

**U.S.-IRAQ BUSINESS AND INVESTMENT CONFERENCE  
FINAL CONFERENCE SUMMARY**

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# **U.S.-IRAQ BUSINESS AND INVESTMENT CONFERENCE FINAL CONFERENCE SUMMARY**

## **I. SUMMARY**

The U.S.-Iraqi Business and Investment Conference (BIC) was held October 20 and 21, 2009 in Washington D.C., with opening addresses by the Secretary of State Hillary Rodham Clinton and Iraqi Prime Minister Nouri al-Maliki, joined by Iraq's National Investment Commission (NIC) Chairman Dr. Sami al-Araji, U.S. Department of Commerce (USDOC) Deputy Secretary Dennis Hightower, and U.S. Department of Defense (USDOD) Deputy Under Secretary Paul Brinkley. USDOC Secretary Gary Locke, National Security Advisor James Jones, and other dignitaries were featured as luncheon speakers.

The BIC provided the first forum of its kind to connect the U.S. private sector with representatives from the Iraqi government (GOI), provinces, and private sector. The BIC attracted over 1,100 registered private sector participants, U.S. Government and GOI Cabinet-level attendance, and wide press coverage. The BIC included four panel sessions, 12 sector-specific break-out sessions, and over 200 separate business-to-business meetings through the USDOC matchmaking service. As a follow up, the USDOC Deputy Secretary plans to lead a trade delegation to Iraq the summer of 2010.

## **II. PARTICIPATION**

Conference participants numbered approximately 1,100 (with registration reaching space capacity). Participants included:

- 90 GOI and provincial government officials;
- 103 Iraqi business people;
- 700 U.S. and other non-Iraqi private business people; and
- 125 USG officials and 75 other VIPs.

The Iraqi official delegation led by Prime Minister Maliki, Finance Minister Jabr, and NIC Chairman Al-Araji -- also included:

- Iraq Central Bank Chairman Sinan al-Shabibi;
- Six GOI ministers for Finance, Trade (Acting), Oil, Electricity, Agriculture, and Municipalities, and other deputy ministers and officials;
- Seven members of the Council of Representatives;
- 18 provincial governors and 15 chairs of provincial investment commissions; and
- Kurdistan Regional Government (KRG) ministers (Planning, Water Resources, and Electricity) and the Chairman of the KRG Investment Board.

## **III. MEDIA COVERAGE:**

Approximately 162 reporters, cameramen, sound engineers, and photographers registered to cover the BIC. Notable broadcasts included: CNBC; C-SPAN; Bloomberg; and Al-Iraqiya. CNBC aired a 30-minute follow-up special, "Erin Burnett on Assignment in Iraq," on November 20. Interviews organized with print, broadcast and on-line media included: eight with Oil Minister Shahrastani; two with NIC Chairman Al-Araji; and 18 with U.S. officials and company representatives.

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### **IV. OPENING ADDRESSES:**

Secretary Clinton's opening remarks stressed:

- cooperation under the Strategic Framework Agreement;
- USG support for Iraq's economic development and full integration into the global economy;
- progress and potential in Iraq's information and communications technology (ICT) sector;
- the January 2010 launching of a U.S.-Iraqi internship program in U.S. technology start-ups to promote entrepreneurship;
- improvements in Iraq's security situation;
- confidence in GOI efforts to make Iraq's business environment increasingly secure, accountable and attractive;
- passage of the amendments to the Iraqi National Investment Law, which included land ownership for commercial housing development; and
- the importance of Iraq passing a comprehensive hydrocarbons law and making progress on the Extractive Industries Transparency Initiative.

Iraqi Prime Minister Nouri al-Maliki underscored:

- progress in Iraq's security situation and the Status of Forces Agreement;
- bilateral cooperation guided by the Strategic Framework Agreement;
- improvements in the Iraq economy, GDP growth rates, GDP per capita, employment rate, and internal market demand;
- market-based private sector development;
- GOI attention to previously-neglected sectors such as agriculture, health, housing, and ICT/telecom;
- Iraq's need for FDI to bridge the gap between its national budget and capital development requirements;
- the Council of Representatives (CoR) recent passing of an Amendment to the 2006 Law on Investment #13, including permitting land rental and ownership for commercial development, as well as a ten-year tax holidays for investors;
- bilateral agreements for protecting investments; and
- Iraq's great potential as an oil and gas producer and as a market of 28 million consumers.

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**V. PANEL DISCUSSIONS**

**1. Doing Business and Investing in Iraq**

*Moderator:* Ambassador Patricia Haslach, Coordinator for Assistance Transition,  
U.S. Embassy Baghdad

Dr. Sami al-Araji, Chairman, National Investment Commission  
Harish Muharan, Chairman, KRG Investment Board  
John McAdams, Senior Vice President, U.S. Export-Import Bank  
James Moran, Chief of Staff, Overseas Private Investment Corporation  
Carl Kress, Regional Director, U.S. Trade Development Agency

Notes:

- U.S. Embassy Baghdad Coordinator for Assistance, Ambassador Patricia Haslach – noting continuing improvement in security and economic conditions along with Iraq’s great potential in hydrocarbons and agriculture -- stressed that investors need the GOI to demonstrate that Iraq is truly “open for business.”
  
- NATIONAL INVESTMENT COMMISSION (NIC):  
The NIC Chairman, Dr. Sami al-Araji, said that since oil revenues would fall short of Iraq’s capital needs for infrastructure, Iraq must seek investment through foreign direct investment (FDI), the Iraqi Diaspora, public-private partnerships, and private sector development of small and medium enterprises (SMEs). He stressed the need for a clear understanding of Iraq’s legal and administrative environment. Araji announced a proposed GOI tender of \$25 billion to build 500,000 housing units throughout Iraq, offering investors \$6.25 billion in profit. The NIC stimulus package for public-private partnerships with a delayed payment scheme is still being drafted, but all state-owned enterprises (SOEs) would be candidates for partnerships, he said. There are also 38,000 Iraqi SMEs needing investment to be restarted. The GOI offers three guarantees to investors: the protections contained in the investment law itself; bilateral agreements; and those offered by the Multilateral Investment Guarantee Agency (MIGA). Araji suggested that the U.S. Export-Import Bank (US-EXIM) and Overseas Private Investment Corporation (OPIC) could provide additional support and protections to U.S. investors. Araji asserted that contracts signed under the current government would be honored under the next government and no company would be blacklisted. The NIC is working out administrative details to set up a one-stop shop for company registration and licensing, but does not yet have a timeframe.
  
- KURDISTAN REGIONAL GOVERNMENT:  
Harish Muharan, chairman of the Kurdish Regional Government (KRG) Investment Board, highlighted investment success stories and future opportunities in the KRG as a safe and secure location to enter the Iraq market and as a gateway to investment in the rest of Iraq. Muharan detailed a KRG investment project to build housing for low income and needy people. He congratulated the KRG Minister of Electricity for successfully negotiating build-own-operate contracts for power plants. The KRG Investment Board can serve as one-stop-shop for investors in the KRG region and has contracted international consulting firms to identify sector problems and solutions. The KRG will soon announce a long-term strategic investment plan, Muharan added. The investment

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plan will promote transparency, ensure proposed projects are distributed to 18 agencies for approval or rejection, and provide justifications to investors for the decisions made.

- **US-EXIM/OPIC/USTDA:**
  - John McAdams, senior vice president of the U.S. Export-Import Bank (EXIM), said EXIM is not currently open for business in Iraq and is waiting for the International Monetary Fund's (IMF) report in order to begin its own review of Iraq. EXIM is discussing possible creation of a fund for projects with several credit agencies.
  - John Moran, Overseas Private Investment Corporation (OPIC) Chief of Staff, said OPIC is open for business in Iraq, has several ongoing projects, and is interested in supporting more. OPIC does not initiate projects, but requires a private sector sponsor with significant U.S. participation. OPIC offers a number of financing and insurance options for investors, including political risk insurance.
  - Carl Kress, U.S. Trade Development Agency (USTDA) Regional Director, said USTDA fosters partnerships to support economic development and aims to make connections between the needs of countries and the goods and services offered by U.S. companies. In Iraq, USTDA so far has focused on training and orientation visit (OV) programs, but would like to consider ad hoc applications for grant-funded feasibility studies. The \$8.5 million that USTDA obligated in recent years in Iraq has resulted in close to \$100 million worth of U.S. exports to Iraq.

### **2. U.S. Business Experience**

*Moderator:* Paul A. Brinkley, Deputy Under Secretary of Defense, Director, Task Force for Business and Stability Operations (TFBSO)

Nabil Habayeb, President & CEO for Africa/Middle East, General Electric

Rick Vierbuchen, Vice President, Upstream Ventures, ExxonMobil

Robert Meaney, Senior Vice President, Valmont Irrigation

Robert Kelly, CEO, Summit Corp

Lodovico Tarabini, Business Director, Middle East, Case New Holland

Donald A. Galvanin, Sales Director Middle East & Africa, The Boeing Company

#### Notes:

- General Electric (GE): President & CEO for Africa/Middle East, Nabil Habayeb, noted that GE has been working in Iraq since the early 1970s. Habayeb said: Iraq is rich in both resources and talented people; businesses should partner with Iraqis and help develop talent within Iraq; U.S. business should be passionate and patient; and businesses should work closely with the relevant Iraqi ministries.
- Valmont Irrigation: Senior Vice President Robert Meaney described Valmont's projects and emphasized Iraq's potential as an "agriculture powerhouse," with its good land, adequate water, good farmers, good potential markets, and recent developments of downstream production and animal husbandry practices. Iraq agriculture must modernize by embracing new modern technology, especially genetic farming practices and water management.
- Case New Holland: Senior Vice President Joseph Samora noted his company has over 12,000 tractors to Iraq, and advised taking a long-term business approach with attention to local needs.

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- Boeing Company: Sales Director Middle East & Africa, Donald A. Galvanin said Boeing signed a contract in 2007 for the GOI to buy thirty 737 and ten 787 airplanes. The GOI formed a committee which administers the contract and works with Boeing on payments and further negotiations. Boeing is also helping Iraq rebuild its aviation infrastructure. Overall, Boeing has had a positive experience working in Iraq and it plans for a long-term lasting partnership, while stressing the need to be patient.
- Summit Corp: CEO Robert Kelly, who lived in the international zone of Baghdad for two years, identified the need for a major hotel within Baghdad's International Zone for visiting businessmen and delegations. Summit Corp approached the National Investment Commission (NIC), and filed an application for \$100 million to construct a hotel, and obtained a 50-year land lease in the international zone. Kelly stressed the importance of such projects that generate jobs for Iraqis.

### 3. Regulatory and Legal Overview

Moderator: Dr Araji, NIC Chairman

Dr. Fadel M. Jawad, Legal Advisor to the Prime Minister

David Tafuri, Patton Boggs LLP

#### Notes:

- NIC Chairman Dr. Araji moderated panelists Dr. Fadel M. Jawad, Legal Advisor to the Prime Minister, and David Tafuri, partner with Patton Boggs LLP. Araji said that, as a step to help settle business disputes, Iraq is considering the creation of special courts that would work entirely on investment, business, and finance issues. He asserted that there is full coordination between GOI and the regional governments, and especially with the Kurdistan Regional Government (KRG).
- The PM's Legal Advisor Jawad observed that Iraqi Civil Law is based on the French model. Iraq's legal codes and tribunals are independent, and no one is exempt from the law, he stressed. Addressing commonly-voiced concerns, he assured attendees that the GOI could not and would not blacklist foreign companies. Full legal protection will be provided for all investors and foreign businesses have the right of legal action if any problems do arise, he stated. Jawad highlighted investment opportunities in the oil sector, noting that Iraq has two laws regarding investing in refineries, which allow for some exemption from taxes and duties.
- Patton Bogg's partner David Tafuri recommended that businesses first go to the NIC to inquire about licenses that can exempt business from taxes and allow employment of foreign (non-Iraqi) workers. He noted:
  - The simplest way to establish a commercial presence in Iraq is to register as a trade representative office. The next step is to incorporate or form a branch office. Investors should obtain an investors license.
  - Foreign workers no longer have immunity from Iraqi laws.
  - Iraq's tax system is somewhat antiquated, but currently being updated. Limited liability company profits are taxed at 15 percent.
  - Landownership will be allowed for housing projects.
  - Iraq ranks near the bottom on the Global Transparency Index, but it is taking positive steps to improve its standing.

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- Business entry visa processing often takes several weeks to months, but the GOI is working to reduce the time to 72 hours. A GOI letter of approval can help speed up the process.
- Tafuri also referred to his article, “Doing Business in Iraq: 10 Smart Rules,” in Business Week, September 14, 2009.

#### **4. Banking in Iraq: Opportunities for Investors**

*Moderator:* Kristopher Haag, U.S. Department of Defense, TFBSO

Wadee Al Handal, Chairman, Ashur International Bank

Younes Brouche, Chairman, Bank of Baghdad

Atheer Al Qaudi, CEO, Al Amwal for Electronic Banking Services, LLC

Mohammed Issa, Deputy Managing Director, Warka Bank

Ali Moosa Hussain, Regional Manager, JP Morgan

Hussein Qaragholi, Iraq Business Head, Abu Dhabi Islamic Bank

Ed Maloney, Director, Citibank

*Notes:*

- The panel highlighted Iraq’s current situation and progress in improving financial services: anti-money laundering capability; prospects for the housing finance market; issuance of Iraqi Government bonds; more connections and integration with international financial system; introduction of MasterCard and Visa; increasing number of domestic banks with international correspondence banks; introduction of mobile banking and other electronic banking services, payments, and ATM machines; letters of credit; and trade and foreign exchange services. The representatives underscored future opportunities in: moving from a cash-based economy, project financing, housing mortgage financing, government bonds, and potential for the Iraq stock exchange.

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**SECTOR BRIEFS**

**VI. SECTOR BRIEFS:**

**1. Agriculture and Water Resources**

*Moderator:* Stan Philips, U.S. Department of Agriculture

Dr. Akram Mousa Hadi Al-Hakim, Minister of Agriculture

Tahsin Ali, Minister of Water Resources, Kurdistan Regional Government

Faysal Naser, Deputy Minister of Agriculture

Nawzad Mawlud, Governor of Erbil

Jamal Idbayyis, Chairman, Karbala Provincial Investment Commission (PIC)

This sector discussed challenges and opportunities within Iraq's agricultural and water sectors, including:

- improving infrastructure for animal and plant production, development of efficient irrigation systems, and conservation initiatives to slow the effects of drought;
- negotiating water laws with upstream countries;
- a strategic plan for Kurdistan's agricultural sector, with eight proposed hydroelectric dams for irrigation and energy sources;
- recycling wastewater and desalinization of seawater;
- drought-resistant crops;
- replenish-able groundwater, spray and drip irrigation technology, and harnessing solar energy in irrigation systems; and
- procedures for investment in agriculture and water resources under newly-amended Iraqi Investment Law.

**2. Industry, Manufacturing and Minerals**

*Moderator:* John Lyons, U.S. Department of Defense, TFBSO

Dr. Sami al-Araji, Chairman, National Investment Commission

Qasim Abed, Governor, Anbar Province

Sattar al-Radi, Chairman, Wasit PIC

Dr. Hamid Anbari, Mr. Basim Anbon, and Mr. Raghieb Blaibl, Members of  
Committee on Economic, Investment and Reconstruction Affairs

This session highlighted six sectors under the Ministry of Industry: petro-chemicals, construction and cement engineering, food processing, pharmaceuticals, textiles, and fertilizers. Iraq's sulfur reserves rank first in the world and its phosphate reserves rank second. Iraq has a large domestic market and basic raw materials for industrial products such as cement, fertilizers and glasses, but low industrial infrastructure for production to meet demand. The U.S. Geological Survey is conducting a survey on Iraq's non-fuel mineral resources and could offer specialists to draft a mining law. Dr. Sami called for foreign partnerships to modernize Iraq's factories.



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### **3. Trade and Commercial Opportunities**

Moderator: Brian McCleary, U.S. Department of Commerce  
Dr. Safa al-Safi, Minister of Trade  
Abdulhadi Al-Humairi, Advisor, Ministry of Trade  
Salman Nasser, Governor of Hilla  
Adel Dakhil, Chairman of Muthanna PIC

Acting Minister of Trade, Dr. al-Safi encouraged U.S. companies to work with his Ministry. He stated that the newly- amended investment law would reduce time required for registrations and licensing. Al-Safi encouraged businesses to set up manufacturing facilities in Iraq based on local resources and employees, especially for construction industry, rather than just focusing on exports to Iraq. Companies must demonstrate their record of reliability, avoid illegal practices that could harm their reputation, work with local partners, and use lawyers accredited in Iraq, he advised. Commercial disputes could be addressed by ministries and the Iraqi judiciary, by explicit arbitration clauses in contracts, and by cooperation between the Trade Ministry and the U.S. Embassy, said Safi. He called for quicker approval of U.S. business visas for Iraqis. Embassy Baghdad's Commercial Attaché Brian McCleary said USDOC already has met with many Iraqi businessmen and -women seeking partnerships with U.S. companies. USDOC sees significant opportunities for trade and investment in a wide range of Iraq's sectors, and will sponsor U.S. trade missions to Iraq and Iraqi delegations to the USA.

### **4. Housing and Construction**

Moderator: Kurt Usowski, U.S. Department of Housing and Urban Development  
Mr. Riadh Gharib, Minister of Municipalities  
Istabraq Alshouk, Deputy Minister of Housing & Construction  
Salah al-Hameed, Governor, Baghdad Province  
Naeem al-Kaabi, Mayorlity of Baghdad, Deputy Mayor of Baghdad  
Shakir Zamili, Chairman, Baghdad PIC  
Adil Mohammed, Chairman, Muthanna PIC

This sector noted Iraq's need for assistance to address its major housing shortage of 3.5 million units, including one million in Baghdad itself. Iraq also plans for major construction projects including hotels, parks and gardens, tourist attractions, hospitals, schools, and malls. Obstacles include short supply of building and construction material and equipment, low capacity, and a shortage of skilled labor. Baghdad city alone has provided \$600 million to finance projects, and has formed an Investment Committee to oversee and manage about 1,000 building and construction projects -- including a 200-bed hospital and 16 schools. Leases for 50 or 99 years can be offered to foreign businesses for any of these building and construction projects.

### **5. Oil/Gas Upstream and Downstream**

Moderator: Alan Hegburg, U.S. Department of Energy  
Dr. Hussain al-Shahristani, Minister of Oil  
Ahmed al-Shamma, Deputy Minister of Oil  
Shiltagh al-Zaidi, Governor, Basrah Province  
Hayder Fadhil, Chairman, Basrah PIC  
Representative from the Committee on Oil, Gas, and Natural Resources

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Minister of Oil Dr. Hussain al-Shahristani said that: the next oil and gas bid rounds were on-track; all international oil companies (IOCs) working in Iraq will be treated equally; and the 35 percent tax on IOCs is limited to the profit based on the maximum remuneration fee, as written into the model contracts. The Council of Representatives (CoR) passed a law on investment in refineries, which allows companies to build and own refineries anywhere in Iraq, to purchase crude from the government at a discounted rate, and to sell products in domestic and export markets, he said. Shahristani said the Council of Ministers (CoM) has the authority to approve contracts, without additional CoR approval. Basrah Governor Shiltag al-Zaidi welcomed U.S. investor interest in Basrah Province's oilfields. CoR Oil and Gas Committee Deputy Chairman Abdul Hadi al-Hassani said that, despite failed efforts so far to pass hydrocarbons legislation, contracts in the oil and gas sector could go forward, as they had with BP, and that the CoR would facilitate and not hinder investment. Deputy Minister of Oil Ahmed al-Shamaa underscored Iraq's need for investment in refineries, including replacements and additions for three existing refineries, and to produce unleaded gasoline and reduce sulfur content. The ministry is open to joint ventures and Build-Operate-Transfer (BOT) contracts. They also seek investment in natural gas facilities, pipelines, refineries, and compressor stations.

### **6. Transportation and Logistics**

Moderator: Laurent Charbonnet, U.S. Embassy Baghdad

Dr. Sami al-Araji, Chairman, National Investment Commission

On "Transportation and Logistics," NIC Chairman Dr. Sami Al-Araji noted investment opportunities in Iraq's infrastructure for: airports, with plans to build major airports in each province to encourage more tourism, especially religious tourism in Najaf and Karbala; seaports, including bidding on a new seaport soon; and on rail systems, in addition to current contracts with Germany. Although Iraq needs trucks to transport construction materials, there is still no timetable for changing the current law that bans imports of equipment over two years old, he said. A Boeing representative noted that Iraq successfully signed a large contract to purchase Boeing planes after overcoming many challenges. Dr. Araji called for setting up relations between "twin" provinces/states in Iraq and the United State to boost investments and cooperation between states with similar industries, such as for Basra and Texas in the oil industry. In response to concerns that a contract with RusAviation is stifling business operations in Iraq, Dr. Araji asserted that anything that discourages development in Iraq would be taken to the Council of Ministers for discussion where decisions would be made on a cost/benefit analysis and Iraqi national interest.

### **7. Tourism**

Moderator: Laurent Charbonnet, U.S. Embassy Baghdad

Humoud al-Yakobi, Deputy Minister of State for Tourism and Antiquities

Amaal Hameed, Governor, Karbala Province

Adnan Khudhar, Governor, Najaf

Fadhil Alfadhel, Chairman, Najaf Provincial Investment Commission

Raof Osman Marof, Deputy Chairman of the CoR Committee on Culture, Media,  
Tourism and Archaeology Committee

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The “Tourism” Sector Brief noted recently passed legislation to encourage expansion of tourism in Iraq for religious sites, archeological sites, nature areas, and even medical treatment. On average about 3,000 people visit Iraq daily for religious tourism, with total annual tourism revenues around \$1 billion. Karbala - with the holy shrines of Ali, Hussein, and Abbas, and the holy days event of Arba’een after Ashura - and Najaf have a great shortage of hotels in all price ranges, as well as shopping malls and retail outlets for the existing flow of tourists. International-brand hotel chains are still slow in considering building hotels in Iraq. Two new hotels built by a Lebanese company in Karbala had over 900 visitors during their first week.

### **8. Finance & Banking Services**

Moderator: Kevin Taecker, Senior Advisor, Office of Iraq Affairs, Department of State  
Baker Mohammed Jabor Al Zubaidy, Minister of Finance  
Dr. Sinan Al-Shabibi, Governor of the Central Bank of Iraq  
Othman Hussein, Minister of Planning, Kurdistan Regional Government  
Hussein al-Azri, Chairman, Trade Bank of Iraq  
Mohammed al-Sudani, Governor, Maysan Province  
Representative from the Committee on Financial Affairs

In the “Financing and Banking Services” Sector Brief, Minister of Finance, Bakr Mohammed Jabr Al-Zubaidy, and Governor of the Central Bank of Iraq, Dr. Sinan Al-Shabibi, noted progress since 2003 in “building from scratch a new Iraqi financial system,” with institutions and systems that are now modern, functional, and more market-oriented. Private banks face no legal restrictions to operating in Iraq, although there are practical limitations, such as operating capital and security. The Trade Bank of Iraq (TBI), founded in December 2003, finances official trade with large letters of credit and is now capitalized with \$427 million and has assets totaling \$14 billion on its balance sheet. Mr. Al-Azri said that the TBI hopes to increase its capitalization to over \$1 billion by next year. The Kurdistan Regional Government (KRG) representative detailed efforts to attract FDI, including improving the banking sector and financial services. Al-Azri noted Kurdistan’s challenges of: lack of public confidence in banks, too few banks, lack of international standards for banking and business, unresponsive state-owned banks, insufficient insurance services, insufficient financing for SMEs, and lack of external financing for major investment deals.

CBI Governor Al-Shabibi described the CBI's role as Iraq's monetary authority to: supervise all banks to ensure financial stability; create monetary stability; protect the currency and fight inflation; create a stable economic environment conducive to investment; prepare the financial infrastructure to attract foreign capital; restructure the state-owned banks to service development and trade; enhance inter-bank communications and electronic transfers; turn banks into trusted financial partners; and set up a central financial data center. When asked about the CBI’s monetary policies and instruments, Shabibi replied that the CBI’s main objective is maintaining price stability through its foreign exchange auctions and interest rate policies, and that the CBI is able to defend its exchange rate with currency reserves of about \$40 billion.

Finance Minister Jabr noted that a sound banking sector is a precondition for investment. He detailed GOI efforts to develop state-owned and private banks in Iraq, including progress in restructuring major state-owned banks and reforming their market role and

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services, such as for loans and guarantees. To encourage private banking, the GOI now mandates that any letter of credit for government purchase of \$2 million or less must go to private banks, and the GOI soon will raise the threshold to \$4 million as private banks increase their working capital. Minister Jabr welcomed international banks to Iraq, including through joint ventures with smaller Iraqi private banks. Banking opportunities are being stimulated by GOI ministries and provincial governments through their capital budgets, especially for housing, thanks to the new amendments of the Investment Law. Iraq's investment climate is improving, as reflected in the signing of numerous bilateral cooperative agreements and Iraq joining the World Bank's Multilateral Investment Guarantee Association (MIGA), Jabr said.

### **9. Electricity Generation and Distribution**

Moderator: George Person, U.S. Department of Energy

Dr. Karim Hasan, Minister of Electricity

Hoshayr Siwaily, Minister of Electricity, Kurdistan Regional Government

Athil al-Najafie, Governor, Ninewa Province

Mijwil Ali, Chairman, Diyala PIC; Rep Committee on Oil, Gas, Natural Resources

In the "Electricity Generation and Distribution" Sector Brief, GOI Minister of Electricity (MoE), Dr. Karim Waheed Hasan said that due to construction in 2003-2008, Iraq's power transmission grid is now robust and better than in 1990. Iraq could serve as an international power exchange hub, especially for south to north transmission. It has power agreements with eight countries plus Iran, and is in discussions for membership with the Gulf Cooperation Council (GCC). However, Iraq's generation capacity mostly is almost 40 years old and deteriorating. It needs investment sources beyond the GOI capital city budget. Iraq needs about \$18 billion in financing to execute contracts for 11,000 MW of generation capacity with GE and Siemens, he said.

In seeking to attract private investors and independent power producers (IPPs) for power generation, Minister Hasan noted concerns about: effective investment laws governing electricity and hydrocarbon fuel supplies; reliable fuels supplies from the Ministry of Oil, including crude oil and heavy fuel oil (HFO) now, and possibly natural gas by 2012. Other concerns include low tariff rates, currently one cent per kilowatt-hour, and low collection rates. The GOI Ministerial Economic and Energy Committee have adopted the Ministry of Electricity's IPP policy, with a model agreement expected soon to be based on: power purchase agreements with the MoE, fuel supply agreements with the Ministry of Oil, and financial guarantees from the Ministry of Finance. Minister Karim urged co-location of oil refineries and power plants, adding that natural gas sufficient for 3,000 MW of generation is now being flared.

Hoshayr Siwaily, the KRG Minister of Electricity, said his ministry was established in 2006 due to the region's lack of power generation and the inability of its distribution infrastructure to handle new electricity demand. Installation of a 1750 MW thermal plant will be completed in 2010; KRG and private funds have spent \$1.5 billion on power substations; and over 300 km of high tension power lines have been installed, he said. The KRG will need 2000 MW in the next twenty years to meet growing demand for electricity, Siwaily said. The KRG needs to increase hydroelectric generating capacity, increase power tariffs to cover expenses by 2014, establish an

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effective bill collection mechanism, and build more power lines to better integrate Kurdistan's transmission system into the national grid.

### **10. Health and Education**

Moderator: Mark Abdoo, Director, U.S. Department of Health and Human Services  
Dr. Abdul Hadi al-Khalili, Cultural Attaché, Iraqi Embassy  
George Laudato, Special Assistant to the Middle East, USAID

The "Health and Education" sector brief was led by Dr. Abdul Hadi Al-Khalili, Iraq Embassy Cultural Attaché and George Luadato of USAID. Dr. Khalili noted that Iraq's health care system, once considered the best in the Middle East, now lags behind the region due to decades of warfare. Education needs investment in: university facilities, libraries, and housing for students and faculty; medical university education for future doctors and nurses; education laboratories for use in medicine, petroleum, agriculture, and other industries; expansion of the current 50 research centers that are linked up to different universities; expanding computer science education for Information Technology industry, especially in programming and software development; improving agriculture education, including for production and marketing; and reform of Iraq's standard school curriculum. There also is a need to increase English education in Iraq for students and teachers and to expand TOEFL teaching and testing centers, they said.

For Health Care, the pharmaceutical industry needs upgrades at Iraq's two plants in Baghdad and Mosul, and new plant construction through GOI or private funding, said Khalili. For hospital construction, Iraq needs 80,000 beds, but now has only 30,000 beds, including about 1,000 beds total at four hospitals in Baghdad. Staffing of doctors, nurses, administrators and lab technicians needs to be expanded. Primary care should now be the priority. Currently, USAID, State, DoD, and HHS manage USG health-related assistance for Iraq. Iraq must decide basic policy, including: the roles of government and private enterprise in health care, how to deliver health care, and how to pay for health care. USAID's Laudato also emphasized the importance of upgrading medical education in Iraq to the level where it was in the past, especially for nursing. Other issues are: medical supplies procurement; medical waste disposal; inclusion of midwifery in nurses training; medical partnerships with U.S. universities; and development in Iraq of an equivalent of the U.S. Food and Drug Administration.

### **11. Defense and Security**

Moderator: Brigadier General Mark T. Kimmitt, USA (Ret.)  
Brigadier General Ismael Al-Sodani, Military Attaché, Embassy of Iraq  
General Abdulkareem Abdulhassan Al Sudani, Chief of Staff, Ministry of Interior

The "Defense and Security" sector brief noted two milestones under the U.S.-Iraq Security Arrangement: the June 30, 2009 withdrawal of all U.S. combat troops from Iraqi cities and 2011 transition marker for U.S. Forces in Iraq to solely conduct training and advisory missions. Three main areas of concern under the Command and Control spectrum are: operations centers, the Iraqi Air Force, and the Iraqi Navy. The Ministry of Defense (MOD) focused on upgrading training and infrastructure for the Air Force in 2009. From defense contractors, Iraq's MOD wants: only direct dealings with contracting firms and not through third parties; "full package" deals that include training, acquisition, and logistical features; and establishment of long-term

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partnerships with Iraq. The MOD requires that Iraqi nationals perform all types of maintenance and labor, while contracting companies can supply workshops, training for trainers, and equipment and parts. Contractors interested in partnership ventures should visit Iraq to best determine the specific MOD requirements, and should contact the MOD Directorate General for Armament and Supplies found on the MOD website, Brig-Gen Sodani concluded.

Ministry of Interior General Sudani said the MOI wants to make Iraq “an oasis of stability and security” in order to support companies and protect their investments. The MOI seeks partners for its planned projects such as: electronic passports, national IDs, and digitization of driver and car licenses; global positioning systems (GPS), internet/intranet, and cable networks; and technology for surveillance, border security upgrades, and border road cementing.

### **12. Telecommunications and Information Technology**

*Moderator:* Joseph Gattuso, U.S. Department of Commerce

Mahmood Kassim Sharief al-Shaikhli, Director General, Ministry of Science and Technology

Abdulnaser al-Mahawi, Governor, Diyala Province

Dr. Abdul-Hadi Al-Hassani, MP, Iraqi Council of Representatives

The “Telecommunications and Information Technology” sector brief noted that Iraq’s mobile telecom market has 60 percent penetration, whereas landline penetration is in single digits. Iraq’s telecom and IT markets have great potential, but the regulatory climate is in flux, including with the need to strengthen the independence of the telecom regulator relative to the Ministry of Communications. MS&T’s committees on telecommunications are focused on capacity building and situational awareness, strategic planning, security, and infrastructure development aimed at providing citizens with e-services. Iraq still has no legislation to govern e-services and related security. An e-governance conference is planned for Baghdad in December. The GOI and provincial governments are interested in: rebuilding the telecom infrastructure; modernizing equipment; updating information technology and networks; providing affordable computer and internet technology for Iraqi citizens; and building an “e-culture” with computer systems, software, systems for storage and data, and modern training and management culture. Iraq hopes to develop its fiber optics network. Advanced information and communications technology is essential for enhancing national security and for moving from a central economy to a market economy.