- 3- Low cost labor force and limited investment needed shall result in a competitive and economical cost of the products compared with international prices.

The Investor Obligations:

First: It is important to the interested investor, before and after purchasing the investment file to visit the plant to have detail 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 at the address mentioned below. According to this detailed investigation, in addition to the information's and general conditions, the investor shall submit the investment offer consisting of detailed suggested rehabilitation works, expected investment amount, rehabilitation duration, rehabilitation procedures, intermediate & final targeted production capacities, investment agreement period, percentage of production share, philosophy and detail procedure for managing & operating the factory before and after completion of rehabilitation activities until the end of investment agreement.

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

- 1- The investment Agreement should assure the installation of Electric generation unit with a capacity capable to operate all factory units, buildings utilities.
- 2- The investment Agreement should include confirmation to keep & getting use of the available factory staff and labor and assure the payment of their salaries & incentives.
- 3- The Rehabilitation Agreement should cover all factory units and its utilities.

Further Steps:-

1. The investors interested in this opportunity, should send their authorized representative to collect the investment file document from:-
 - a. Ministry of Industry & Minerals (MIM)/ Investment Dept.
Baghdad/ Al-Nidhal street.

b. The State Company for Automotive Industries, Babylon Governorate/ Iskandariah.

Against a sum of USD 250 (only two hundred fifty USD) 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 final proposal on or before the day (5/6/2007) to the Ministry of Industry &Minerals/ Investment Dept .

5- For clarifications, contact the following address:-

Ministry of Industry / Investment dep.

Al-Nidhal Street

Baghdad – Iraq

Tel: 00964 1 8162006 /Ext. 3127

00964 1 8166040

E-mail :invest@industry.gov.iq

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Part II

(General Conditions)

1. Scope of rehabilitation works:

2. *The Agreement concept:*
3. *Action plan:*
4. *Maximum Use of Employees during Rehabilitation Agreement:*
5. *Penalty on Delay & non-achieving production Guaranteed capacities:*
6. *Insurance:*
7. *Abide to labor laws::*
8. *Letter of Guarantee:*
9. *Electricity Generation unit:*
10. *Plant Management:*
11. *Property of executed rehabilitation works:*
12. *Continuous Maintenance during Agreement period:*
13. *Letting of Agreement:*
14. *Materials used in rehabilitation:*
15. *Monthly Report:*
16. *Exemption of custom duties:*
17. *Inventory material at plant stores:*
18. *Guard:*
19. *Laws and regulation:*
20. *Agreement Period:*
21. *Entry/ exit visa and Residence permits:*
22. *Force Majours:*
23. *Dispute settlement:*
24. *Care of works:*
25. *Good Implementation*
26. *Product Marketing:*
27. *Secrecy:*
28. *The "contracting party" legal entity registration:*
29. *Final Report:*
30. *Common services:*
31. *Previous liabilities and Obligations:*
32. *Termination:*
33. *Present Production:*
34. *Site handover and effective dates:*

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 units and Utilities 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 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 "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 during the rehabilitation period.

4- Maximum Use of Employees during Rehabilitation Agreement:

A- The "contracting party" 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 "contracting party" shall keep the employment of all personnel of the plant (including labors), pay their salaries and annual allowances according to prevailing rates of their colleagues at the Ministry of industry and Mineral, pay incentives in accordance with an incentives 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 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 on the contractual date.

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 production of 2% of the weekly targeted stage production capacity on each week of delay in achieving the capacity on time schedule of the stages capacities, The quantity is to be supplied monthly.

C: The Penalty in (B) above shall continue for (3 months) 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: Incase 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 production amounting to one ton of production 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 production 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 risk.

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 on unconditional letter of Guarantee issued by a recognized Bank of the amount agreed upon later, 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 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 "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. 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 & 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 material in case he needs them for the rehabilitation work.

18- Guard:

In due time, the contracting party 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 contracting party responsibility, and out side the plant on the relevant Governmental authorities responsibility.

19- 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".

20- Agreement Period:

The contracting party, 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 contracting party to obtain Entry/ Exit visa and Residence permits for his Employees according to prevailing Rules and Regulations.

22- Force Majours:

The "Agreement" shall contain "Force Major" clause and the rights and obligations of each party on this case. The prevailing condition at the time of signing the Agreement is not 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 "contracting party" through out his work in rehabilitation and development shall take due care of the plant, its machines, equipment and facilities, etc. paying utmost care to the safety during the rehabilitation period and the Agreement period and in addition of apply all safety measures during with.

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 contracting party 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 "contracting party" shall have the right to sell his share locally at the price he find suitable and export the excess abroad.

27- 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 get a written approval from the Ministry.

28- 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.

29- Final Report:

The contracting party, 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 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.

31- Previous liabilities and 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.

32- Termination:

In case this Agreement is Terminated by the Ministry of Industry 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.

33- Present Production:

The "contracting party" undertakes 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 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 III

Data and Scope of work

1- Introduction

SCAI has three factories established in cooperation with various international companies as follows:-

a- Truck factory: established in 1973 to assemble Trucks and Truck – Tractors with various loads in cooperation with SCANIA of Sweden with a designed capacity of 2500 units per year.

b- Buses factory: established in 1983 to produce Buses of various types in cooperation with MUKART/ IKARAUS of Hungary with a designed capacity of 1500 units per year,(one shift per day).

c- Truck Bodies and semi- trailers factory established in 2001 to produce fixed and tipping bodies for trucks as well as semi- trailers with sides and without sides with a designed capacity of (500) units per year.

Due to technical difficulties and the embargo imposed on Iraq, the company could not achieve the design capacities. The actual production capacities are shown bellow:-

a- Truck factory:

100 units per year

b- Buses factory:

100 units per year

c- Truck Bodies factory:

60 units per year.

2- The Required Investment

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

2-1 The investor shall undertake to perform the necessary rehabilitation works for all production lines of the factory to ensure that the plant shall work at the targeted production capacity.

2-2 The investor in cooperation with his supporters, specialized in Automotive Industry, shall depute technical experts to visit the plant site to evaluate the technical requirements of rehabilitation & conclude detailed investigation.

- 2-3 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.
- 2-4 The Investor shall present to the Ministry of Industry & Minerals, his technical and investment proposal showing the share percentage of production he requires based on the budget he expects to invest in the rehabilitation works, agreement duration and plant management policy after rehabilitation.
- 2-5 The Ministry of Industry and Minerals will negotiate with the winner investor to conclude a final agreement .

3- Company's Divisions:

The plant consists of the following factories:-

- a- Truck factory:
- Chassis assembly.
 - gear- engine (power moving) assembly.
 - axles assembly.
 - cabin assembly.
- b- Buses factory:
- Raw material preparation.
 - Dies and fixtures designing and manufacturing.
 - Welding the body on the chassis, painting and trimming.
- c- Truck Bodies factory:
- Cutting of I-Beam.
 - Fixtures of chassis assembly.
 - Fixtures of cross – members assembly.
 - Fixtures for tipping chaises.
 - Welding stage.
 - Trimming stage.
 - Axles assembly.
 - Painting .

4-Prevailing condition of the plant and recommended rehabilitation works:

The prevailing conditions at the Company should be studied in detail by the investor (or his representative) to have a good evaluation of the situation .However a brief description of the conditions as well as recommended rehabilitation works are given in Annex No. (1)as follows:-

Part I : Trucks Factory.

Part II : Buses Factory.

Part III : Truck bodies and semi – trailers Factory.

5-Product Components (Raw Material):

The investor shall study carefully the components and raw material requirements to manufacture the products according to the design. He should define the parts which are not manufactured in the company factories (imported parts). As for parts to be manufactured inside the factories he should design and supply dies and fixtures needed.

6- Product Specifications:

a- The investor may at his option choose to produce similar products to those produced but with different designs based on his experience and to cope with the latest international modern designs.

b- The investor has the right to produce under license any product (Buses Trucks).

7- Plant site:

The factories are situated in one complex at the site of the state company for Automotive Industry in Babylon Governorate- Iskandarya district 50 km south of Baghdad .

8- Market demand:

Local demand is growing in large scale and quickly while local production is not improving. The transportation plans in Iraq are very wide and encouraging connected to the new economical reform program. However the investor shall consider exportation possibilities (out side Iraq) for the products manufactured.

Due to relatively low cost man power available assembly facilities and limited additional investment, the products of the plant, have competitive and economical cost Accordingly a very good marketing opportunity out side Iraq.

9- Human Resources:

Iraq possess an accumulated technical experience in Automotive Industry. The experience is represented in a number of Engineers, technician, skilled and semi-skilled labors working in operation and maintenance activities, in addition to 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.

10- Achieved Production

The prevailing rate of production is as follows:-

- Buses 100 unit/ year.
- Trucks 100 unit/ year.
- Bodies 60 unit/year.

11-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:-

The investor is obliged to fulfill (ISO-14000),(ISO-9001) & European environmental restrictions, it is also important to consider the following Environmental requirements:-

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 in 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 (factory) 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.

12- 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 rehabilitation "Agreement" between the two parties.
- b: Iraq 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.
- d: The signed contract shall include the rights and obligations of each party.
- e: The contract shall come into force after approval of the concerned Iraqi Authorities.

13- 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 equate storage space at disposal of the investor to enable him to fulfill his obligations, including existing equipment to implement modifications – 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 plants 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, subject to the approval of MIM.**

14-Investor obligations:

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

- 1: The Investor or his supporting technical entity should possess sufficient experience and qualifications to construct (rehabilitate) such plants.**
- 2: The Investor should obtain quality certificate (ISO 9000).**
- 3: Agree to engage the present employees 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.**
- 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.**
- 5: Shall Undertake to supply power generation Unit of a capacity sufficient to cover the plants needs of electricity as the national grid is not reliable at the time being.**
- 6: 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 .*

- **Suggested target capacity:**

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.

- **Technical Supporters with Confirming Documents.**

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

- **Technical Expertise and Technology**

The investor shall present here a detailed explanation for the technical Experience of the technical side which will cooperate with him in planning and execution of the Rehabilitation work.

- **Undertaking to abide by the Technical, Financial and Legal requirement of this file.**

The investor shall undertake here to abide to the requirements of this file; otherwise he should specify the points that he may has reservation on them.

- **Name of Supporting Technical side with Supporting documents**

- **Names of Financing Sides with brief presentation and closing account report for the Supporting Company.**

- **Pervious and ongoing work in the field of Experience.**

Annex No. (1)

Prevailing Conditions of Factories and Recommended Rehabilitation Works

Part I : Trucks Factory.

Part II : Buses Factory.

Part III : Trucks Bodies Factory.

Part I : Trucks Factory

A- Factory departments:-

- 1- Production department**
- 2- Technical department**
- 3- Planning department**
- 4- Administrative department**
- 5- Quality department**
- 6- Maintenance department**

B- Existing machines of the factory

No	Name	Qty	Situation
1-	Over head crane 2 ton	2	Operative
2-	Oven	1	Operative
3-	Arc welding machines	2	Operative
4-	Fixed electrical grinder head	1	Operative
5-	Fork lift	1	Operative
6-	Air Compressor with capacity 19 m ³ /min	1	Operative
7-	Air dryer	1	Operative
8-	Hoist unit	1	Operative
9-	Mechanical press 16 ton	1	Operative
10	Arc welding machines	2	Non operative
11-	Fork lift	2	Non operative
12-	Air Compressor	1	Non operative
13-	Air dryer	1	Non operative
14-	Over head crane 5 ton	1	Non operative
15-	Hoist unit	1	Non operative
16-	Nozzle tester	1	Non operative
17-	Pump tester	1	Non operative
18-	Drilling machine	1	Non operative
19-	Hyd- press	1	Non operative

The main work of the factory is the assembly of bus chassis and truck components (C.K.D).

There are some sub- assembly stations for preparing parts to be assembled in main production lines.

Quality control department to inspect and check all operations done in the production line till end of assembly . Further more road testing is carried on the final product A semi-automatic line for cab – assembly may be needed.

C- Recommended Rehabilitation Works

- 1- Over head crane 5 ton qty 2.**
- 2- over head crane 3 ton qty 2 .**
- 3- hoist unit 1/2 ton qty 2.**
- 4- hoist unit 1/4 ton qty 2.**
- 5- fork lift 10 ton qty 2.**
- 6- fork lift 3 ton qty 2.**
- 7- drilling machine qty 2.**
- 8- pick- up car of 2 ton qty 2.**
- 9- petrol station qty 1.**
- 10- brake tester qty 1.**
- 11- light inspect device qty 1.**
- 12- dynamo meter qty 1.**
- 13- thickness tester qty 1.**
- 14- furniture.**
- 15-civil engineering works.**
- 16- Supply electricity generator of 570 KV.A.**

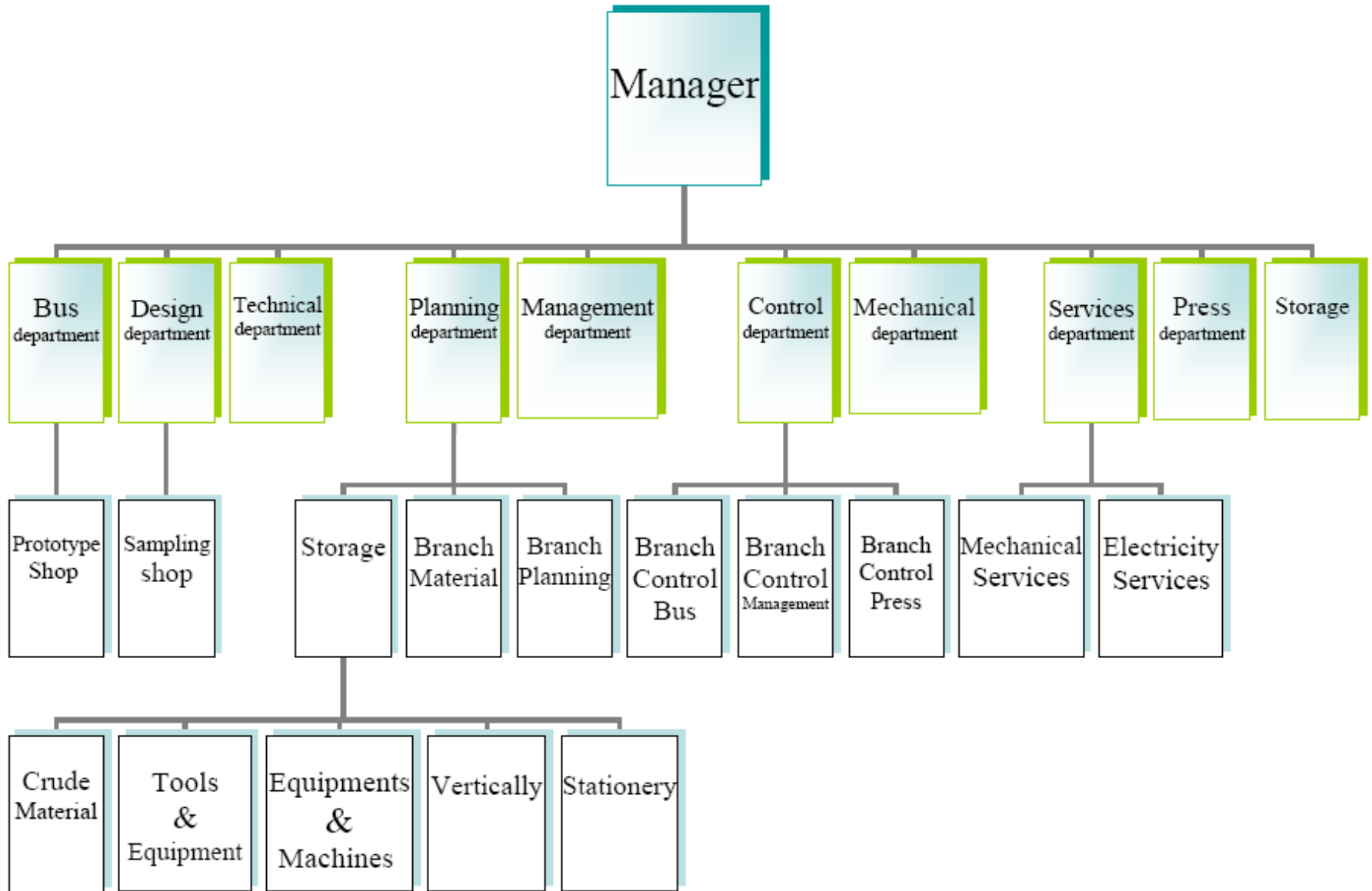
Part II: Buses Factory.

1- Location data

- Country	- Iraq
- City	- Babylon
- Address	- Iskandaryah
- Name of plant	- State company for automotive industry/Buses factory
- Total area	137375 m²
- Covered area and building	37130 m²
- Design capacity	Product/1500(city and inter city buses) unit/year
Contact person at Iraq S.C.A phone:	020270062 020270057
E- Mail:	SCAI- Iraq@yahoo.com

2-Main production lines

	Technical data
1- Body building line/conveyor system	<ul style="list-style-type: none"> - one line of 12 station. - jigs, fixtures. - Welding machines mig –mag, no30 semi automatic. - material- handling: for; lift, over head crane.
2- Manufacturing line	<ul style="list-style-type: none"> - equipment: sheer machines, bending drilling, nibbling saw, presses(60,110,250 tons)
3- Sheeting line. Convey or system	<ul style="list-style-type: none"> - one line of 12 station. - skeleton painting station. - Welding machines mig –mag, no30 semi automatic. - sheets heating machine. - over head crane no 2 with capacity of 5 tons. - spot welding machines.
4- Paint shop/ conveyor system	<ul style="list-style-type: none"> - one line u shape 24 station. - hand primed. -temperature C 80. - cycle time 80 minutes. - spraying technology:conventional air spraying. - conveyor system: floor electrical conveyor.
5- trim line	<ul style="list-style-type: none"> - 2 line 24 stations, conveyor system. - Arrangement of tools/ power supply: pneumatic, electrical powered tools.



3- Covered area and building

	Description	Area M2	Type of building
1.	Technical office	924	Traditional brick building
2.	Production management	60	Traditional brick building
3.	Porto – type work shop	680	Bick and steel structure
4.	Mechanical and electrical maintenance	1530	Bick and steel structure
5.	Restaurant	592	Traditional brick building
6.	Carpentry work shop	630	Bick and steel structure
7.	Buses material store	1986	Bick and steel structure
8.	Bus body factory: - Body building line. - Sheeting line. - Painting line. - Trimming line.	2344	Bick and steel structure
9.	Compressors room	120	Traditional brick building
10	Press shop	2680	Bick and steel structure
11	Mechanical work shop	3982	Bick and steel structure
12	G.M- project management	520	Sandwich panel
	Total	37130	sq meter

4- Personnel

	Level	Number
1-	Employees (administration)	38
2-	Engineers	52
3-	Technician	368
4-	Unskilled	384
Total = 870		

5- Working hours

- **Working days 250 Per year**
- **No of shifts 1 Per day**
- **I st shift 8 Hrs**

6- Machines

No	Name	Year start working	Situation
1-	Reciprocating cutting m/c	1983	Out of service
2-	Reciprocating cutting m/c	1983	Out of service
3-	Reciprocating cutting m/c	1983	Unready
4-	Reciprocating cutting m/c	1983	Unready
5-	Mechanical press 110 ton	1983	Out of service
6-	Mechanical press 110 ton	1983	Out of service
7-	Hyd. Press 250 ton	1983	Out of service
8-	Hyd. Press 250 ton	1983	Out of service
9-	Mechanical press 110 ton	1983	Out of service
10-	Mechanical press 110 ton	1983	Out of service
11-	Mechanical press 110 ton	1983	Out of service
12-	Hyd. Press 160 ton	1983	Out of service
13-	Hyd. Press 250 ton	1983	Out of service
14-	Hyd. Press 20 ton	1983	Unready
15-	Radial drilling m/c	1983	Out of service
16-	Radial drilling m/c	1983	Out of service
17-	Radial drilling m/c	1983	Out of service
18-	Profile cutting m/c	1983	Out of service
19-	Metal sawing m/c	1983	Unready
20-	Metal sawing m/c	1983	Unready
21-	Metal sawing m/c	1983	Unready
22-	Metal sawing m/c	1983	Unready
23-	Plate rolling m/c	1983	Unready
24-	Plate rolling m/c	1983	Out of service
25-	Trailing carriage	1983	Unready
26-	Trailing carriage	1983	Out of service
27-	Drilling m/c	1983	Out of service
28-	Reciprocating vibrating m/c	1983	Out of service
29-	Metal sawing m/c	1983	Unready
30-	Bus side panel sheet metal stretching m/c	1983	Out of service
31-	Small part cleaning, phosphate coat and painting	1983	Out of service
32-	Over head crane 2 ton	1983	Unready

33-	Over head crane 5 ton	1983	Out of service
34-	Over head crane 5 ton	1983	Unready
35-	Over head crane 5 ton	1983	Unready
36-	Over head crane 5 ton	1983	Out of service
37-	Over head crane 5 ton	1983	Out of service
38-	Over head crane 5 ton	1983	Unready
39-	Over head crane 5 ton	1983	Unready
40-	Bench grinding m/c	1983	Out of service
41-	Bench grinding m/c	1983	Out of service
42-	Bench grinding m/c	1983	Out of service
43-	Bench grinding m/c	1983	Unready
44-	Bench grinding m/c	1983	Unready
45-	Profile cutting m/c	1983	Unready
46-	Profile cutting m/c	1983	Out of service
47-	Profile cutting m/c	1983	Unready
48-	Profile cutting m/c	1983	Unready
49-	Profile cutting m/c	1983	Out of service
50-	Profile cutting m/c	1983	Unready
51-	Profile cutting m/c	1983	Out of service
52-	Bending m/c	1983	Out of service
53-	Bending m/c	1983	Unready
54-	Bending m/c	1983	Unready
55-	Bending m/c	1983	Unready
56-	Bending m/c	1983	Unready
57-	Bending m/c	1983	Unready
58-	Floor conveyer system 1150 length	1983	Out of service
59-	Painting line 24 station	1983	Out of service
60-	Waste water treatment	1983	Out of service
61-	Repair paint booth	1983	Out of service

Bus bodies building factory / machines

No	Name	Year start working	Situation
1-	Milling m/c	1983	Out of service
2-	Milling m/c	1983	Out of service
3-	Milling m/c	1983	Out of service
4-	Milling m/c	1983	Out of service
5-	Milling m/c	1983	Out of service
6-	Lathe m/c	1983	Out of service
7-	Lathe m/c	1983	Out of service
8-	Lathe m/c	1983	Out of service
9-	Lathe m/c	1983	Unready
10-	Lathe m/c	1983	Out of service
11-	Lathe m/c	1983	Out of service
12-	Lathe m/c	1983	Out of service
13-	Lathe m/c	1983	Unready
14-	Lathe m/c	1983	Unready
15-	Lathe m/c	1983	Unready
16-	Lathe m/c	1983	Unready
17-	Lathe m/c	1983	Out of service
18-	Lathe m/c	1983	Out of service
19-	Lathe m/c	1983	Out of service
20-	Lathe m/c	1983	Out of service
21-	Drilling m/c	1983	Out of service
22-	Drilling m/c	1983	Unready
23-	Drilling m/c	1983	Unready
24-	Drilling m/c	1983	Unready
25-	Drilling m/c	1983	Out of service
26-	Drilling m/c	1983	Out of service
27-	Drilling m/c	1983	Unready
28-	Drilling m/c	1983	Out of service
29-	Radial drilling m/c	1983	Out of service
30-	Dise saw m/c	1983	Unready
31-	Profile cutting m/c	1983	Unready
32-	Reciprocating saw m/c	1983	Out of service
33-	Reciprocating saw m/c	1983	Out of service
34-	Reciprocating saw m/c	1983	Unready
35-	Grinding m/c	1983	Unready
36-	Surface grinder m/c	1983	Unready
37-	Surface grinder m/c	1983	Out of service
38-	Hyd. press	1983	Unready
39-	Hyd. press	1983	Unready

40-	Bench grinding m/c	1983	Unready
41-	Bench grinding m/c	1983	Unready
42-	Bench grinding m/c	1983	Out of service
43-	Bench grinding m/c	1983	Unready
44-	Bench grinding m/c	1983	Out of service
45-	Bench grinding m/c	1983	Unready
46-	Bench grinding m/c	1983	Unready
47-	Bench grinding m/c	1983	Unready
48-	Over head crane 5 ton	1983	Unready
49-	Over head crane 5 ton	1983	Out of service
50-	Cutting m/c	1983	Out of service
51-	Universal cutting m/c	1983	Out of service
52-	Sharpening m/c	1983	Unready
53-	Sharpening m/c	1983	Unready
54-	Sharpening m/c	1983	Unready
55-	Sharpening m/c	1983	Unready
56-	Wire cutting m/c	1983	Unready
57-	Copying m/c	1983	Unready
58-	Universal cutting m/c	1983	Out of service
59-	Surface chipping m/c	1983	Out of service
60-	Profile and shooting cleaning m/c	1983	Out of service
61-	Pneumatic press	1983	Out of service

Press shop

No	Name	Year start working	Situation
1-	Press 100 ton Mech.	1983	Out of service
2-	Press 100 ton Mech.	1983	Out of service
3-	Press 100 ton Mech.	1983	Out of service
4-	Press 100 ton Mech.	1983	Out of service
5-	Over head crane 10 ton	1983	Out of service
6-	Over Head crane 32 ton	1983	Out of service
7-	Gantry crane 10 ton	1983	Unready

Carpentry work shop

No	Name	Year start working	Situation
1-	Sewing m/c	1983	Out of service
2-	Sewing m/c	1983	Out of service
3-	Dise wood cutting saw m/c	1983	Out of service
4-	Dise wood cutting saw m/c	1983	Out of service
5-	Dise wood cutting saw m/c	1983	Out of service
6-	Wood cutting blade saw m/c	1983	Unready
7-	Saw blade fitting m/c	1983	Unready
8-	Wood dust suction system	1983	Unready
9-	Universal wood m/c	1983	Out of service
10-	Wood panel m/c	1983	Unready
11-	Bench grin ding m/c	1983	Out of service
12-	Blade saw m/c	1983	Unready
13-	Saw blade welding m/c	1983	Out of service
14-	Saw blade welding m/c	1983	Out of service
15-	Wood Iathe m/c	1983	Unready

Carpentry work shop

No	Name	Year start working	Situation
1-	Lathe m/c	1983	Out of service
2-	Lathe m/c	1983	Out of service
3-	Milling m/c	1983	Out of service
4-	Milling m/c	1983	Out of service
5-	Plate cutting m/c	1983	Out of service
6-	Reciprocating cutting m/c	1983	Out of service
7-	Surface grinding m/c	1983	Out of service
8-	Metal approaching m/c	1983	Out of service
9-	Pneumatic m/c	1983	Out of service
10-	Dise saw m/c	1983	Out of service
11-	Reciprocating saw m/c	1983	Out of service
12-	Rolling m/c	1983	Out of service
13-	Bench grinding m/c	1983	Out of service
14-	Drilling m/c	1983	Out of service
15-	Bend m/c	1983	Out of service
16-	Dise saw m/c	1983	Out of service

Part III: Trucks Bodies Factory.

Area:-

- Total area:- 185000 m²
- Covered area and building:- 8483m²

Production lines:-

- 1- Manufacturing semi- trailer.
With sides of capacity 35 Tons.
- 2- Manufacturing semi- trailer.
With out sides of capacity 35 Tons.
- 3- Reconditioning semi- trailer.
- 4- Manufacturing tipping body.
The Manufacturing of tipping body started this year upon arrival of(S.K.D) parts consignment prom Turkey.
- 5- Other works :- steel structure

Factory departments:-

- 1- Production department.
- 2- Technical department.
- 3- Planning department.
- 4- Administrative department.
- 5- Quality department.
- 6- Maintenance department.

Production departments:-

- 1- Sheer machine.
- 2- Bending machine.
- 3- Saws.
- 4- Welding machine.

- 5- Fixtures for assembling and manufacturing.
Semi – trailer and tipping bodies.**
- 6- Two compressors each one 19 m³/min.**
- 7- Water treatment plant with capacity of 50m³/h.**

Production:-

- 1- The factory was founded in 2002 to produce fixed and tipping bodies/ semi-trailer with sides and with out sides.**
- 2- Factory produces semi- trailer of 35 Tons with Quantity of 190 unit The factory performs also reconditioning of Semi- trailer of 35 Tons with Quantity of 100 unit.**

Recommended Rehabilitation Works

	<u>Quantity</u>
1- Over head cranes with capacity of 5 tons	4
2- Cutting sheer machine 15X3000.	1
3- Cutting sheer machine 6X30000.	2
4- Rolling machine 25X3000.	2
5- Disc saw cutting machine.	2
6- Reciprocating saw with capacity of 15mm.	1
7- Electrical grinding machine 15X3000.	1
8- Arc welding machine.	30
9- Plasma – arc cutting with capacity 25 mm.	2
10- Drilling machine.	2
11- Air compressor of capacity 1 m ³ /min.	2
12- Generator of capacity 500 KVA.	1
13- Oxyacetylene cutting .	3
14- Automatic fire fighting system.	
15- Milling machine.	2
16- Lathe machine.	2
17- Fixed – drilling machine of 23 mm capacity.	2
18- Painting spray gun with tank capacity 10 litter.	2
19- Electrode heating oven .	2
20- Fixed – grinding machine	3
21- Fork lift 3 tons.	2
22- Fork lift 5 tons.	1
23- Pick – up car of one tons.	2
24- Pick – up car of 2 tons .	1
25- Furniture.	
26- Civil engineering works include renovation and restoration for the existing buildings with its facilities.	
27- Maintenance the existing machine and to supply measuring and testing equipment.	
28- Supply electricity generator of 750 KV.A.	

Annex - No.(2)
Law No.(13) of 2006.

Unofficial translation

In the name of people

Presidency Counsel

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

No. (13) of 2006 The Investment Law

Chapter One

Definitions

Article (1)

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

A: The Council :the Council of Ministers

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

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

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

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

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

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

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

I: The foreign Investor: is the investor who does not hold the Iraqi nationality in the case of real person, and is registered in a foreign country in the case of a juridical or legal person.
J: The Iraqi investor: is the investor who holds Iraqi Nationality in case of real person, and registered in Iraq in case of a juridical or legal person.
K: Taxes and duties: all kinds of taxes and duties imposed according to applicable laws.
L: The designed production capacity: is the production capacity designed within a specific unit of the time (hour, day.....etc) in accordance to what is fixed in the documents incoming with the machine of the supplier and the feasibility study of the project.
M: Investment Portfolio: A collection of investments in shares and bonds.
N: Investment: is the investment of capital in any economic activity or project that results in a legitimate benefit for the country.

Goals and Means

Article(2)

This law aims at the following:-

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

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

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

Fourth: To protect the rights and properties of investors.

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

Article 3

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

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

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

Chapter Two

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

Article 4

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

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

Third:

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

- I. The salary scale and entitlements of the Commissions employees shall be determined by a decision of the Prime Minister based on a proposal from the Chairman of the National Commission for Investment.

Fourth:

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

Fifth:

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

Article 5

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

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

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

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

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

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

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

Article 6 :

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

Article 7 :

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

Article 8 :

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

Article 9 :

The Commission shall promote investment through the following:-

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

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

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

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

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

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

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

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

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

Chapter Three

Privileges and guarantees

Article 10:

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

Article 11:

The investor shall enjoy the following benefits:-

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

Second: The foreign investor shall have the right to :

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

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

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

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

Article 12:

This law shall guarantee the following for the investor:-

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

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

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

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

Article 13:

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

Chapter four

Investor Obligations

Article 14:

The Investor shall observe the following:-

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

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

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

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

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

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

Seventh: Commitment to the correspondence of the work progress schedule submitted by the investor with reality provided that the time difference shall not exceed six months, the National

Commission for Investment shall set forth punitive conditions in case of exceeding the six – month period and the Commission shall have the right to withdraw the license.

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

Chapter Five

Exemptions

Article 15:

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

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

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

Article 16:

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

Article 17:

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

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

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

adding new machines and devices or parts thereof with the aim of raising the productive efficiency or improving and developing the quality of the products and services.

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

Article 29:

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

First: Investment in Oil and Gas extraction and production.

Second: Investment in banks and insurance companies sectors.

Article 30:

The council of Ministers may.

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

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

Article 31:

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

Article 32:

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

Article 33:

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

Article 34:

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

Article 35:

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

Article 36:

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

Justifying Reasons

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