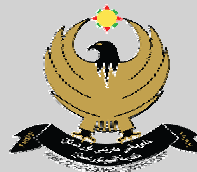




Doing Business

In The Kurdistan Region - Iraq



An official Publication of the Kurdistan Board of Investment & the
General Consulate of France in Erbil

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Foreword

The Guide “Doing Business in the Kurdistan Region” was a common project between the Board of Investment (BOI-KRG) & The French General Consulate, the Correspondant in Erbil of the Economic Department of the French Embassy.

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I – Key features: understanding Kurdistan of Iraq

A – Territory, climate and natural resources

Territory and climate

Territory

Area: The Kurdistan Region of Iraq has an area of 40, 000 square kilometres, which is approximately the size of Switzerland and is four times the area of Lebanon – with 36, 000 square kilometres of land and 4, 000 square kilometres of water¹. Its geographic coordinates are: N: 37.7° N. E: 46.6° E

The capital of the Region is Erbil, also known as Hawler other large cities include Suleimaniah and Dohuk, cities that are the capitals of the three governorates, which constitute the Kurdish region of Iraq.

Borders: The Region borders Syria to the west, Iran to the East and Turkey to the north, with the rest of Iraq to the south.

Relief: Most of the Kurdish territory is mountainous, with an average height of about 2,400 metres, rising to 3,000–3,300 metres in places. The mountains are part of the larger Zagros mountain range, which is also present in Iran. The highest peak, Halgurd, is near the border with Iran and measures 3,660 metres. The highest mountain ridges contain the only forestland in the Region.²

Water resources: Kurdistan is the land of water: it is traversed by the Sirwan River and the Tigris and its tributaries, the Greater Zab and the Little Zab

Climate

The climate of the Kurdistan Region is semi-arid continental: very hot and dry in summer, and cold and wet in winter. Spring is the most beautiful season in Kurdistan and the time when Kurds celebrate Nawroz, the Kurdish New Year, on the spring or vernal equinox. The high temperatures range from 13-18 degrees in March to 27-32 degrees in May. Summer months (May – September) are hot and dry, especially on the Erbil Plain, often reaching temperatures as high as 48 degrees Celsius. In July and August, the hottest months, the temperatures range from 39-43 degrees, and often reach nearly 50

¹ Google Earth Coordinates.

² KRG. "Kurdistan's Geography & Climate".

<http://www.krg.org/articles/detail.asp?nr=140&lngnr=12&smap=03010300&nr=18656>

degrees. However, it is cooler in the evenings and in the mountainous regions around Dohuk and Suleimani.

Autumn is dry and mild, and, like spring, is an ideal time of year to travel in the Region. Average temperatures are 24-29 degrees in October, cooling slightly in November. The winter months can be surprisingly cold with frequent snowfalls – there are plans to build a ski resort. Winters are mild, except in the high mountains: high temperatures can reach 7-13 degrees Celsius, while low temperatures are 2-7 degrees Celsius.³

Natural resources:

Kurdistan owns lots of natural resources, especially oil, gas and mineral resources.⁴The KRG Ministry of Natural Resources lists 49 oil and gas concessions.

a. Oil: 28 companies are involved in oil exploration in the Kurdistan region.

Reserves:

Iraq has the third-largest proven petroleum reserves and some of the lowest extraction costs.

Iraq's proven reserves, based on dated 2-D seismic surveys, are around 115 billion barrels. Experts estimate that the unproven fields in Iraq could yield another 160 to 200 billion barrels.

Kurdistan: Estimates by the experienced PSC company managers and geologists interviewed indicate that reserves for Kurdistan Region range between 10 billion to possibly as high as 45 billion barrels. The 45 billion reserve estimate could place KR reserves on par with oil resources projected for Nigeria and Libya⁵.

About 43.7 billion out of 115 billion of Iraq's proven reserves lie in the Kurdistan Region – including the field of Kirkuk and the disputed territories. That is about 38% of Iraq's proven reserves. Most of these reserves are within Erbil governorate, and not within Kirkuk governorate⁶ (was stated in Invest in the Future).

There are currently no proper refineries in Kurdistan.

Exports: According to Dr. Ashti Hawrami, Minister for Natural Resources, Kurdistan is capable of exporting 100, 000 barrels per day (bpd) this year (2009), increasing to 1 million bpd after three years (I in future, BoI).

b. Gas⁷:

Reserves:

Iraq: Iraq's proven natural gas reserves are 112 trillion cubic feet (Tcf). It is the 10th largest in the world. Probable reserves range from 275 to 300 Tcf.

³ KRG. "Travel to the Kurdistan Region in Iraq". November 1, 2010.
http://www.krg.org/uploads/documents/Travel_Kurdistan_Region_Fact_Sheet_2010_11_01_h19m43s32.pdf
« Invest in the Future, 2009 ». Kurdistan Regional Government Publication. Ed: Professor Brendan O'Leary.
http://www.krg.org/uploads/documents/invest_in_kurdistan_2009.pdf

⁴ USAID. « Kurdistan Region. Economic Development Assessment ». Décembre 2008. p. 48.
http://www.kurd.org/doc/EDA%20Report_English.pdf

⁵ Ibid., p.51.

⁶ « Invest in the Future, 2009 ». Kurdistan Regional Government Publication. Ed: Professor Brendan O'Leary. P. 96 – 97.
http://www.krg.org/uploads/documents/invest_in_kurdistan_2009.pdf

⁷ USAID. « Kurdistan Region. Economic Development Assessment ». Décembre 2008. P. 52.
http://www.kurd.org/doc/EDA%20Report_English.pdf

Kurdistan: estimated potential reserves for two major fields in the Kurdistan Region is 11.7 Tcf of gas. Unproven KR gas reserves could exceed 82 Tcf (EDA).

Older Iraqi reports and studies indicate the presence of more than 100 tcf of gas, which mostly lies in the Kurdistan region. The latest exploration activities in the Kurdistan Region have led to an upward revision of that figure: to more than 200 tcf of potential gas reserves⁸.

c. Mineral resources

The Kurdistan Region is rich in still – untapped mineral resources – which is why officials in the KRG’s Ministry of Natural Resources are working to draft a mining law designed to generate increased rate in mining development in the KR.

Iraq has mineral deposits located throughout its various provinces and regions, including key minerals such as: sulphur, phosphate, salt, gypsum, limestone and ironstone, as well as a range of metallic minerals⁹.

Kurdistan: The geological environment in KRG bordering Iran and Turkey in a belt approximately 15-25 kilometers wide is considered as a highly potential area for the existence of mineral deposits such as: Iron, Chrome, Nickel, Platinum, Cobalt, Copper, Zinc, Lead, Pyrite, Silver, Gold, Talc, Asbestos, Barites & Coal¹⁰.

B – Population and society

1) Population

Inhabitants: The population of Iraqi Kurdistan amounts to 4, 8 million¹¹.

There are 1,713,461 inhabitants in the governorate of Erbil; 1,800,769 inhabitants in the governorate of Sulaimaniya, and 1,176,709 in the governorate of Dohuk¹².

A multiethnic and multireligious population:

Ethnicity:

The population is principally Kurdish: they represent the majority of Kurdistan’s population.

But there are also lots of different ethnic and religious groups in Kurdistan: Arabs, Chaldeans, Assyrians, Turkmen, Armenian, Fayliis, Shabaks, Yezidis, and Zoroastrians.

According to the constitution, all these communities are equal in rights and suffer no discrimination. Their rights are guaranteed by the Kurdistan Region Constitution. 11 seats have been allocated to minorities so that they can freely elect their representatives¹³.

⁸ « Invest in the Future, 2009 ». Kurdistan Regional Government Publication. Ed: Professor Brendan O’Leary. P. 97. http://www.krg.org/uploads/documents/invest_in_kurdistan_2009.pdf; et: USAID. « Kurdistan Region. Economic Development Assessment ». December 2008. http://www.kurd.org/doc/EDA%20Report_English.pdf

⁹ « Invest in the Future, 2009 ». Kurdistan Regional Government Publication. Ed: Professor Brendan O’Leary. P. 111. http://www.krg.org/uploads/documents/invest_in_kurdistan_2009.pdf

¹⁰ Fathi M. Ali Abdullah. “Kurdistan, the commercial gateway to Iraq”. p. 13.

¹¹ KRG. “The People of the Kurdistan Region”. May 20, 2010.

¹² Ibid.

<http://www.krg.org/articles/detail.asp?rnr=141&lngnr=12&smap=03010400&avr=18657>.

¹³ « Invest in the Future, 2009 ». Kurdistan Regional Government Publication. Ed: Professor Brendan O’Leary. P. 13. http://www.krg.org/uploads/documents/invest_in_kurdistan_2009.pdf

Religion: The majority of citizens in the Kurdistan Region are Sunni Muslims, mainly of the Shafi'i School. Some Muslims in the Region follow Sufi orders. There are also Faily Kurds, e.g. Shi'ite Kurds.

There are also a large number of Christians of different churches, such as Syrian Catholic, Syrian Orthodox, Assyrian Church of the East, Armenian, and Catholic Chaldean. A religion that is practiced only in Kurdistan is Yazidism, which has tens of thousands of adherents. The Kurdistan Regional Government protects people's freedom to practice their religion and promotes inter-faith tolerance

Iraqi Constitution, article 2.2: "the Constitution guarantees the Islamic identity of the majority of the Iraqi people and guarantees the full religious rights to freedom of religious belief and practice of all individuals such as Christians, Yazidis, and Mandeans"¹⁴.

Christians (mainly Assyrians and Chaldeans): between 700 000 and 900 000 Christians in Iraq, among which one third are in Kurdistan, and 15 000 à Kirkuk.

Yezidis: between 400 000 and 550 000 in Iraq, but only 10% in the Kurdistan Region (eg: 40 000 – 55 000 in Kurdistan). Most of them live in the province of Ninive/Mossul, around 45% live in Sinjar/Shengal, and nearly 35% live in the province of Bashiqa and Bahzani, near Mossul (Lalish is the center of the community)¹⁵.

Turkmens: mainly living in the Kurdistan Region, representing between 500, 000 to 4, 5 million people.¹⁶

2) Language

The people in Kurdistan speak Kurdish, an Indo – European language. There are several Kurdish dialects, the main ones being Sorani and Kurmanji. Other dialects spoken by smaller numbers are Hawrami (also known as Gorani) and Zaza¹⁷.

2) Demographic indicators¹⁸

Repartition of the population

Age Structure: The Region has a young and growing population, with 36% aged 0-14 years, and only 4% aged over 63, and 60% aged 15 – 64 years.

Median Age: The median age in Kurdistan is just over 20 meaning that more than 50% are less than 20¹⁹.

Growth rate: the population is growing at a rate of 2.548%²⁰.

Life Expectancy at birth: the life expectancy at birth is of 70.25 years, with women living longer than men (71.69 years against 71.79 years)²¹.

¹⁴ KRG. "Religious Freedom and Tolerance". June 27, 2010.

<http://www.krg.org/articles/detail.asp?rnr=150&lngnr=12&smap=03013100&anr=18688>

¹⁵ Sanatamaria, Magalie. « Iraq ». Refugee Forum. July 2008.

www.forumrefugies.org/en/.../FR2008_08_fiche%20pays%20Irak.pdf

¹⁶ Helen Chapin Metz and the Federal Research Division of the Library of Congress. *Iraq: A Country Study*, p. 86.

¹⁷ KRG. "The Kurdish Language". June 27, 2010.

<http://www.krg.org/articles/detail.asp?rnr=142&lngnr=12&smap=03010500&anr=18694>

¹⁸ Inter – Agency Information and Analysis Unit. « Sulaymaniyah Governorate Profile ». July 2009.

<http://www.iauiraq.org/documents/463/GP-Sulaymaniyah.pdf>

¹⁹ KRG, population, from: UNDP Iraq Living Conditions Survey 2004, Volume 1 Tabulation Report, Table 1.6: Age in broad groups, mean and median age).

²⁰ 2010 est., KRG statistics office

²¹ « Invest in the Future, 2009 ». Kurdistan Regional Government Publication. Ed: Professor Brendan O'Leary.

http://www.krg.org/uploads/documents/invest_in_kurdistan_2009.pdf

Literacy

Illiteracy: According to the UN data, the illiteracy rate is of 27.8% in total in 2009, 18% for men and 37.7% for women, higher than for the rest of Iraq (11% for men and 24% for women).

Literacy: the literacy rate is of 74.1% in the Kurdistan Region, according to the UNESCO in 2006. (84.1% men & 64.2% women).

School Life Expectancy: school life expectancy is of 10 years on average, 12 years for men and 9 years for women, in 2005.

Unemployment: Globally, the poor would be fewer in Kurdistan than in the rest of Iraq, but the unemployment rate is still quite high: 11.3% of unemployment among men and 22.3% among women (against 12% for men and 13% for women in the rest of Iraq).

Economic Data

GDP per capita = \$ 3,600²²

GDP (million current U.S. \$, 2009): \$ 65 837 million²³.

Current account balance in 2007: \$ 15, 519 million.

Tables, data for 2010 (EBS/10/28)

Oil production: 2.6 Million Bpd

Oil Exports: 2.1 Million Bpd.

Inflation: 6% change.

Gross domestic investment: 31.5% of GDP.

Gross inland consumption: 85.2% of GDP.

Gross national savings: 10.5% of GDP.

Investment balance - saving: -21% of GDP.

External debt (projected for 2010): 41.8% of GDP.

C – History & Political landscape

1. Key historical events and geopolitical environment ²⁴

1920 - Treaty of Sevres, signed by the defeated Ottoman government, provides for a Kurdish state, subject to the agreement of the League of Nations.

1923 – Treaty of Lausanne, led to the establishment of the Turkish State, the Kurds were betrayed as in the Treaty of Sevres they were promised an autonomous Kurdish region.

1943 - Mullah Mustafa Barzani leads another uprising, and wins control of large areas of Irbil and Badinan.

1946 August - Iranian Kurds led by Qazi Mohamed, who founds an independent Kurdish state called the “Republic of Mahabad”.

1951 - A new generation of Kurdish nationalists revives the KDP. Mullah Mustafa Barzani is nominated president while in exile in the Soviet Union.

²² 2010 est., KRG statistics office

²³ WTO. “Iraq’s Trade Profile”. October 2010.

<http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=IQ>

²⁴ Adlig, Bérévan. « Le Kurdistan irakien ». Hérodote. Premier trimestre 2007 : <http://www.herodote.org/spip.php?article271> ; BBC. “Timeline: Iraqi Kurds”. August 1, 2009:

http://news.bbc.co.uk/2/hi/middle_east/country_profiles/2893067.stm ; « Invest in the Future, 2009 ». Kurdistan Regional Government Publication. Ed: Professor Brendan O’Leary. P. 38 – 43:

http://www.krg.org/uploads/documents/invest_in_kurdistan_2009.pdf ; KRG. “Contemporary History”. June 28: 2010.

<http://www.krg.org/articles/detail.asp?lngnr=12&smap=03010600&rmr=143&anr=18710>

1970 March - Iraqi government and the Kurdish parties agree a peace accord, which grants the Kurds autonomy. The accord recognises Kurdish as an official language and amends the constitution.

1974 March - Iraqi government imposes a draft of the autonomy agreement and gives the KDP two weeks to respond. Mullah Mustafa Barzani rejects the agreement.

1975 March - Algiers Accord between Iran and Iraq ends Iranian support for the Kurdish uprising, which collapses.

1975 June - Jalal Talabani, a former leading member of the KDP, announces the establishment of the Patriotic Union of Kurdistan (PUK).

1983 - PUK agrees to a ceasefire with Iraq and begins negotiations on Kurdish autonomy.

1987 - Jalal Talabani and Massoud Barzani join forces with a number of smaller Kurdish factions to create the Kurdistan Front.

1988 - As the Iran-Iraq war draws to a close, Iraqi forces launch the "Anfal Campaign" against the Kurds (Saddam used chemical weapons, razed villages and started ethnic cleansing). This led to tens of thousands of Kurdish civilians and fighters being killed, and hundreds of thousands forced into exile, in a systematic attempt to break the Kurdish resistance movement.

1988 16 March - Thousands of Kurdish civilians die in a poison gas attack on the town of Halabjah near the Iranian border. Human rights watchdogs and Kurdish groups hold the Iraqi regime responsible.

1991 April - Coalition forces announce under the UN resolution 688 the creation of a "safe haven" on the Iraqi side of the border. International aid agencies launch a massive aid operation to help the refugees.

1992 May – The first Parliamentary elections held in areas under Kurdish control. The two parties KDP & PUK are equally balanced in the first regional cabinet.

1996 May - UN agrees "Oil-for-Food" programme with Baghdad; 13% of the proceeds from Iraqi oil exports are earmarked for the three northern governorates, which are largely under Kurdish control. Kurds were faced with double embargoes, on one side from the international community and on the other side from central government.

1998 September - Jalal Talabani and Masoud Barzani sign a peace agreement in Washington, but government of the Kurdish region remains split between the two rival administrations. This was signed after two years of civil war in the region.

2003 20 March - US-led coalition forces invade Iraq and begin bombardment of Baghdad and other cities. Mosul and Kirkuk near the Kurdish enclaves come under heavy fire.

2005 April - PUK leader Jalal Talabani is elected as interim Iraqi president by MPs.

2005 June - First session of Kurdish parliament held in Erbil; KDP's Massoud Barzani is president of autonomous region.

2009 June - The Kurdish government begins crude oil exports to foreign markets. Contractors are to pump 90,000-100,000 barrels a day from two northern oilfields to Turkey. The central government is allowing its pipeline to be used in return for a share of revenues.

2009 June - Massoud Barzani is re-elected as president of Kurdish autonomous region. Ruling two-party coalition wins parliamentary election, but with reduced majority.

2010 December – Jalal Talabani is re-elected as the President of Iraq by the Iraqi National Assembly.

2. Political Institutions

a. The region's powers

The Powers of the region according to the 2005 Iraqi Constitution (Section 5):

Iraqi Constitution Article 116 – 124

The KRG has assumed the role of a government in a federal region of Iraq. As stipulated by the Iraqi constitution, Iraq will be divided into federal regions that will handle their own domestic affairs while the Baghdad central government will deal with international affairs

In the wake of the ratification of the Iraqi constitution in October 2005, Iraqi Kurdistan reconstituted itself as a federal region under the new constitutional framework. Kirkuk's status with respect to the federal region should, under that framework, be decided by a simple majority vote in the provinces.

Iraq is made up of a decentralized government, capital, regions and governorates as well as local administrations. The constitution recognises the region of Kurdistan as a federal region. According to the constitution each region shall adopt their own constitution however until now the Kurdistan region's constitution has not been ratified due to a delay by central government and disagreements on revenue sharing, hydro-carbon law along with article 140. **The Region is allocated an equitable share of the national revenues sufficient to discharge its responsibilities and duties according to the needs of its percentage of population (17 %).** The KRG is responsible for administrative requirements of the Region, especially security such as police and regional guards.

b. The Federal State and the Region: exclusive and shared competencies²⁵

Iraqi constitution:

Article 110: the federal government shall have exclusive authorities in the following matters:

The exclusive **powers** of the federal government consist of formulating foreign policy and diplomatic representation, signing and ratifying international treaties and agreements, debt, economic & trade policy. The federal government is also exclusively responsible for formulating & executing national security policy, including establishing and managing armed forces to secure the protection and guarantee the security of Iraq's borders to defend Iraq.

Other exclusive competencies:

Article 110.4: regulating standards, weights, and measures.

Article 110.5: regulating issues of citizenship, naturalization, residency, and the right to apply for political asylum.

Article 110.6: regulating the policies of broadcast frequencies and mail.

Article 110.7: drawing up the general and investment budget bill.

Article 110.8: planning policies relating to water sources from outside Iraq and guaranteeing the rate of water flow to Iraq and its just distribution inside Iraq in accordance with international laws and conventions.

Article 110.9: **establishing** general population statistics and **conducting** census.

²⁵ Iraqi Constitution. 2005: http://www.uniraa.org/documents/iraqi_constitution.pdf

b.2) Shared competencies²⁶

The constitution states the shared competencies between the regional and federal government, in regards to oil & gas: “oil & gas are owned by all the people of Iraq. Both federal & regional governments discuss strategic policies to develop the oil and gas wealth in the interest of the Iraqi people.

Article 114: shared competencies between the federal authorities and regional authorities:

Shared competencies between the federal and regional authorities policy are regulated by law in the benefit of the whole country in order to manage customs, to share sources of energy, to formulate environmental policy, to develop & plan general policies related to public health & education, water resources.

Article 115: all powers not stipulated in the exclusive powers of the federal government belong to the authorities of the regions and governorates that are not organized in a region. With regard to other powers shared between the federal government and the regional government, in case dispute priority shall be given to the law of the regions and governorates not organized in a region.

Transition: until this date, disputes remain between the central Iraqi government and the Kurdish government about the status of the city of Kirkuk and of other disputed territories especially in regards to Article 140.

3. Regional Institutions**a. The President**²⁷

The Presidency of the Kurdistan Region is a political, administrative, and legal institution that was promulgated by the Kurdistan National Assembly, the national parliament, in 2005 under Law 1, Article 1. The President of the Kurdistan Region has the highest executive authority in the Kurdistan Region. He or she is elected by secret ballot in a popular vote every four years and can stand for election for a second term.

On 31 January 2005, the Kurdistan National Assembly elected Mr Masoud Barzani as Kurdistan Region’s first President. He was re-elected during the 2009 Iraqi Kurdistan elections. Presidential elections are conducted by secret popular ballot by the people of the Kurdistan Region.

At national and international levels, the President represents the people of Kurdistan, oversees relations between the Region and the Iraqi federal authorities and represents the people of Kurdistan at Iraq’s Political Council for National Security which includes the Iraqi President, the two Vice Presidents, the Iraqi Prime Minister, and the Speaker of Iraqi Council of Representatives.

To secure the rights of the people of Kurdistan in the Iraqi Constitution, the President of the Kurdistan Region will represent the Region when conducting negotiations and consultations with other parties in Iraq and will oversee coordination between the Kurdistan Regional authorities and the Iraqi federal authorities.

The law sets out the relationship between the Presidency of the Kurdistan Region and the Presidency of

²⁶ OIL AND GAS LAW OF THE KURDISTAN REGION - IRAQ Law No. (22) – 2007 Article 111-113

²⁷ Kurdistan Regional Presidency. « Kurdistan Regional Presidency ». 2008:
<http://www.krp.org/eng/krp/default.aspx?gid=4&sm=10>

the Council of Ministers. The President of the Council of Ministers is also known as the Prime Minister of the Kurdistan Regional Government (KRG). All applications for special appointments and promotions will be submit to the Presidency of the Kurdistan Region. After the President's approval and through Regional Decrees, the applications will be returned to the Presidency of the Council of Ministers.

The law also stipulates the relationship between the Presidency of Kurdistan Region and the Presidency of Kurdistan National Assembly. The President must ratify any law passed by the Kurdistan National Assembly before it is enacted. The President has the power to return any law passed by the Assembly for further debate. This must be done within ten days of the passage of the law. The decision of the Assembly after the referral is final.

b. The Parliament²⁸

The Kurdistan Parliament is the Kurdistan's Region democratically elected legislature. The Parliament consists of one elected chamber. Its three main functions are:

- To examine proposals for new laws
- To scrutinise government policy and administration,
- To debate the major issues of the day.

The founding principles of the Parliament are liberty, pluralism, accountability, openness and the representation of all peoples in the Kurdistan Region.

There are 111 seats in the Assembly, as stipulated in Law N°1 passed in 1992. The Kurdistan Parliament is led by the Speaker Dr Kamal Kirkuki, who is assisted by the Deputy Speaker, Dr Arslan Bayez.

Parliamentary elections:

They are held at least every four calendar years (as stipulated in Article 8 of the Kurdistan Electoral Law). The last elections were held on 25 July 2009.

Anyone aged 18 or over who is a citizen of the Kurdistan Region and is on the electoral registering is eligible to vote in a direct, universal and secret ballot. Elections for the Kurdistan Parliament are based on a closed party-list proportional representation system where a number of seats are allocated to each governorate. Electors vote for a party's list of candidates rather than for an individual candidate. After the election results are announced, each party is allocated seats in proportion to the number of votes it received, using the ranking order of candidates on its list.

Members of the Kurdistan Parliament:

- Kurdistan List: 59 MPs (KDP/PUK & Other smaller party coalition)
- Change List: 25 MPs.
- Reform and Services List: 13 MPs (Kurdistan Islamic Union, Islamic Group in Kurdistan, Kurdistan Socialist Democratic Party, Future Party)
- Islamic Movement List: 2 MPs
- Freedom and Social Justice List: 1 MP (Kurdistan Communist Party, Kurdistan Toilers Party, Kurdistan Independent Work Party, Kurdistan Pro – Democratic Party, Democratic Movement of Kurdistan People.

Parliamentary seats reserved for minority groups:

- Turkoman Democratic Movement: 3 MPs.
- Turkoman Reform List: 1 MP.

²⁸ KRG. "About the Kurdistan Regional Government". May 15, 2010
http://www.krg.org/uploads/documents/Fact_Sheet_About_Kurdistan_Regional_Government_KRG_2010_05_15_h13m42s9.pdf

- Chaldean Assyrian Syriac Council: 3 MPs.
- Al – Rifadain List: 2 MPs.
- 1 Armenian independent MP: Mr Aram Shahin Dawood Bakokyian.

The Kurdistan Parliament shares legislative power with the federal authorities in the following areas, but priority is given to the Kurdistan Parliament's laws: customs, electric energy and its distribution, general planning, internal water resources.

In addition, under article 121 of the Iraqi federal constitution, the Kurdistan Parliament has the right to amend the application of Iraq-wide legislation that falls outside of the federal authorities' exclusive powers.

c. The KRG Cabinet

The democratically elected Kurdistan Regional Government (KRG) exercises executive power according to the Kurdistan Region's laws, as enacted by the Kurdistan Parliament.

The current government, led by Prime Minister Dr Barham Salih, assumed office on 28 October 2009. His Deputy is Mr Azad Barwari.

The government coalition consists of several political parties, reflecting the diversity of the Region's people, who are Kurds, Turkmen, Chaldeans, Assyrians, Syriac, Yazidis living together in harmony and tolerance.

The cabinet is made up of members of the Kurdistan List coalition, which won the region's parliamentary elections in July 2009, together with other parties. The coalition government consists of the Kurdistan Democratic Party (KDP), Patriotic Union of Kurdistan (PUK), Kurdistan Islamic Movement, the Chaldean Assyrian Syriac Council, Turkmen representatives, Communists and Socialists. The government has 19 ministries²⁹.

Ministers appointed to the Kurdistan Regional Government's sixth cabinet on 28 October 2009, listed alphabetically by ministry.

Prime Minister	Barham Salih
Deputy Prime Minister	Azad Barwari
Minister of Agriculture and Water Resources	Jamil Sleiman Haider
Minister of Culture and Youth	Kawa Mahmoud Shakir
Minister of Education	Safeen Mohsin Dizayee
Minister of Electricity	Yasin Sheikh Abu Bakir Muhammad Mawati

²⁹ KRG. "Kurdistan Regional Government ministers". October 28, 2009.

<http://www.krg.org/articles/detail.asp?smap=04060000&lngnr=12&rnr=159&nr=32148>

Minister of Endowment & Religious Affairs	Kamil Ali Aziz
Minister of Finance & the Economy	Bayiz Saeed Mohammad Talabani
Minister of Health	Taher Abdullah Hussein Hawrami
Minister of Higher Education & Scientific Research	Dlawer A.A. Ala'Aldeen
Minister of Housing and Reconstruction	Kamaram Ahmed Abdullah
Minister of Justice	Raouf Rashid Abdulrahman
Minister for the Interior	Karim Sinjari (Abdul Karim Sultan Sinjari)
Minister of Labour and Social Affairs	Ms Asos Najib Abdullah
Minister of Martyrs and Anfal Affairs	Majid Hamad Amin Jamil
Minister of Municipalities and Tourism	Samir Abdullah Mustafa
Minister of Natural Resources	Abdullah Abdulrahman Abdullah (Ashti Hawrami)
Minister of Peshmerga Affairs	Jafar Mustafa Ali
Minister of Planning	Ali Sindi
Minister of Trade and Industry	Sinan Abdulkhalq Ahmed Chalabi
Minister of Transport and Communications	Anwar Jabali Sabo
Other senior officials with ministerial rank	
President, Divan of the Council of Ministers	Nouri Othman
Secretary of the Cabinet	Mohammad Qaradaghi
Head of the Department of Foreign Relations	Falah Mustafa Bakir

Chairman of the Board of Investment

Herish Muharam

Council of Ministers:

When an order is given out by the council of ministers to a relevant ministry, the ministry then passes on the order to be implemented by the relevant Director General, once the order is implemented the council of ministers is alerted that it has been completed, the council of ministers sets up a follow-up committee to monitor this order.

a. KRG representations abroad³⁰

The KRG has 11 offices abroad: in Germany, Australia, Austria, Spain (and Portugal), United States - States, France, Iran, Italy, UK - United Kingdom, Switzerland and the European Union.

See full list in Chapter 8.

b. Foreign representations in Kurdistan:

The Department of Foreign Relations is the main point of contact between the Kurdistan Regional Government and offices maintained by foreign governments in Erbil.

There are 17 diplomatic foreign representations in Erbil: 2 embassies, 5 consulates, and 10 other representations.

2 Embassy offices: The Republic of Korea and the United Kingdom both maintain an embassy office in the Region.

5 Consulates: France, Germany, the Islamic Republic of Iran, the Russian Federation, and Turkey have opened consulates general.

Other representations: Austria, the Czech Republic, Greece, and Italy hold economic or trade offices. Japan, Denmark, the Netherlands, Spain, and Sweden have appointed honorary consuls to the Region, and the United States is represented by its regional reconstruction team (RRT). Egypt has recently opened a consulate in the region. The US will formally become a consulate soon.

³⁰ See the list of representations of KRG abroad in Chapter 8, or: KRG. "How to contact KRG representations worldwide". January 26, 2011.

<http://www.krg.org/articles/detail.asp?rnr=161&lngnr=12&smap=04080100&anr=65>

II – Investment opportunity in Kurdistan

A. Kurdistan Region

1. The other Iraq

1.1 The Security context³¹

The Kurdistan Region enjoys a stable security situation. The Kurdistan region is proud of its stability and is known to take pride in keeping it the safest region in the area. Till now no attacks have occurred in the region due to its safety. The peaceful security situation in the Region has had a positive effect on the local community and has helped to restore Kurdistan and to boost its economy³².

This stability has been vital to investment by foreign investors in the region, as they feel reassured that their investments are safe in the region. They do not have this sense of safety and security in other parts of Iraq, what hinders investment in the rest of Iraq. It reduces operational costs for companies, as they do not need security guards for their staff in commercial premises in the region.

All three governorates of the Region (Erbil, Sulaymaniye and Dohuk) have become a safe haven for citizens from central and southern Iraq who are facing the fear of terrorism and attack in their towns and cities. The responsibility of security in the Region is in the hands of a handful of security organisation that currently operate as Asaish, Zanyari Agency & Parastin Agency along with the police & peshmergha forces³³.

Kurdish security agencies have worked hard in combating terrorism and uncovering major terrorist networks in the region. One of the most important factors behind this healthy security situation in Kurdistan is the cooperation between citizens and the Security agencies, as citizens have trust in their security forces and report anything with ease if they deem it a security breach.

The security achievements in the Region can only be stabilised by the current forces working together to keep law & order in the Region. On going cooperation between citizens and security agencies maintains Kurdistan's peaceful status quo. The Kurdistan Region boasts a remarkable security record. Since the war that toppled Saddam Hussein from power in 2003, not a single US soldier has been killed in Kurdistan Regional Government (KRG)-controlled territory³⁴.

Kurds from the Region have utilized this local success to aid important policing and security-related missions in other parts of Iraq. Recognized for their discipline and commitment to duty, Kurdish troops have fought alongside coalition forces in major campaigns throughout the country. Many Kurds are now serving in the Iraqi forces, and several all-Kurdish battalions have served with distinction in places with high levels of inter-communal tension

³¹ « Invest in the Future, 2009 ». Kurdistan Regional Government Publication. Ed: Professor Brendan O'Leary: http://www.krg.org/uploads/documents/invest_in_kurdistan_2009.pdf

³² « Invest in the Future, 2009 ». Kurdistan Regional Government Publication. Ed: Professor Brendan O'Leary. P. 23: http://www.krg.org/uploads/documents/invest_in_kurdistan_2009.pdf

³³ KRG. "Travel to the Kurdistan Region in Iraq". November 1, 2010: http://www.krg.org/uploads/documents/Travel_Kurdistan_Region_Fact_Sheet_2010_11_01_h19m43s32.pdf

³⁴ Kurdistan Regional Presidency. "Security". 2008: <http://www.krp.org/eng/issues/security.aspx>

such as Kirkuk, Mosul, and Baghdad. The crime rates in the region according to H.E. Minister of Interior have decreased by 40%³⁵.

Another major avenue of reform has been efforts to abolish the use of torture in the KRG, a truly remarkable feat given the isolation and cruelty forced upon Kurds under Saddam's regime. While there is still work to be done, the KRG is committed to achieving the highest standards of human rights protection and has actively cooperated with independent monitoring bodies such as Human Rights Watch and the UN Human Rights Commission in order to address potential problems³⁶.

1.2 Kurdistan's strategic role for the rest of Iraq as a gateway to importations

The Kurdistan region has borders with Turkey and Iran, its two main trading partners. Controlled border points allow a steady flow of trade between neighbouring countries. The development of cargo terminals in both Erbil and Sulaymaniah airports has allowed imports from around the world to enter the Region: these products/materials can then be distributed to the rest of Iraq³⁷.

The investor friendly environment in the Region has accommodated many foreign businesses to open trade links and office branches in the Region. As the security situation in the rest of Iraq has been steadily improving, more and more of these companies are operating beyond the borders of Iraqi Kurdistan, making it the perfect starting point for foreign companies in Iraq. Erbil International Airport and the new terminal in Sulaymaniah are turning the Region into a hub as they provide better-cost efficient cargo routes between Asia and Europe. Regular flights from Erbil/Sulaymaniah to Baghdad are making it easy to commute between both cities.

2. Reconstruction in Iraq: a driving force for the Region's economy

Prior to the war in Iraq, Kurdistan was a region lacking many of the basic requirements that are needed for a fully functioning society, specially a lack of basic services. From the first Iraq War in 1991 till the second Iraq War in 2003, Kurdistan functioned as a de facto state. Economically Kurdistan faced double sanctions: besides from the international sanctions on Iraq, Baghdad had sanctions on Kurdistan. These facts had to be put in a historical context.

With the development of infrastructure roads, buildings, commercial premises and shopping malls has come the enhancement of the civil society, the new airport terminal in Erbil being a key cornerstone to this transformation of the Region. The new terminal building in Erbil has 16 gates and one of the largest runways in the Middle East. The airport is not the only new development project in the Region: there are many real estate developments and numerous shopping malls popping up across the Region (Family Mall, Nistiman Mall, Hawler Mall, Naze Mall, Majidi Mall, Caso Mall, Rand Gallery, Zara Market), all with a certain local and Kurdish touch.

The Kurdistan Regional Governments role should not be overseen on this matter. With the most liberal investment laws in the Middle East the regional government have created incentives for the arrival of foreign companies with a lot of expertise and capacity, furthermore creating jobs and opportunities for local Kurdish citizens³⁸.

³⁵ « Invest in the Future, 2009 ». Kurdistan Regional Government Publication. Ed: Professor Brendan O'Leary. P. 52 - 53. http://www.krg.org/uploads/documents/invest_in_kurdistan_2009.pdf

³⁶ Kurdistan Regional Presidency. "Security". 2008. <http://www.krg.org/eng/issues/security.aspx>

³⁷ See Chapter 3 of Trade in Iraq.

³⁸ Interview with Sheikh Baz, Chairman of Kar Group.

3. Foreign Direct Investments (FDI) and the role of the private sector: Kurdistan as the gateway to investments in Iraq (inventory).

It is difficult to gather precise figures on foreign direct investment (FDI) in the Region: we can nevertheless rely on the following figure from the Kurdistan board of investment, projects that include only FDI licensed by the Board of Investment since 2006. From these figures we can see that nearly \$4 Billion dollars of FDI has been invested by foreign, with Kuwait having the lion share of \$1.5 Billion of investment in the region³⁹ (which still today is not realized : it is still an intention of FDI).

Foreign Investment

Investor Nationality	Capital (USD)	Investment Type (%)	By Overall capital (%)
Germany	9 600 000	0.24	0.06
Egypt	350 000 000	8.93	2.08
United States	2 930 769	0.07	0.02
Jordan	28 899 745	0.74	0.17
Kuwait	1 554 877 566	39.67	9.26
Lebanon	759 714 007	19.38	4.53
Lebanon/France	7 082 207	0.18	0.04
New Zealand	98 189 850	2.50	0.58
Britain	392 320 642	10.01	2.34
Sweden	13 500 000	0.34	0.08
Turkey	702 801 530	17.93	4.19
Total	3 919 916 316	100	23.35

Joint Ventures

Nationality investor partners in a joint - venture	Capital (USD)	Investment Type (%)	Per capital (%)
Iraq/South Africa	12 000 000	1.73	0.07
Iraq/Germany	7 770 000	1.12	0.05
Iraq/Austria / India	3 491 178	0.50	0.02

³⁹ « Invest in the Future, 2009 ». Kurdistan Regional Government Publication. Ed: Professor Brendan O'Leary, p. 162 – 165. http://www.krg.org/uploads/documents/invest_in_kurdistan_2009.pdf

Iraq/ Canada	2 000 000	0.29	0.01
Iraq/United States	316 700 000	45.72	1.89
Iraq/Mauritius	15 000 000	2.17	0.09
Iraq/Iran	1 850 000	0.27	0.01
Iraq/Kuwait	76 806 706	11.09	0.46
Iraq/United Kingdom	112 000 000	16.17	0.67
Iraq/Sweden	20 893 549	3.02	0.12
Iraq/Turkey	112 634 507	16.26	0.67
Total	692 701 795	100	4.13

However, these figures do not represent all FDI made in the Region. Indeed, many local companies are Iraqi official agents and representatives of major foreign groups. This is particularly the case of Turkish companies: local Iraqi companies invest on their behalf in the Region. That is the reason why according to the brochure "Invest in the Future" published in 2009 the 10 major countries investing in the Kurdistan region are:

- 1) Turkey
- 2) Iran
- 3) United States of America
- 4) Lebanon
- 5) United Kingdom
- 6) Jordan
- 7) United Arab Emirates
- 8) Germany
- 9) Kuwait
- 10) Italy

The French group Lafarge has heavily invested in the Kurdistan Region in joint venture with his partner UCC, both in Bazian and Tasluja cement plants (Governorate of Suleymaniye). Lafarge employs over 3000 employees in Iraq with 2000 employees in the Kurdistan Region. Lafarge entered the Iraqi cement market through the acquisition of Orascom Construction, an Egyptian Group. Thanks to its "star staff policy", Lafarge has trained many local workers and now depends only on around 120 expatriate staff against 400 in 2007. Currently UCC Lafarge is employing 750 government workers on the Tasluja site. The Investment made by UCC-Lafarge altogether amounts to \$750 Million US Dollars in both plants (\$400 million as a green field investment in the Bazian plant which had recourse to the most state of the art technologies, \$ 350 million for the renovation the Tasluja unit). Lafarge produces 4.5 million tons of cement, which

represents 30% of the country's consumption, i.e. 1/3 of Iraq's cement. Lafarge is taking an important role in the reconstruction of the country⁴⁰.

B. Limits of the private sector in Kurdistan

1. A private sector that lacks diversification

1.1 An educational system insufficiently oriented towards the business world⁴¹

The high dependency of the Kurdish society on foreign skilled labor during the recent years of boom in building up the infrastructures and reconstruction activities is a direct result of the low quality of education and vocational system. This situation is itself a result of a long period of lacking resources, organizational changes, and rapid expansion of the capacity and even mismanagement of the higher education. Since 2003 significant resources have been allocated to universities. It is desired that the outcome of such investment is evaluated to quantify the effects and its distribution across different universities and institutes of the higher as well as lower education. Currently from the regional budget around 3%-4% is spent on education in the region.

This education system produces graduates that are lacking the appropriate training or creativity and not sufficient modern in technology upgrading to form a society with high degree of self-sufficiency in skilled and educated work force. These negative qualities of the workforce together with low incentives and work moral ? deontology ? are factors responsible for the fact that not enough jobs are created to absorb the young and graduate labor force⁴².

This negative trend is shown in the recent increasing wish of the young population to emigrate to Europe considering that their skills are not fully utilized in the Region. Instead of learning new skills and repatriate in future, very likely under the best conditions they end up in low skilled jobs, where they lose their earned university skills. In the worst case the emigrants will depend on the host countries social security system and become a burden for those societies and to no help to the Federal Region of Kurdistan. Thus, quality of education and necessary training to acquire skills useful in practice are crucial determinants of job creation and welfare of the citizens⁴³. The lack of technical and vocational schools has also been a problem in the region for teaching materials such as being as working in Hotels & Restaurants.

1.2 The eviction effect of the construction industry onto other sectors of the economy

Construction is the key industry in the Region. However this as most of the private companies and the government have been devoting the efforts to construction projects, other sectors. The tendency for companies to invest in quick profit construction projects has led in this respect to slow growth in other sectors, specially agriculture. Health and banking have been left behind too, less emphasis being given to long term projects beneficial for the Region⁴⁴.

⁴⁰ Day I Investing in Kurdistan, case studies Marcel Cobuz, CEO, Bazian Cement, Lafarge Group Iraq, http://www.youtube.com/watch?v=ZwCAFeYV_xg

⁴¹ Interviews with Miss Amelia Banzet, director of the French Cultural Centre, Mr Sabah B. Solaka expert mathematics curriculum at the Ministry of Education, and Mr Dilshad, general manager of engineering and projects at the Ministry of Education.

⁴² Labor Market Policy Options of the KRG. IZA DP N° 3247. Almas Heshmati (University of Kurdistan). Institute for the Study of Labor (IZA). December 2007: <http://www.econstor.eu/dspace/bitstream/10419/34782/1/560200897.pdf>

⁴³ Interview with Mr Dilshad, Director General of engineering and projects at the Ministry of Higher Education

⁴⁴ Talib, Murad. "Pure agricultural projects excluding agro – industry ones". September 2010.

The government has been taking initiatives in Agriculture, Banking and Health as it understands that the development of these three sectors will help social and economic security to the Region.

2. The burden of bureaucracy:

2.1 The impact of operational expenditures on development objectives

Three parts compose the KRG's Budget:

- Wages Expenditure
- Non-Wage Expenditure
- Capital budget which is used for current & new projects and initiatives by the KRG

The current wage & non-wage expenditures amount to 70% of the regions budget⁴⁵. The KRG is taking steps in cooperation with international partners USAID, KPMG & PwC to find a feasible solution to reduce this amount. Former Iraqi government was based on a socialist system where the public system is the biggest one and the Government the main employer. KRG has been taking steps to encourage its citizens to work in the private sector by giving incentives in order to reduce its wage expenditure.

Another issue is the delay and mechanisms of budget allocation with the federal government. These issues are still ongoing, however with the formation of the new federal government, resolutions between Baghdad & Erbil are being found.

Ongoing projects take longer than expected because of a lack of project planning and mismanagement of funding. Therefore, this leaves very little room for expenditure on new development projects. Capital budget is used for current projects instead of new ones.

2.2 The public distribution system (PDS) and the preferences induced by the food allowance programme (under discussion by the World Bank)

Iraq's internally displaced are in desperate need of assistance as the Public Distribution System (PDS) that they and other Iraqis depend on for food and fuel is broken. Poor management is to blame for its shortcomings, as well as terrible security and a general lack of political will on the part of the Government of Iraq to acknowledge the scope of the crisis. (incomprehensible)

With the central government unable or at times unwilling to protect and assist Iraqi civilians, donor governments must step in to fill the gaps. Reform of the PDS should be a priority, and agencies such as the US Department of Agriculture and the UN World Food Program (WFP) must provide the technical assistance required to ensure the system is once again fully functional and able to reach the most vulnerable Iraqis. Sans rapport avec le precedent §

Under the former regime of Saddam Hussein every Iraqi had the right to receive rations through the PDS system established during the sanctions period in the context of the Oil for Food program that began in 1995. Run by the Iraqi Ministry of Trade, the PDS was one of the most efficient institutions of the Iraqi state. Iraq, which had once been a net exporter of food, was depending on food imports, importing up to four hundred and eighty tons of food per month before the war. Eighty percent of Iraqis benefited from the PDS. For sixty percent of them, the food basket was the only source of outside support. Ministry of Trade distribution warehouses throughout the country fed local branches. Each family had a card that it could redeem for food in the PDS branch of its neighborhood where it was tied to.

Following the American-led military coalition's overthrow of the former regime, the Oil for Food program was interrupted. The UN World Food Program (WFP) stepped in to fill the vacuum supporting the existing infrastructure. After the war, food rations became more important than ever as there were fewer jobs and no salaries.

The new Iraqi government was able to resume running the PDS. The efficiency of the system proves in

⁴⁵ Interview with Jack Pascal, Advisor to the Ministry of Planning.

2004 when Iraqi elections were being organized for January 2005. The PDS rolls supplied the data used for voter registration. The quality of the data was remarkably accurate. Ninety percent of people found themselves on the list⁴⁶. Food was simply swapped for ballots. Thus the PDS cards acquired a new political significance, and this significance still lasts today, **even though the cards are technically separated.**

With around one million Iraqis internally displaced before the March 2003 war and the additional recent displacement of nearly one million Iraqis due to factional violence, the PDS system is now more important than ever to reach these vulnerable people, who often have no source of livelihood⁴⁷. The effectiveness and efficiency of the PDS, however, have declined significantly. Roads throughout Iraq have become increasingly treacherous as the result of criminal gangs and militias. This has meant that PDS supply trucks are often unable to reach their destined governorates, leaving much of the country cut off. Administrative corruption has weakened the efficiency of the distribution system. Those supply convoys that do reach their destination often carry only limited amounts of the PDS basket, with key items missing.

Like other UN agencies, the WFP views its role as supporting the Iraqi government⁴⁸. Thus, the government manages its assistance programs, and it does not act unilaterally or against the government's will. Taking over the management of the crumbling PDS would be another indicator that the Iraqi state is failing, and WFP and other agencies are reluctant to take any step that would suggest this is the case.

3. The lack of qualified workers and middle management

Lack of skilled workers has been an issue for many foreign companies however with the development of enhanced public and private schools and universities and the development of better training academies this issue is slowly being solved. Currently middle management and the delegation of authority and has been a problem in both the public and private sector of the Kurdistan.

C. Sector Analysis

Energy^{49,50,51}

The Kurdistan Regional Government is increasing electrical energy output through foreign assistance and private investment projects and as a result, electricity capacity continues to grow. The latest figures indicate around 14 hours per day; the peak so far has been around 20 hrs per day.

The Kurdish provinces of Erbil, Sulaimaniye and Dohuk are the highest rated provinces for supplying electricity in Iraq. The **provinces meet from 83% to 99% of demand.**

The KRG's Master Plan for electricity has been prepared in 2009 up to 2030. It will be updated in 2011. The aim of the Master Plan is to provide an integrated Power Sector Investment Programme to support the Ministry in providing sustainable electricity supply at the appropriate level of reliability. The Master plan was created in cooperation of Parsons Brinckerhoff. International Organizations as JICA have helped the **Iraqi KRG ?** government develop the electricity sector by giving the government loans.

⁴⁶ Entretien avec Mr Riad Al – Khouri, Doyen de la BMU, université franco – libanaise de Erbil, et : Al – Khouri, Riad. Extrait de rapport sur : “Public Distribution System & agriculture in the Kurdistan Region”, extrait. 2009.

⁴⁷ Nir Rozen. « Fix the PDS system to meet needs of IDPS ». Refugees International. April 10, 2007 :

<http://www.refinitl.org/policy/field-report/iraq-fix-public-distribution-system-meet-needs-displaced>

⁴⁸ WFP. « WFP and Iraqi Ministry for partnership to strengthen food distribution capacity ». News Release 16 december 2009:

<http://www.uniraq.org/documents/WFP%20and%20Iraqi%20Ministry%20Form%20Partnership%20to%20Strengthen%20Food%20Distribution%20Capacity%2016-12-09%20EN.pdf>

WFP. “Development Project Iraq 200104: « Capacity development to reform the Public Distribution System (PDS) and strengthen social safety nets for vulnerable groups in Iraq ».

⁴⁹ Interview with Mr. Farhad Othman, director of distribution planning at the Ministry of Electricity.

⁵⁰ KRG US Representation (<http://knowkurdistan.com/about/energy>)

⁵¹ Interview with Mr. Asaad Abdullah Mohammed, General Director of Planning and Project Implementation 2010

Main sector priorities are:

- Balancing generation with existing and forecast new generation plants in progress or under planning,
- Reducing technical and non -technical losses to acceptable levels,
- Improving reliability of distribution networks,
- Improving safety,
- Updating and improving staff skills and knowledge levels.

Main weaknesses/problems going against the development of the sector?

- Budget constraints,
- Low electricity pricing,
- Distribution of electricity across the region,
- Lack of development of staff knowledge, skills and expertise.

The KRG also commissioned two new private plants (BOT) each of 500 MW capacity and imports electricity from Iran and Turkey.

Description	Erbil	Sulaymaniah	Duhok
Hydro Generation Plants	0	2	0
Diesel Generation Plants	1	1	1
Gas Generation Plants	1	0	0
400kV lines	0	0	0
132kV lines (km)	765	1620	352
132kV Substations	19	22	10
33kV Feeders (km)	720	1469	873
33kV Substations	36	51	41

Renewable Energy

An intensive education and encouragement will be needed to establish the concept of renewable energy in all classes of Kurdish society. Renewable energy in Kurdistan is relatively unexplored and needs to be further investigated. The ministry of electricity is currently carrying out feasibility investigations into windenergy and hydropower sites. Other options will be considered once the supply-demand situation has stabilized and resources can be diverted to more renewable options.

The recorded climate conditions will be used in the investigation. Rainfall rate, wind speed, sunshine, temperature and solar radiation act as indicators to predict specific types of renewable energy.

Hydropower in Kurdistan:

- The early society in Kurdistan was dependent on agriculture, therefore grain mills were common and water flow was the only source of energy to spin them. Currently hydropower is the only source of renewable power generation in Kurdistan region; however hydropower potential is not fully utilized. From annual rainfall rate and discharge information of existing rivers and streams in the region a reasonable judgment on hydropower availability can be laid out.⁵¹ Therefore collecting information from weather stations will be the first step. There are meteorological stations throughout Kurdistan region supervised by the local government, but unfortunately they have no reliable recorded data for long periods.

Fortunately during the years 2000 to 2003 the Food and Agriculture Organization of the United Nation (FAO) installed and operated a number of agro-meteorological stations in Kurdistan region to investigate and study the climate of the region for agricultural research purposes. These stations have properly recorded and organized information, which can be used in other fields than agricultural researches.

Wind energy

In 2009, the Dutch company Mainwind BV installed two windpowerplant in the Kurdistan Region to gather wind data, being the first company to invest in wind energy in Iraq. The winowerplants are located in Karadaq and Haroota, and after evaluation, the Kurdish government will consider further windpowerplant purchases

Oil, Gas & Minerals

A. Oil

1) Presentation of the sector

Iraq has the third largest oil reserves worldwide, with one of lowest extraction costs. Based on seismic surveys, the proven oil reserves of Iraq are estimated at 115 billion barrels⁵², the unproven ones could amount 160 to 200 billion barrels even 350 billion barrels, what would make Iraq the largest oil reserve in the world. "Iraq is sitting on a lake of oil⁵³."

According to the Kurdish Minister of Natural Resources, Dr. Ashti Hawrami, the potential oil reserves of Kurdistan are estimated at 45 billion barrels⁵⁴, representing 39% of proven Iraq's reserves and the reserves of Nigeria and Libya⁵⁵. Most of these reserves are located in the governorate of Erbil⁵⁶.

In 2007, Iraq was producing 2-2.5 million barrels per day (bpd) for \$ 41 billion⁵⁷. The federal government's objective is to produce 8 to 10 million bpd.

Progress in the refining capacity of the Kurdish region (barrels / day)⁵⁸:

<u>Year</u>	<u>Bpd Production</u>
2008	0
2009	20,000
2010	65,000
2011	120,000

Two refineries have been built in the region of Kurdistan (in Kalak and ChamChamal) and a third one on the Tawqe oil field with a capacity of 7,000 bpd.

Exporting:

The KRG is currently exporting 90 000 bpd with a capacity to export 110, 000 bpd, or even 150, 000 - 200 000 bpd by the end of 2011. The KRG hopes to export 1 million bpd by 2014⁵⁹, according to the agreements signed with Baghdad, what will represent a 50% increase in the amount of the actual production from Iraq (2,2 M bpd). Exports are currently from the fields of Tawqe and Taq Taq⁶⁰.

⁵² Clement - Davies, Christopher, et Philip Woodruff. « Iraq's Oil and Gas Legal Framework ». Fullbright & Jaworski International LLP. January 2009.

⁵³ Ibid.

⁵⁴ Interview with Michael Howard, Communications adviser to the Ministry of Natural Resources: & USAID. "Kurdistan Region. Economic Development Assessment. December 2008, p. 48:

http://www.kurd.org/doc/EDA%20Report_English.pdf

⁵⁵ Ibid.

⁵⁶ « Invest in the Future, 2009 ». Kurdistan Regional Government Publication. Ed: Professor Brendan O'Leary, p. 96 – 97.

http://www.krg.org/uploads/documents/invest_in_kurdistan_2009.pdf

⁵⁷ Clement - Davies, Christopher, et Philip Woodruff. « Iraq's Oil and Gas Legal Framework ». Fullbright & Jaworski International LLP. January 2009.

⁵⁸ Mr Ashti Hawrami, Minister of Natural Resources at the meeting of the Foreign Relations Department February 8, 2011.

⁵⁹ « Invest in the Future, 2009 ». Kurdistan Regional Government Publication. Ed: Professor Brendan O'Leary, p. 96 – 97.

⁶⁰ Kurdistan Times. "Kurdistan Region of Iraq. Resources riches fuel reconstruction and progress". February 3rd, 2011
http://www.krg.org/uploads/documents/KurdistanTimes_2011_01.pdf

Export capacity of Kurdistan (bpd)⁶¹:

Date	Bpd Predicted
30/04/2011	110,000
30/06/2011	140,000
28/09/2011	160,000
27/12/2011	200,000

The contract system:

The KRG has decided to encourage the sharing and production contract. This type of contract involves the oil company that insures risks of exploration and gets a share of the profit⁶². KRG receives 90% of the profit and the remaining 10% go to the operating companies. Revenues from operations KRG Natural Resources are paid into a federal account to Baghdad to be distributed. All companies who prospect must provide a detailed profile of their business and sign a confidentiality agreement⁶³.

Agreements

43 contracts for production sharing oil and gas were signed by the KRG with about 40 oil companies including 16 from countries (United States, Turkey, UK, France, Austria, China, Canada or the United Arab Emirates⁶⁴).

Legal framework:

The hydrocarbon sector in the Kurdistan region is framed by the law on gas and oil from the Kurdistan Region - Iraq, enacted in August 2007.

Note that the investment law passed by the KRG in 2006 (Act No. 4) does not affect oil and gas companies. Also, these are not exempt from taxes⁶⁵.

2) Problems

a. Constitutional disputes between the federal government and the KRG

The oil and gas issue is one of the major points of tension between the federal government and the KRG. Indeed, because of disagreements between the two governments, in October 2009 KRG has stopped its oil exports via Kirkuk-Ceyhan pipeline. The companies DNO and Addax involved in the production reduced the production in their two respective oil fields Tawq and Taq Taq to only supply Kurdish demand⁶⁶.

The two governments finally reached an agreement on January 19, 2011 to:

- The resumption of oil exports (and future gas exports)
- The payment of contracts by the federal government
- The construction of pipelines.

But February 7, 2011, the Vice - Prime Minister of Energy, Mr Shahrstani said that the agreement has not been completely finalized and must still be amended, particularly regarding the type of contracts. The federal government has signed service contracts with oil companies against

⁶¹ Ibid.

⁶² Interview with Michael Howard, a communications adviser at the Ministry of Natural Resources

⁶³ According to the Minister in Mr Hawrami: Kurdistan Times. "Kurdistan Region of Iraq. Rich oil resources and reconstruction progress." February 3rd, 2011

http://www.krg.org/uploads/documents/KurdistanTimes_2011_01.pdf

⁶⁴ Interview with Michael Howard, Communications Adviser at the Ministry of Natural Resources, and: Kurdistan Times. "Kurdistan Region of Iraq. Rich oil resources and reconstruction progress." February 3rd, 2011

http://www.krg.org/uploads/documents/KurdistanTimes_2011_01.pdf

⁶⁵ Article 59.2: Presidency of the Kurdistan Region. "Oil and Gas Law of the Kurdistan Region – Iraq. Law N°(22). 2007".

http://www.krg.org/uploads/documents/Kurdistan%20Oil%20and%20Gas%20Law%20English_2007_09_06_h14m0s42.pdf

⁶⁶ Donovan, Thomas W. "The December 2010 Iraqi Unity Government and its Impact on the Domestic Upstream Petroleum Sector". Iraq Law Alliance PLLC. December 2010.

⁶⁷ The terms of the contract are detailed in Chapter 7 of the Law on Kurdish oil.

share and production contracts by KRG. While KRG has ex nihilo start the exploration and the production of oil, the federal government has to restart the operation of existing fields. That is the reason why KRG⁶⁸ has offered production-sharing contracts, taking in account the fact that the oil fields are much less abundant than the ones in the rest of Iraq.

Faced with conflicting positions within the federal government, the KRG continues to honour the agreement it signed with the federal government and has resumed oil exports.

b. Infrastructure and manpower

The Kurdistan is a landlocked area. It has no other solution but reaching agreements with the Federal government (pipeline running from Kirkuk to the port of Ceyhan⁶⁹ in Turkey) and its neighbouring countries in order to use their transport infrastructure to export oil. The Region has no oil infrastructure of transport and road is mainly used to transport oil by tanks to the point of consumption. Some small pipelines were built to join the oil fields to the refinery facilities. KRG is planning the creation of larger pipelines.

c. Education: As in other sectors, human resources is the major problem: there are no qualified local staff to work in this field⁷⁰. As a matter of fact foreign enterprises are encouraged to train and hire local employees⁷¹.

3) Investment Opportunities

- Infrastructure: the Region needs oil and gas infrastructures in order to exploit Iraqi oil^{72,73}.
- Petrochemical industry: with the development of oil by-products industry, petrochemical industry may arise in the future.

B. Gas

1) Presentation of the sector

Gas production has greatly decreased in Iraq from 215 bcf in 1989 to 87 bcf in 2005⁷⁴.

Proven natural gas reserves equivalent to 112 Iraqi trillion cubic feet (Tcf)⁷⁵. This is the tenth world gas reserve. Probable reserves of gas in Iraq are estimated at 275 trillion to 300 Tcf⁷⁶.

According to the Kurdish Ministry of Natural Resources, the gas reserves in the region of Kurdistan are estimated at 3-6 trillion m3, equivalent to the French gas consumption during 100 years^{77,78}. Potential reserves in the region of Kurdistan are estimated at 11.7 Tcf of gas but could actually reach 82 or even 100 trillion Tcf⁷⁹.

⁶⁸ Article 24.2:

http://www.krg.org/uploads/documents/Kurdistan%20Oil%20and%20Gas%20Law%20English_2007_09_06_h14m0s42.pdf

⁶⁹ USAID. « Kurdistan Region. Economic Development Assessment ». December 2008.

http://www.kurd.org/doc/EDA%20Report_English.pdf

⁷⁰ Interview with Mr Michael Howard, communications adviser at the Ministry of Natural Resources.

⁷¹ Ibid.

⁷² Ibid.

⁷³ Donovan, Thomas W. "The December 2010 Iraqi Unity Government and its Impact on the Domestic Upstream Petroleum Sector". Iraq Law Alliance PLLC. December 2010.

⁷⁴ Clement - Davies, Christopher, & Philip Woodruff. « Iraq's Oil and Gas Legal Framework ». Fullbright & Jaworski International LLP. January 2009, Op.Cit.

⁷⁵ Clement - Davies, Christopher, et Philip Woodruff. « Iraq's Oil and Gas Legal Framework ». Fullbright & Jaworski International LLP. January 2009, Op.Cit.

⁷⁶ Invest in the Future, 2009 ». Kurdistan Regional Government Publication. Ed: Professor Brendan O'Leary, p.

97:http://www.krg.org/uploads/documents/invest_in_kurdistan_2009.pdf & USAID. « Kurdistan Region. Economic Development Assessment ». December 2008.

http://www.kurd.org/doc/EDA%20Report_English.pdf

⁷⁷ According to the Minister in Mr Hawrami: Kurdistan Times. "Kurdistan Region of Iraq. Rich oil resources and reconstruction progress." February 3rd, 2011

http://www.krg.org/uploads/documents/KurdistanTimes_2011_01.pdf

⁷⁸ France consumes about 40 billion m3 of natural gas per year, according to French economic mission in Arbil.

⁷⁹ According to the minister Mr Hawrami, in: Kurdistan Times. "Kurdistan Region of Iraq. Rich oil resources and reconstruction progress." February 3rd, 2011

Nabucco:

In order to more easily distribute its gas, the KRG has established the Nabucco project.

The Nabucco project intends to bridge the supply of gas between Asia and Europe connecting Azerbaijan, Turkmenistan, Iraq to the European market. In Iraq the source of supply for Nabucco would be the ChamChamal gas field the reserves of which are estimated at 3 to 6 trillion m3 and the recent gas field of Miran distant of 60 km from Shamshamal.

Nabucco would have the capacity to carry 30 billion m3 per year, over a length of 4000 kilometres. The cost of the project is estimated at 20 - 25 billion €

The three main shareholders of the project are OMV (Austria), RWE (Germany), MOL (Hungary) Botas (Turquie), Bulgarian Energy Holding and Transgaz (Romania). IPIC (International Petroleum Investment Company - Abu Dhabi) could join the Nabucco Pipeline Consortium.

So far, oil and gas companies have invested 6.3 billion pounds for the initial phase⁸⁰.

The pipeline should be started in 2011 and completed in 2014.

2) Problems

- Dispute between the KRG and the federal government: following the example of oil, gas is a subject of tension between the two governments;
- Need of infrastructures: there is no industrial nor gas distribution infrastructure. Investors are reluctant to invest to produce gas that cannot be sold nor exported⁸¹.
- Lack of skilled labour.

3) Investment Opportunities

Investment opportunities in the gas sector are manifold as the sector is not developed.

- Infrastructure: There is a great need for infrastructure to handle the gas and export it (refineries, factories, pipelines,...)

- Training: foreign teachers could teach in universities in the region and also to train local teachers. Specific training centres should be open to better train the local workforce.

C.Minerals

1) Untapped resources

There is currently no reliable study on the subject, but the region of Kurdistan is rich in untapped resources : it is estimated that a belt of 15 to 25 kilometres wide close to the borders of Iran and Turkey contains minerals such as iron, chromium, nickel, cobalt, platinum, copper, zinc, lead, pyrite, silver, gold, talc, asbestos, barite, coal, as well as abundant industrial stones such as marble, the igneous rocks of various colours and types as sulphur, phosphorus, salt, gypsum, limestone as well as a range of metallic minerals and iron ore.

Moreover, Kurdistan region accomodates many quarries of pure rocks, limestone, gypsum, bentonite, sand, clay and gravel. Till now there was very little mining activity, mostly in marble, gypsum, limestone and iron ore which were discovered on various sites.

It is too early to say if the KRG could create a viable systematic exploration and development of mineral wealth approach should be adopted in using the experience of different countries, companies and institutions.

Under the constitution, the mining sector is under the shared responsibility with the KRG and Federal Government. It is not under the sole responsibility of the federal government. In this regard KRG should have the right and the responsibility to extract minerals existing in the Region. This new legal vacuum would create a new situation of tension between the two governments. The Department of Natural Resources is preparing an ore-act. This law will cover all aspects and activities related to exploration and extraction of metal and non-metal ores, in

⁸⁰ Kurdistan Times. "Kurdistan Region of Iraq. Resources riches fuel reconstruction and progress". February 3rd, 2011 http://www.krg.org/uploads/documents/KurdistanTimes_2011_01.pdf

⁸¹ Herbert Smith. « Key legal issues in the third licensing round for Iraq's gas fields ». Energy E-bulletin. June 15, 2010. <http://www.herbertsmith.com/NR/rdonlyres/26935554-DFC9-4F20-AAEF-E99A768D4683/0/IraqGasFieldsThirdLicensingRound.htm>

harmony with the procedures and methods adopted at international level. This will therefore encourage investment.

2) Investment Opportunities

KRG wants to develop the mining sector in order to increase its revenue and to create jobs. He is willing to encourage investment in this area⁸².

Additionally, having these resources would avoid importing them, and thus facilitate the development of other sectors, especially in building materials and metallurgy, agriculture, and rehabilitation of local communities.

The private sector already plays a role in the mining industry especially in marble, gravel and sand⁸³. Local companies show interest in the rock mining industry too. Foreign companies are interested in investing in the Region but wait for the promulgation of the Kurdish Mining Act⁸⁴.

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Transportation

Transport infrastructure and roads and airways are fully developed. Various plans for these improvements are made at an advanced stage.

The government has developed a national strategy for transport in order to improve and update the infrastructure of the Region and allow the Kurdistan capitalize on its natural geographic advantages.

The Ministry of Transport and Communication deals with three types of transport: passengers, general cargo and transportation of oil.

Airports in the region of Kurdistan:

- Erbil International Airport (EIA) has recently undergone major developments to be enlarged. \$ 400 million were spent so that the new airport has 16 gates and is able to accommodate larger aircraft in the world.

- Sulaimania International Airport (SIA) is smaller than the Erbil one: rehabilitation works are in process to extend its capacity and offer frequent flights to various international destinations. The airport is used both for cargo and passengers.

In the Region of Kurdistan, there are no major transport systems belonging to the government.

Transportation companies for freight and private oil have certificates issued by the Ministry of Transport. There are about 300 companies in this sector for the whole Region.

The Ministry of Transport and Communication has established a master plan with two key-projects:

- A railway line with a length of about 650 km, linking the towns of Zakho - Duhok - Faida - Shikhan - Bar darash - Khabat - Erbil - Koysenjaq - Dokan - Tasluja - Sulaimania - Arbat - Said Sadiq - Nalpariaz – Penjwin ;

- A light railway transportation system detailed feasibility study for the cities of Erbil (60 Km), Sulaimaniya (60 Km), and Duhok (40 Km).

Foreign companies can help by investing in the master plan prepared by the Department, especially by investing in projects above - mentioned. Very few foreign companies have so far invested in the

⁸² The KRG has no more specific information about this area, and 2 to 3 studies were conducted by the USGS group.

⁸³ Fathi M. Ali Abdullah. "Kurdistan, the commercial gateway to Iraq". p. 13.

USAID. « Kurdistan Region. Economic Development Assessment ». Décembre 2008. P. 111 :

http://www.kurd.org/doc/EDA%20Report_English.pdf

⁸⁴ Interview with Mr Michael Howard, Communications adviser at the Ministry of Natural Resources.

transport sector.

Roads and Highways:

The region has developed a network of roads interconnected with the rest of Iraq. Good road connect the main cities of the Region, and the Ministry is about to create extensive road systems within cities to facilitate movement, in the manner of the 100 meters Road in Erbil.

Road construction to double - has recently started routes and visas to facilitate travel between major cities in the region, such as between Erbil and Koya. It aims to create better transport and better road networks for businesses and individuals.

Businesses can contact the Department of Transport and Communications if they want to invest and do business in the area.

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Information Technology

The IT sector is headed by the KRG Department of IT.

Highest emphasis has been put on IT sector at the highest levels of KRG as well as leading the provision of policies, strategies, guidance, resources, and support needed for the realization of Kurdistan's IT vision.

KRG IT Strategy Development and Implementation Roadmap Project, in cooperation with PricewaterhouseCoopers (PwC) has been initiated to develop the KRG IT 2011-2016 master plan to provide KRG a clear vision (direction and budget) over the next 5 years. It is currently in its final stage. Once it starts implementation, the project will help develop IT in the region based on seven domains it identified in its initial stages.

In addition, information technology is now a motor of economic development in modern societies and Kurdistan is going to be first region in Iraq that has an outlined 5 year IT strategy, which will enhance the future of Kurdistan. Early adoption of an IT strategy is at the heart of the KRG efforts. Kurdistan is almost a greenfield site. Fresh platform to start making real developments in IT infrastructure. Making a democratic 'e-governance' a reality, from ministerial laptops to disadvantaged citizens. The strategy is over 3000 pages, with every detail, in order to have a very practical strategy the KRG estimates a budget in the region \$600-\$700 million.

The KRG Employee ID Card Directorate, with its central office in the Council of Ministers, conducts its operations and card issuance through 6 sub-offices across the Kurdistan Region. It issues standard, professional, bio-metric and smart ID cards to all of the KRG employees. Information Technology Academy (ITA), a state-of-art facility, trains human resources in the field of IT for the government and region of Kurdistan. Officially a Microsoft Certified Partner, ITA has been continuously striving to deliver modern IT courses. It has been used thus far to train government employees, university lecturers & students. It can also be rented out to other organization for workshops and seminars.

The main problem that the Information Technology sector is facing just like most of the other sectors in the region is the lack of skilled staff. A lot of training is needed to create efficient IT staff. This is a brand new industry in the region and is relatively new worldwide. So training is always in need. The understanding of Information Technology in the Region has also been another factor as many people in the region believe that basic services should be improved before investing in technology.

IT Penetration and Private Sector Development are key areas for achieving the Vision, Mission and Objectives of KRG IT Strategy. IT Private Sector Development proceeds from from a supply perspective and IT Penetration from a demand and utilization of final product perspective. It is thus important to see both the segments as complementary to each other.

The key objectives that will be achieved through the IT Private Sector and Society initiatives include:

- Participation of local IT companies in government projects
- Participation of local and global IT companies in the development of IT sector in the region
- Increased IT Innovation & Entrepreneurship in the region
- IT enabled education in schools and universities
- IT curricula aligned to market requirements
- **Measured** internet and PC penetration in the region
- Cheaper Internet for the public
- IT knowledge centers across the region providing internet connectivity and basic literacy training

Several key foreign companies such as Microsoft, Cisco, Google, and You Tube have visited the region and noted substantial potential in investing in the region. Upon the implementation of the KRG IT Wide Strategy and Roadmap Project, there will be many opportunities for both international and local ICT companies to help implement the KRG IT projects over the next 5 years⁸⁵⁸⁶.

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Communications

The communication sector in Kurdistan has taken a turn towards the development and maturation during the last decade. The KRG has enacted the "Law on the" misuse of communication facilities in the region of Kurdistan - Iraq, Act No. 15 approved by Parliament in 2008.

The Ministry of Transport and Communication is responsible for overseeing the work and actions in these two sectors.

The communication sector is composed of:

- Directorate General for communication,
- Regional Directorate for communication,
- Department of frequencies,
- Department of internet
- Department of radio and television,
- Directorate of projects,
- Department of the optical cable,
- News Department, Information Technology and Communication (NTIC).
- Department of Posts,
- Department of Meteorology.⁸⁷

Telecommunications, media and Internet have greatly developed thanks to advances in technology. Northern Iraq has boomed from a backward and isolated region in the early 1990s to the world of a thriving economic region, with several mobile phone networks, radio stations and independent television and the emergence of free media.

In 2001, there were only two mobile operators in the Region, each with their own regional circumscription : Asiacell (Sulaymaniah) and Korek (Erbil & Duhok) are now in an healthy competition in Region and throughout Iraq⁸⁸.

The Ministry works with the organization and distribution of television channels and radio frequencies in the Region. He oversees as well operations (transmission, quality of equipment, filters, and towers and their location). He also wants to organize the transmission between TV channels so there is no interference with each other.

The level of investment in the communications sector indicates the sector's strong position in the

⁸⁵ *Delivering Modernisation 1,2 & 3 KRG DOIT Publication*

⁸⁶ *Interview with Mr. Botan Osman, Head of Dept of IT*

⁸⁷ *Rasul Seleh Rasul, Manager of Relations & Media MOCT Q&A December 2010*

⁸⁸ *«The Kurdistan Region. Invest in the Future, 2009 ». Kurdistan Regional Government Publication. Ed: Professor Brendan O'Leary.*

http://www.krg.org/uploads/documents/invest_in_kurdistan_2009.pdf

Region: there is healthy competition between different mobile telecommunications, which has led to demand better services affirmed mobile communication.

Thanks to the stability of the region, the local telecommunications providers have been able to hire foreign experts for example Asiacell and Korek are led by experts, advisers and foreign directors. This was the key to the success in the formation and development of the local workforce.

For Internet services, there are two major suppliers under public ownership - private: Newroz Telecom in Erbil and Duhok, 30% of which belong to the Ministry of Transport and Communication, and KurdTel in Sulaymaniyah, 28% of which belong to the same Ministry⁸⁹.

One of the strategies the department was to create a global network. Also, he attended Nawroz KurdTel and in their cooperation with international providers of Internet. Previously, the region used the V - Sat, which cost 75% more expensive than the system used today⁹⁰. The price is still high but with improved security and stability in the area, prices of internet will drop in the next 2 years. 8 companies are working in the region to establish wireless systems. Tarin Net provides free Internet access to government institutions and universities.

The government has decided to pay for this service to promote Internet use and its benefits. The Ministry of KRG works closely with IT-PC federal government.

Given the difficulties in Baghdad, it was difficult to privatize it in the Kurdistan region. The Ministry does not provide Internet service: it simply gives the private sector the opportunity to sell their services, but also protects investors.

The KRG also recognizes the power of the Internet and decided not to censor the Internet.

This industry includes companies involved in activities operation, maintenance and Internet Service Provider services and technologies that enable the transmission of voice, data, text and video networks using wireless communication.

It also includes simple transaction to purchase the access and the ability of owners and operators. Cellular communications form a major part of this industry. (not necessary)

The population of Kurdistan is young and growing: 36% of the population is under 14 years, 50% are under 20 years, and only 4% are over 63 years⁹¹.

Education has been improved for this generation (which one ?). The demographic studies show that there is a potential for investments in the fields of telecommunications and internet services. There are currently problems with distribution of access because of the mountainous region. WiMax technology is about to overcome this obstacle, but the lack of communication between the region and wired Internet remains a problem. It can be solved with the right investment to provide broadband Internet access with high bandwidth to the entire region.

The master plan of the Ministry is currently implemented in the region. Management master plan should not start because of lack of infrastructure quality (contradiction).

The development of the sector required the help of international companies. One project - key master plan- is the management of frequencies and frequency tools to prevent interference.

Training of individuals is always a challenge in the Region. Emphasis was placed on the skills of the population to assist in the implementation of this technology. The sector needs people with high skills in communication and programming.

The development of the sector is slowed for several reasons (contradiction): the Ministry's budget is insufficient; the Ministry also faces the bureaucracy in the rest of Iraq and the lack of cooperation with the Ministry of Communications in Baghdad (contradiction). There is also a lack of centralized information.

⁸⁹ Ibid.

⁹⁰ Ibid.

⁹¹ «The Kurdistan Region. Invest in the Future, 2009 ». Kurdistan Regional Government Publication. Ed: Professor Brendan O'Leary.

http://www.krg.org/uploads/documents/invest_in_kurdistan_2009.pdf

Foreign companies wishing to invest in the region should move there and be present at the place to look for local partners, so that there is direct communication between business and government (incomprehensible). Foreign companies can also participate in capacity building projects in the area and belong to the economic development of the Kurdistan region.

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Agriculture

Agriculture has a strong economic potential.

The Kurdistan region has very fertile land: 1.3 million hectares of arable land, 13.12% of Kurdish territory, but only 0.61% of this land is grown continuously and 13% of it is irrigated (150,000 hectares)⁹².

In addition, there is abundant water for irrigation: in fact, Kurdistan has 60 billion m³ of surface water, to which groundwater⁹³ must be added.

The average annual rainfall in the region vary from 328 mm to Khanaqin over 1 263 mm Penjwin⁹⁴.

Previously the Kurdistan region was the breadbasket of Iraq. However in 1987, the Iraqi central government declared, "agriculture is now banned in the Kurdistan region." From 1986 to 1989, Saddam led the Anfal campaign, which resulted in the destruction of M Iraqi Kurds in 1991.

The Ministry of Agriculture and Natural Resources is composed of 7 directorates and employs about 13,320 workers. A five-year strategic plan was established in 2009 in partnership with the Ministries of Trade and the Ministry of Planning. The objective of this plan is to develop the agricultural sector to make it the economic engine of the region. The KRG is looking to reach self - sufficiency and to become again the breadbasket of Iraq. The will of ensuring food security is indeed crucial for the Region (cf Dr. Talib Murad⁹⁵).

Despite these goals and the dedication to make agriculture the No. 1 priority of the KRG, the budget devoted to agriculture represents only 2.5% of total budget (\$ 250 million)⁹⁶. Therefore, the means provided cannot serve the ambitions shown by the KRG.

An Agricultural Bank was established to help farmers cultivate their land by granting them loans. So far the Bank has supported 1,245 projects. The maximum loan amount in 2009 was 50 000 USD, 70 000 USD in 2010 and will be 100 000 USD in 2011. However, these loans are small compared to those granted by the federal government (\$ 14 million)^{97,98}.

Agricultural Bank provides loans at 0% repayable over 5 years from 5 years (NB : these conditions are subjected to change as they indeed change every 3 months) :

- Loans to 60% of the project (50% for tractors)
- 80% of loans are devoted to the launch of activities,

A farmer wishing to obtain a farm loan must apply to its sub-districts that send the request to the Ministry of Agriculture. If the Ministry approves the project, the Bank of Agriculture grants the loan. The applicant must own minimum 30 ha irrigated. A committee inspects the land and assess in particular they are well irrigated.

⁹² Presentation by Mr David Merceron. "Agriculture and agricultural machinery in Iraqi Kurdistan. " November 2010.

⁹³ Interview with Mr. Hussam Barzaji Hakim, Director General of the Kurdistan Economic Development.

⁹⁴ KRG. "Investment Guide. Kurdistan Region – Iraq". P. 4-5.

⁹⁵ "The survival of a country depends on its ability to feed itself and not on the wearing of western clothes, possession of mobile phones etc." Dr Talib Murad. "Agriculture in Kurdistan and Iraq". Erbil, January 18th, 2010, p. 20.

⁹⁶ Interview with Dr. Talib Murad, Advisor for Agriculture and Food Security to the Prime Minister.

⁹⁷ Interview with Mr Anwar Omer Qader, Director General for planning and monitoring at the Ministry of Agriculture and Water Resources.

⁹⁸ Interview with Dr. Talib Murad, op.cit.

Kurdish Agriculture curve is 15% production to 20% of agricultural needs in the region of Kurdistan.

According to USAID, it represents a significant share of agricultural production in Iraq: it produces 40% of the oats in the country, 50% wheat, 98% tobacco, 30% cotton and 50% of fruits⁹⁹. Its strategic agricultural productions are cereals (wheat, barley, maize, sunflower and rice), fruits and grapes (grapes, apples, figs and pomegranates). Main crops are cucumbers, tomatoes and eggplant. The average yield is 0, 8-1, 5 tons / hectare¹⁰⁰. Agriculture is a sector, which is currently uncompetitive: production costs are higher than in neighbouring countries, since wages are higher.

Problems:

- Rural exodus: it is now very difficult to bring farmers back to their villages and countryside, as they have become used to city life that gives them more comfort than life in the countryside.
- Training: there are very few students who graduate in agriculture. There are only 5 schools of agriculture, what is insufficient for the Region. These schools have no means or nor competent teachers in the field¹⁰¹. There are only 5,000 veterinarians throughout the whole Region.
- Mostly agricultural products are imported: a major obstacle to agricultural development in Kurdistan is that about 95% of food is imported¹⁰², this food being more competitive than the local production and being sold at a lower price. As a matter of fact, to develop agriculture in Kurdistan implies that agricultural products will be sold at a higher price than the imported ones: a local cucumber grown in Suleymaniye costs 200 ID, while an imported one from Iran is sold 100 ID¹⁰³. A company producing 120,000 tons of chicken¹⁰⁴ a year closed down its activity to import Brazilian chicken that costs half as less as local chicken¹⁰⁵.
- Free distribution of food: the public food distribution system also distorts the agricultural market: the individuals receive food parcels of basic subsistence products (flour, sugar,...). Consequently they buy less, or not, products sold by local farmers.
- Products of poor quality and health risks: the quality control on imported food products is still low. However, this control is particularly important for livestock: in fact, Kurdistan has become a hub between many worlds, through which are transported sheep and cattle, what creates a risk of spread of transboundary animal diseases¹⁰⁶.
- A five-year plan unsuited to the realities: from the economic point of view it does not make sense to provide farmers thousands of tonnes of improved seeds disregard of soil fertility, use of fertilizers, pesticides, herbicides.
- Lack of infrastructure and agricultural equipment: There is a lack of adequate equipment for planting and cultivating the land, lack of storage infrastructures and marketing services which are also essential to the whole agriculture chain (in 2009 the lack of storage equipment in Sulaymaniye resulted in the lost hundreds of tons of wheat).

The same applies to equipment: agricultural machinery in the region is old and poorly developed: there are only 16,000 tractors, 90% of them being unable to work as they date from the 1970s. There are 925 harvesters - combines, but only 30 of them are in use (the units are too old).

To renew the fleet of machines, Kurdish farmers have three options. Opt for:

- The Turkish material, good quality and competitive prices.
- The Iranian equipment, poor quality and very cheap price.
- The French product, excellent quality but too technologically advanced and too expensive.
- Weakness of agricultural banking: loans awarded by the Agricultural Bank and local banks network are limited. The banking sector is weak. Agriculture requires modernized and powerful bank system in order to be a partner for those who have the capacity to borrow in order to expand their activities.

Opportunities

The Kurdistan region must develop its agricultural sector to meet its food needs of a growing population and to insure its food security and self sufficiency. Private investment is encouraged by the KRG.

⁹⁹ USAID. « Kurdistan Region. Economic Development Assessment ». December 2008. P. 14:

http://www.kurd.org/doc/FDA%20Report_English.pdf

¹⁰⁰ Presentation of Mr David Merceron, *op.*

¹⁰¹ *Ibid.*

¹⁰² *Ibid.*

¹⁰³ Interview with Dr. Mohammed Karim, director of the Grass Company.

¹⁰⁴ Interview with Mr. Salim Kako, deputy member of the Committee on Agriculture and Irrigation, the KRG parliament.

¹⁰⁵ Interview with Dr. Mohammed Karim. *Op Cit.*

¹⁰⁶ Dr Talib Murad Ali. "Agriculture in Kurdistan and Iraq". Erbil, January 18th, 2010. 27 p

NB : a distributor/dealer must be registered in the Ministry of Agriculture.

- Training and expertise: foreign agricultural experts to train farmers on modern farming methods are needed. Indeed, there is a gap at least of 20 years regarding the development and modern technology used in agriculture.
- In this regard new program of training farmers, teaching in universities, new management in the public administration are needed. New partnership between foreign countries and the Region could be set up in the field of agriculture (research centres and laboratories particularly in the field of agricultural biotechnology).
- Farm equipment: this park is too old and too limited. The agricultural equipment market is lucrative for dealers. However depending on the weather, this market is quite volatile. The market is poorly regulated. In 2009, the Ministry had a budget for 200 tractors and 50 combine harvesters. However, 90% of farmers bought Iranian materials, with GRK grants as no quality standards were dictated by the Ministry on the import of agricultural equipment. There is a great need for storage infrastructure, including cooling chambers to better preserve meat and other foodstuffs. Farmers also need modern irrigation systems and new pumping stations.
- Marketing and Communications: Companies must develop the local marketing of their products, but they have no knowledge in this field.
- Cattle and sheep products: production of beef meat and dairy products is a priority. There are opportunities to create farms, veterinary (including laboratories) and artificial insemination centres to improve the quality and variety of the cattle. Ovine program (sheep, lambs, goats) should be restarted and genetic data banks should be created to certify the quality and insure the traceability of all animals.
- The poultry sector previously self sufficient has to be relaunch.
- Agro-industry is currently non-existent in the region : as a matter of fact potential business opportunities are numerous in this area (packaging, cans,...).

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Environment & Water

KRG relies upon an Environmental Committee (formerly the Ministry of Environment). Appointed by the Council of Ministers, the President (currently a woman) has the rank of Minister.

This committee is composed of 3 environmental general directorates:

- The Directorate General for Administration and Finance
- General Directorate for the Technical Department,
- General Directorate for education.

This committee has laboratories to control environmental pollution: working without expertise, trained workforce, this committee has poor results as awareness of the population toward environmental issues is still very low.

Environmental law was issued in 2008 (Act No. 8 of 2008). A new legislation is being prepared. One of the disposition of the law will require companies and investors to complete an ¹⁰⁷"Assessment of Environmental Impact", through which the company commits to follow a number of steps to protect the environment.

The association "Together to Protect Human & the Environment", managed by Dr. Saadia, deals mainly with education and awareness about the environment.

Since 2007 she has set up activities on this theme in the three governorates, including

- Teacher training,
- Educating students through the creation of environmental associations in different schools (e.g. Tav Club)
- Student exchange program: 60 Arab students from Baghdad and Erbil, Kurdish 60 students gathered each year to discuss the environment for there to be exchanges between the two groups, with the support of the Ministries of Environment in Baghdad and Erbil.
- Tree planting campaigns (with USAID assistance).

To ensure better protection of the environment, the association suggests that the GRK implement an environmental management system (ISO 14000)¹⁰⁸, modelled on the project that Japan has done.

It also suggests introducing a tax funding a government fund to protect the environment.

Problems

- Lack of awareness and education: courses and interventions on the subject should be included in the programs of the Ministry of Education. In addition, awareness campaigns should be organized to reach the entire Kurdish population.
- Lack of funds: associations and NGOs are in the position to conduct only small scale environmental activities and programs.
- Lack of involvement of the private sector which are not involved in environmental protection.
- Lack of control by the government which has not the capacity to monitor each company's compliance with the Environmental Impact Assessment, inspectors being not trained for this type of task.

Investment Opportunities

- Awareness: There is an urgent need to raise awareness in the region of Kurdistan in order the Kurds to realize the importance of the environment. Thus, foreign experts could offer their services to help the government develop awareness campaigns (advertising campaigns or television broadcasts).
- Training: it is urgent to train teachers on environmental matters, to teach teachers.
- Recycling activities: the recycling industry is completely missing from the industrial landscape.
- Renewable energy: investment in renewable energy should be fostered since the wind patrimony is of good quality in the region of Kurdistan.

¹⁰⁷ Environmental Impact Assessment.

¹⁰⁸ Environmental Management System (EMS).

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Health

Until 1991, the health sector was flourishing and in better shape than today: medical services worked well, and the Kurds had access to all types of medicine. In 1991, this sector as the rest of the economy of the Kurdistan region collapsed: hospital infrastructures were destroyed and neither medicine nor equipment was available. The situation improved with the implementation of the "food for oil program". Health centres opened, delivering better medicines and training to local staff.

The Ministry of Health oversees seven directorates: Directorate of Erbil, Koya, Sulaymaniye, Dohuk Rania, Germian and Sharzour¹⁰⁹.

Erbil counts 18 hospitals, 203 primary health centres, 13 specialized medical centres, 8 private clinics, 11 public clinics (health insurance), 4 clinics, 4 schools and maternity nurses for a population of 1, 800, 000 inhabitants in total.

Hawler Medical University is the only University that specializes in medicine. The doctors who make the courses are university graduates. About 100 to 150 doctors graduate every year.

The Ministry of Health has prepared a master plan for 5 years to provide basic health services in Kurdistan, such as oncology, mental health. The plan focusses especially on modernization of hospitals, with the purchase of dialysis systems, scanners MRI ... There are now plans to build hospitals (maternity hospitals, paediatric and cardiology centre), to create a DNA laboratory and to implement quality control by extending the existing facilities.

Many contractors are local and Turkish. The design of hospitals is oftenly done by Lebanese companies. Committees are set up to monitor projects¹¹⁰. Projects over 50 million IQDs should be published in newspapers. If the project is less than 50 million IQDs, the Ministry of Health can freely choose the company with which it wishes to grant the project (provided that the company is registered in the region of Kurdistan). Foreign companies have no obligation to use the Kurdish Workers¹¹¹. They can submit their offer to answer a tender launched by the Ministry of Health. Regarding a private investment, they have to contact the BOI, Board of Investment.

The Ministry of Health agrees that changes have to be made in the field of health: on 24 February 2011 he organized a Health congress (experts, professors,...) to discuss the restructuring of the health system in the Kurdistan region¹¹².

Problems:

- Lack of hospitals and relevant specialized services: no private or public hospital can meet the needs of the health sector. Many patients have no other choice but to go abroad for treatment, even for the slightest illnesses. Many services (buildings, staff, skills,...) are failing: no cancer, mental or heart centre, no center for burned people, no blood bank in the region (only a limited blood bank in each hospital).
 - Training: Training is a major problem. Hospital staffs worked little and sometimes combine a job in a public hospital with another one in a private hospital, what leads overworked doctors to commit misconduct, endangering the life of patients.
- The public health care is free low wages do not motivate to work hard. In addition, medical staff has no training on new techniques or modern medicine. Nursing services are indigent.
- Lack of equipment and medicine of good quality: medical equipment, imported from Turkey and China, Syria, Jordan, Iran and Gulf countries, are of poor quality.
 - Lack of coordination and cooperation between the 2 ministries: the federal government purchases

¹⁰⁹ Interview with Dr. Omar Ali Amer, Head of office for the Minister of Health.

¹¹⁰ 3 teams within the Department of Health and the Council of Ministers.

¹¹¹ Provided that the company is registered in the Kurdistan region

¹¹² www.healthcongress2011.org

drugs and equipment for the region of Kurdistan. The orders of KRG are not attended the right way. They are supplied with many mistakes and oftenly do not cover the needs of the Region.

- Lack of budget: health is free but KRG has no means to improve medical infrastructure because of a lack of budget leading to a deterioration of public hospitals services. The financing of the health system must be reformed.

Opportunities:

- Construction of hospitals and specialized services: given the inability of private hospitals to take care of the sick Kurdish population, a state of the art hospital (cardiology, oncology) is needed.

To build a private hospital, a foreign firm must contact the BOI to obtain a license and address a letter to the Ministry of Health to introduce its project.

Local businesses should contact the Department to obtain approval.

- Training and management skills: hospital staff desperately needs to be better trained, both in terms of medical expertise, administrative and management.

- Training of of local doctors.

- Medicine: the Kurdistan region needs to import good and original medicine from European countries. KRG must strengthen the legislation from the intellectual propret point of view to encourage foreign companies to come.

- Equipment, radiology: hospitals need medical equipment, radiology equipment, scanners, X-rays, laboratories better equipped and with modern facilities. Personnel require tp be trained to use this new equipment.

- Finally KRG should benefit advice to reform its health system.

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Housing & Construction¹¹³

The Ministry of Housing and Construction oversees two sectors:

- Construction of roads, highways, tunnels,
- The construction of housing units of 2 types:
 - . public buildings, schools, hospitals,...
 - . social housing (individual housing for government employees and the general population).

The Ministry of Housing and Construction had the largest budget in 2010.

Since 1st of August 2006, the largest share of total investments (FDI) in the Region, 42%, was made in the real estate sector, amounting to 5.808 MUSD.

In 2010, the Ministry had no plans for housing and focused only on the construction of roads.

The Ministry has established a master plan for the networks of communication, based on assessment of needs. Some of these projects are under construction and will be over end of 2011, while others will be completed in 2020: the highway from Zakho to Sulaimaniya via Erbil, the project of road connecting Kirkuk to main towns of the Region, the road between Qandil and Shaqlawa.

The Ministry does not deal with urban planning. The Ministry of Municipalities is in charge.

Most foreign companies in the construction sector are Turkish. They control the market because they

¹¹³ Interview with Mr Farhang S. Omer, Director of Public Relations and Media Department of Housing and Reconstruction.

are geographically close to the Kurdistan region and also because they are patient. Indeed, some of them are in the area for 2 years waiting for projects. Foreign companies also come from Iran, Gulf countries.

Since 2009, the KRG has established quality standards and inspection systems for quality control of materials used in construction. But these norms are not implemented.

When a private real estate project is submitted to the BOI, the latter submits it to the Ministry of Housing to assess the quality of the infrastructure and the plan ... The architect may be a foreign one.

Companies wishing to obtain land should write a letter to the Ministry of Municipalities.

To participate to tenders foreign firms must be registered in the Kurdistan region.

Companies can do business in different ways:

- Participate to tenders, **and why foreign companies should be registered in the Region,**
- Receive a letter of invitation from GRK: the company did not need to be registered in the region,
- Investments: materials must be approved by the Ministry. When a company does not honour its contract, the Ministry notifies it.

Investment Opportunities

- **Construction of roads: the roads are in poor condition. There is a great need for foreign companies to rehabilitate them, especially since 2020, the Ministry of Housing and Construction is to have two-lane roads for all of Kurdistan. For this, the KRG needs of recognized companies in the field, skilled technicians and equipment of good quality.**

- Housing: facing the growth of the population, the Region has enormous housing needs: the shortage of housing, according to the Ministry, is estimated to 120 000 dwellings. There is a lack of infrastructure such as hospitals.

- Training centers: it is difficult to find qualified local employees. Local and foreign companies should train local employees though there is no obligation for them to hire local employees. Anyway, this could become a condition of implementation of a project. Moreover, once the project is over, still there is no local staff able to operate and maintain the infrastructure. Training is needed.

Tourism¹¹⁴

The three provinces that officially form the autonomous region of Iraqi Kurdistan are designated as a location of refuge and safety. The Kurdistan region serves as a direct haven and a tourist attraction for many Iraqis who want to escape the perilous state that the rest of the country currently remains in. For the Iraqi people, natural beauty and historical sites are the hallmarks of the governorates of Erbil, Sulaymāniye and Dohuk.

The burgeoning demand for tourism in the Kurdistan region can be viewed as an outcome of the stable security monitored by KRG. Since 2006, FDI has flooded into the tourism sector. 40 licensed projects have been licensed to the sector, mainly to cover the increase of the new hotels demand. Tourism infrastructures have started to be built in 2003 after the end of Saddam’s era. The Directorate of Tourism in the Ministry of Municipality and Tourism is responsible of the tourism strategy. The goal is by 2015 to build 2,500 hotels to accommodate 1,350,000 visitors annually.

Figures of visitors in the Kurdistan Region
56% Rest of Iraq (470,000 visitors in 2009)
26% Kurdistan Region
18% Foreigners Visitors (136,595 in 2008 & 273,190 in 2009)

¹¹⁴ Interviews with Mr Hubert Debbasch, president of Whole Earth (Babel Towers), Mr Mawlawi, Director General of Tourism, Ministry of Municipalities, Mr. Shareef Kharouba, Director of Sales and Marketing for Rotana Hotel - Erbil, and Mr Ahmed Hearsh Chawsheen President of Kurdistan Hotels and Restaurants Association.

A committee in the Association of Hotels & Restaurants credits respective hotel/restaurants with a stars rating. It also has to approve the commissioning of a new hotel/restaurant. The Association works closely with similar organisations across the Middle East.

The city of Erbil, which is one of the most ancient and continuously inhabited cities in the world, appears to be at the forefront of the gentrification that is currently ongoing in the tourism market of northern Iraq, with the number of Five Star and International Hotels being established in the Region. The city of Erbil hosts the world oldest citadel, from the times when old empires would use the citadel as a fortress. Now it is undergoing a facelift as the citadel is an element of the KRG's tourism drive to the Region.

Sites of historical and natural beauty make ideal places for tourism related investment, completed projects such as Pank Tourism Complex in Rawanduz is a clear example of how the investment law has enabled the establishment of a modern tourist complex with a rollercoaster and amusement rides placed on a Gorge near the town of Rawanduz. The scenery is breathtaking like no other seen in the Middle East, taking in the snowy mountaintops in the winter and the green plains in the spring.

Kurdistan has the natural infrastructure to but it currently lacking adequate facilities

Opportunity of investment: Safeen Master Plan, Dukan tourism complex and Erbil green belt

Potential Tourism projects are in the pipeline in the town of Shaqlawa, about 50 kilometres from the capital Erbil, at the base of Mount Safeen of nearly 2,000 meters high : Safeen Master Plan will become a tourist complex with hotels, chalets and other activities spotted around the mountain creating an amazing hideaway for families and travellers looking for a tranquil break.

Other proposed investment opportunities are Dukan city master plan and Erbil Green Belt master plan.

Travelling to the region has never been easier. To accommodate the expansion of air travel to the Region, KRG has just opened a \$400 Million International Airport in Erbil to accomodate the increase of travellers and cargo traffic. Last year alone 290,000 travellers flew to Erbil International Airport.

Tourism has the potential to become a job catalyst to the Region and is one of the three pillars with hydrocarbon and agriculture of the economic development. job opportunities have arisen from the tourism sector in recent years with the emergence of new hotels and complexes. A problem in the past has been that during festivals and holidays, hotels and restaurants close because there are staff were not willing to work. Now the restaurants/hotels have decided to stay open during these days. Training of these staff is vital to development of this sector. AGEF has been providing housekeeping training which has been effective to the development of skills in the tourism sector.

In 2011 GDP per head amounts to around \$4,500 compared to the rest of Iraq (\$3,600), with 1.5% of GDP growth rate in 2007 to 4.3% in 2009, it is estimated to reach over 7% this year and around 8% next year with the economy booming, tourism is gradually becoming the forefront of investment in the region.

The Directorate of Tourism has a strategic plan to develop tourism : KRG is in need of companies to enforce it. A tender will be launch to implement this master plan. A letter of interest will be attached to this tender. The companies that apply must be registered in the Kurdistan region. The strategic plan relies on private companies, KRG has only drawn up the draft.

Distribution Sector¹¹⁵

Iraqi Kurdistan is a market of over 4 million consumers.

Iraqi Kurdistan, "The other Iraq " is experiencing rapid growth thanks to increasing public budgets. Since 2003, the dynamism of the autonomous region, driven by security, political stability and openness to foreigners, led to the emergence of large private groups. General Trading is very active, particularly in food -as Iraq including Kurdistan region imports more than 60% of its food needs-

¹¹⁵ In Erbil are supermarkets and hypermarkets Naza Mall, New City, City Centre, Team Mart Abu Shahab, and shopping malls Majidi Mall, Mall Sofy, Tablo Mall, Mega Mall, ... and the recent Family Mall. A Sulaimaniye, supermarkets and hypermarkets Zara Mall Zagros Mihrako, Rand Supermarket, etc.. and malls Rand Gallery, Zagros Mall, Mall Chavy, Sulaimany Mall ... and soon the new Majidi Mall. In Dohuk, supermarkets and hypermarkets: Mazi Mall, Bahar City, Mini Market, etc., and shopping centers Maxi Mall, Istanbul Bazaar, Cashemir, Panorama, KOC, etc.. In addition to these outlets, others are under construction or still in projects such Galeriya, Kayseriya ...

household appliances, furniture, automobiles. Major investments were also made in the fields of telecommunications and information technologies (multiple service providers of mobile telephony and internet).

The distribution network landscape consists of 3 main components : convenience stores (traditional grocery), specialized shops and supermarkets/hypermarkets. However, the distribution landscape is changing very fast. With many shopping centres being built, the Region gradually appears as a consumer society built on the western model

- The traditional local shops (grocery stores or traditional) : it occupies a prominent place in the distribution landscape, particularly with regards to food distribution representing 75% of the retail sector. Like other countries in the Middle - East, people are filling up in the stores which remain open late at night. Traditional grocery stores are laid on surfaces of 80m² to 400m² and reference about 1 000 to 5 000 products (food, hygiene products, personal care and beauty, cooking utensils and small household appliances). If the choice is limited (products of low and medium range), frequency of purchases is high, almost daily.

With the growing use of private cars, consumers are increasingly using their vehicles to go to malls and shop in supermarkets. This mentality change comes at a time when the purchasing power goes up (4 000 USD per capita per year in the region of Kurdistan against 3 500 USD in the rest of Iraq) and when the consumer is looking for products that contribute to improve his well-being and quality of life.

- Supermarkets and hypermarkets are still few in Kurdistan, but this emerging distribution platform is gaining ground: 2009 saw the opening of a large shopping mall, Mall Majidi, with a hypermarket run by City Centre from Koweit and a mall modelled on those in vogue in UAE. The product selection is broad to satisfy all customer classes. Almost all the goods are imported (80% from Turkey due to the geographical and cultural proximity with the Region, from China, Thailand, Middle - East and Europe. German, Italian, French products start to appear on the market.

10% to 20% of the Kurdish population are considered belonging to the higher class, 30% to the middle class and the remaining 50% to the lower class. The Kurdish middle class is gradually adopting a lifestyle similar to the upper class. In this regard shopping in hypermarket becomes in up to date and fashionable. Investors and developers do not hesitate to fall in behind this trend: their response is the construction of many shopping centres able to meet the needs of modern consumers and to influence the consumption patterns of the population.

Shopping malls are becoming more and more numerous in the three main cities of the Region: Family Mall where Carrefour will open its first hypermarket (12 000 m²) by the end of 2011 in Erbil, Mazi Mall in Dohuk, Mall Sulaimany in Sulaimaniyeh, Ainkawa Mall in Ainkawa the Christian village contiguous to Erbil.

- Specialised shops: they represent 15% of the retail sector. These businesses, with retail space of 400m² to 4000m², are concentrated in specialized streets by product: street of household appliances, televisions, audio equipment, air conditioning equipment, furniture, decoration and lighting, doctors and medicine...

Price still prevails on the quality in the purchasing act and on the brand. However customers gradually desire to adopt new consumption patterns. Rising living standards have led to quality expectations. In this regard, European suppliers could test the Kurdistan region as a gateway for their products for the whole Iraq.

The concept of partnership is in the middle of the commercial relationship, local operators looking beyond the simple "contract of sale," a relationship of trust and exchange.

- Marketing and Communication: marketing, communication, modern management techniques, business management are just emerging. Outside supermarkets or hypermarkets, merchandising is rudimentary, products being simply arranged by category. The bulk of a promotion in a store consist in displaying prices on store windows during the promotion. With the emergence of modern retail system, marketing and communication are also changing.

III – International trade

A. International trade in Iraq

There is very little data on foreign trade of Iraq, due to a lack of communication between Kurdish official bodies. The data we mainly trade with Turkey and Iran, the main business of Iraq, and come primarily from the EDA published by USAID¹¹⁶.

a. Turkey

Before the 1990s, Iraq was the major market for exports from Turkey. Today, Iraq is the 5th partner for export to Turkey, after Germany, the United Kingdom, Italy and France.

Turkish exports to Iraq in 2007 were between 2.8 and \$ 3.5 billion, according to official figures from the Turkish government. The Turkish Minister of Trade, Kursad Tuzman, estimated that the total trade between the two partners were \$ 3.5 billion in 2007 and \$ 6 billion in 2008, with a target of \$ 10 billion by 2009.

Exports from Turkey and destined to Iraq accounted for \$ 5.3 billion in 2009 and \$ 6.3 billion in 2010, according to the Consulate General of Turkey in Kurdistan (Turkish General Consulate in Erbil).

Most Iraqi exports to Turkey are linked to oil: Iraq exports 650 MUSD of oil to Turkey, 800 MUSD in 2009 and 1 bnUSD in 2010, according to Turkish government figures given by the Consulate General of Turkey in Erbil.

b. Iran

As far as the non-oil market is concerned, Iraq is the second major partner of Iran.

In 2006 Iraq bought about 1.3 to 1.8 bn USD of goods in Iran, nearly 2.8 bn USD in 2007 (including \$ 1 billion to the solde region of Kurdistan -Iran Daily. August 18, 2008-), 4 bn USD in 2008. Both partners are expecting that total trade between their two countries significantly increases. Iraq imports a wide variety of goods from Iran, including air conditioners, construction equipment, office furniture, rugs, clothing, medicines, fish, spices and fruits.

b. Iraq : Profile of Trade and Trade Balance (according to IMF figures, Stand By Arrangement 28 October 2010¹¹⁷ in MUSD

Exports	\$48, 826 000 000
Exports of Crude Oil	\$ 47, 906 Million
Other Exports	\$ 920 Million
Imports	\$ 51.234 Million
Government imports	\$ 26. 291 Million
Imports of Capital unrelated to oil	\$ 12.814 Million
Imports of consumption	\$ 8, 091 000 000
Imports of oil-related capital	\$ 3.576 Million
Refined petroleum products	\$ 1, 811 million
Imports by the private sector	\$ 24, 943 000 000
Imports of refined petroleum products	\$ 4,225,000

¹¹⁶ USAID. « Kurdistan Region. Economic Development Assessment ». December 2008.

http://www.kurd.org/doc/EDA%20Report_English.pdf

¹¹⁷ International Monetary Fund. "Iraq - First Review Under the Stand - By Arrangement, Request for Waiver of Performance Criterion has Nonobservance of, Waiver of Applicability, and Rephasing of Access, " September 20, 2010.

<http://www.imf.org/external/pubs/ft/scr/2010/cr10316.pdf>

Iraqi Exports are mainly to:¹¹⁸

- 1) The Syrian Arab Republic
- 2) Jordan
- 3) Islamic Republic of Iran
- 4) Turkey
- 5) Morocco

The foreign trade of the Kurdistan region

a. Trade

In the 1980s, all the surrounding countries (Turkey, Iran, Syria) and Iraq during their actions against Iraqi Kurds. Today the situation is completely different: the Kurds are no longer regarded as enemies but as partners, especially from a business perspective. The Kurdistan region is considered as a gateway to supply the booming Region and a country of 30 million people under reconstruction.

KRG now enjoys good cooperation with foreign governments and international companies. This cooperation is central to fulfill its strategic vision and its economic development's one. Over the past 5 years, there has been considerable improvement in relations between the Kurdistan region and neighbouring countries, especially with Turkey which become a major contributor to foreign presence in Kurdistan. In addition, keeping good cooperation with the Arab world is one of KRG's priorities: **Lebanon is the 2nd largest investor in the Region.**

The 10 major countries contributing to the foreign presence in the Kurdistan region are:

- 1) Turkey: 500 companies
- 2) Iran: 125 companies
- 3) USA: 25 businesses
- 4) Lebanon
- 5) United - Kingdom
- 6) Jordan
- 7) United Arab Emirates
- 8) Germany
- 9) Kuwait
- 10) Italy
- 11) France

B. Balance and structure of exchanges¹¹⁹

According to USAID, the foreign trade accounts for the region are between \$ 5 - \$ 5.5 billion. Imports account for 85% of the annual foreign trade. Most goods imported into the region are not exported as value-added products.

Kurdistan Region's major trade partners are Turkey and Iran.

- Turkey¹²⁰

Relations between the KRG and Turkey have improved dramatically. The KRG wants to be

¹¹⁸ WTO. *Iraq's Trade Profile*. October 2010.

<http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=IQ>

¹¹⁹ «The Kurdistan Region. Invest in the Future, 2009 ». Kurdistan Regional Government Publication. Ed: Professor Brendan O'Leary. P. 24 – 25; &: USAID. « Kurdistan Region. Economic Development Assessment ». December 2008. P. 89, 94 – 96.

¹²⁰ *Ibid.*

more present in Turkey in order to strengthen its ties with the Kurds of Turkey. Turkey sees the KRG as an ally, a partner of great importance. Both governments have many interests in common¹²¹. Turkey is the largest trading partner of Kurdistan through the front door of Ibrahim Khalil, near Zakho, at the Iraqi-Turkey borders.

It is difficult to have data on the foreign trade of the region of Kurdistan. However, it is estimated that 60 to 70% of trade with Turkey is that Iraq is in reality with the region of Kurdistan, or about \$ 4 billion. Much of this trade comes under the construction sector (about 3 bnUSD).

At this stage no oil exports from the Region to Turkey as oil export from the Kurdistan region has resumed only on February 1st 2011. because no grants with the federal government of Iraq had been found to allow oil to be exported via pipeline to the North Turkey. However an after the agreement reached between the Central government and KRG on this issue.

Trade Figures Between Iraq & Turkey¹²²

Annual	Exportations	Change	Importations	Change (%)	Volume	Balance
2003	829	-	112	-	941	716
2004	1 820	119,5	467	316,9	2 288	1 353
2005	2 750	51,1	458	-1,9	3 208	2 291
2006	2 589	-5,8	375	-18,1	2 965	2 213
2007	2 845	9,8	645	72	3 490	2 200
2008	3 917	37,6	1 321	104,7	5 238	2 596
2009	5 324	30,8	952	-27,9	6 078	4 174
11/2009	4 640	-	842	-	5 482	3 798
12/ 2010	6, 3 Billion USD		1, 4 Billion USD			

- Iran

Iran is the second major trading partner of the Region. KRG enjoys cordial relations with this neighbour. The majority of goods exported from Iran come through the borders points of Bashmakh, Haji Omran, and Perwaiz-Khan, entry points alternatively closed and reopened by Iran. Iranian trucks must unload their vehicles at the border to load the Iranian good on empty Iraqi trucks.

In 2007, Iran exported nearly \$ 2.8 billion of goods to Iraq; including around 1 bn USD to the Region of Kurdistan. Iraq imports a wide variety of goods from Iran, including air conditioners, construction equipment, office furniture, rugs, clothing, medicines, fish, spices and fruits. However, given the length of the border that Iran-Iraq share, it is difficult to accurately estimate the value of black market which is done through unofficial crossing points to the Region. Based on interviews with members of the Kurdish administration, this market could amount to 1 bn USD.

To this volume of imported goods from Turkey and Iran through road transport must be added volume coming through international airports of Erbil and Sulaymaniyah.

While there are some Kurdish agricultural exports, most exports Kurdish consist of re-exports

¹²¹ Interview with Mr. Professor Brendan O'Leary.

¹²² Turkish Consulate Erbil

of alcohol and tobacco from Turkey to other countries such as Iran. While the Iraqi constitution gives the federal government the power to establish a minimum set of national standards, the KRG should not be prevented from promoting its products as premium brands that meet higher standards set by law or regional by international conventions.

According to USAID, the future of exports from the Kurdistan region depends on the reactivation and development of the agricultural sector and development of food processing and industrial products.

According to USAID, the foreign trade accounts for between \$ 5 and \$ 5.5 billion, according to the Ministry of Finance in Erbil, the KRG's economic advisers and economic statistics of the exporting countries in the region.

Imports account for 85% of the annual foreign trade. Most goods imported into the region are not exported as value-added products.

C. A Focus on intellectual property and technological transfers

3.1 Legislation

A law regarding Intellectual Property has been passed under the authority of the CPA (Coalition Provisional Authority (CPA Order N°81. "Patent, Industrial Design, Undisclosed Information, Integrated Circuits and Plant Variety Law". April 26 2004¹²³:
<http://www.mindfully.org/Farm/2004/Iraq-Plant-Variety-Law26apr04.htm>

However, the concept of intellectual property does not exist in Kurdistan (as well as in Iraq), and the law is not implemented. Indeed, the tools to control the implementation of the law do not exist and in practice many infractions are noted.

A new text is being drafted which will be compatible with the Aspects of Intellectual Property Rights regarding Trade to prepare Iraq access to WTO. Iraq is a member of the Paris Convention on Intellectual Property.

Intellectual Property in Iraq in brief:

- Brands protection: a brand registered at the Trademark Registration Office in the KRG Ministry of Planning is protected for a period of 10 years renewable once. The owner of these rights can transfer or grant licenses to use his brand. Some famous brands are protected even though they are not registered in Iraq, when they are widely used.

- Patents' protection: Once a patent has been registered at the Central Organization of Standardization and Quality Control of the Ministry of Planning and Development Cooperation, it is protected for 20 years. Iraq has not signed the Madrid Convention regarding the international recognition of patents, so it is strongly advised to locally register a brand¹²⁴.

There are specific procedures for chemical products, integrated circuits, plants and production processes.

- Author's rights protection: Iraq protects literary¹²⁵, artistic and scientific works during the life of their author and during 50 years after the author's death. The author can register for free his work at the Copyright Committee of the Ministry of Culture in Baghdad.

¹²³ CPA Order N°81. "Patent, Industrial Design, Undisclosed Information, Integrated Circuits and Plant Variety Law". April 26, 2004

<http://www.mindfully.org/Farm/2004/Iraq-Plant-Variety-Law26apr04.htm>

¹²⁴ Economic Mission of the Embassy of France in Iraq. "Investing in Iraq. "

http://www.tresor.economie.gouv.fr/se/irak/documents_new.asp?V=1_PDF_156425

¹²⁵ *Ibid.*

Currently the Ministry of Culture in the Kurdistan region is in the process of drafting a new intellectual property & copyright law for the Region. A working committee has been designated to draft the law, in cooperation with artists and academics. The new law expected to be passed in 2011 will protect international artists. One of the dispositions of the law will refer to shop owners who are selling copied products : they will have 15 days to stop selling these illegal products, if not the shop will be closed. Once the law is approved shop owners will have to sign an agreement according which they accept to comply with the new law and to sell only copyrighted products.

3.2 The regulation on importations¹²⁶

The lack of a regulatory structure that provides compulsory enforcement of quality standards has resulted in transforming Iraq including the Region of Kurdistan into an ideal market of substandard, even rotten or contaminated goods, food and medicine included : diluted, tainted, expired goods which are repackaged, medicines and veterinary supplies routinely enter the Region¹²⁷. Strict enforcement of existing import regulations and enactment of appropriate new import regulations will be important steps in re-establishing the Kurdistan Region's trade sector¹²⁸ and reversing the import – export balance of trade. This will assist the Region in becoming a net exporter, rather than an importer of food, over – the – counter drugs and other construction materials, and prevent substandard products from being dumped into the Kurdistan market.

There are neither regulatory standards for the food sector nor basic food safety standards. Virtually all product inspection is based on visual assessment only rather than in laboratories able to test in order to ensure the quality of the product.

Two KRG government institutions enjoy market inspection responsibilities:

- 1) The Trade Inspection Committee (TIC): with a few inspectors, the TIC only checks the expiration dates of packaged food sold on the markets;
- 2) The Health Inspection Committee (HIC): the HIC employs a few trained inspectors. They seldom make visits on the spot (businesses offices, factories or border points).

Their responsibility is to supervise or check:

- Meat sold in the market (processes or unprocessed),
- The expiration date of any food item,
- Restaurant health inspection and certification.

Customs policy is the exclusive prerogative of the Iraqi Federal Government (article 110, Constitution). But the management of customs is a power that can be shared with the Federal Government and the regions, unless the Region decides to claim the power as its own (Article 110, Constitution). In this case, the KRG has opted to manage the customs crossing. Those revenues collected in the Region remain in the Central Bank.

3.3 Iraq's steps towards WTO's access¹²⁹

On December 13, 2004, the General Council of the WTO established working committees to go through the membership application of Iraq that Iraq submitted in September 2005.

On May 25, 2007, WTO starts membership negotiations with Iraq: working committees met with Iraqi representatives to assess its trade legislation and the conformity of the latter with WTO principles.

¹²⁶ USAID. « Kurdistan Region. Economic Development Assessment ». December 2008. P. 89, 95 – 96.

¹²⁷ Ibid and interview with Dr. Abdulrahman Muayad Koji, Senior Advisor for quality control to the Prime Minister

¹²⁸ Article 110 of the Iraqi constitution.

¹²⁹ WTO. "Accessions: Iraq" : http://www.wto.org/english/thewto_e/acc_e/a1_iraq_e.htm

Next steps are the following ones: Iraq will prepare documents on agriculture, services, trade technical barriers (TBT), sanitary/phytosanitary measures (SPS) and intellectual property rights (TRIPS) as well as information on its domestic support and export subsidies for agriculture products. Members requested more information on Iraq's pricing policy, tariffs, investment rules, import licences, customs law and state trading enterprises, regulations about free zones and telecom licences. Iraq will also prepare a general legislative action plan providing WTO with an inventory of its current and future legislation.

On April 2, 2008, WTO reviewed Iraq's trade legislation and supported Iraq's rapid accession arguing that this would contribute to the country's integration into the world economy. Iraq's Trade Minister, H. E. Dr. Al-Sudani, stated that Iraq was determined to overcome the country's difficult circumstances to move forward on the accession process and added that Iraq's membership would represent a significant addition to the international community.

No date has been set up for the accession of Iraq to WTO but as Reuters¹³⁰ reported it in November 2009, Iraq could get membership in the World Trade Organization by the end of 2011 if it actively pursues accession, which could help the country's rebuilding efforts by boosting trade and investment, a U.S. official said.

Indeed, Iraq's Former Trade Minister H.E. Dr. Al-Sudani stated "Iraq's joining the WTO is an important step towards its integration into the global trading system and restores its position within the international community after decades of isolation". He emphasized that WTO accession was essential to integrate into the global economy and a priority for his Government¹³¹¹³².

IV – Implementation, Investments and Business Laws

A – Implementation:

1. The BOI, Board of Investment, the Kurdish institutional body for direct investment Investment Law was passed by the Kurdistan National Assembly in July 2006. On this basis an Investment Board was established in 2006 to manage & promote investment, the purpose of the board along with relevant governmental bodies and other professional institutions, is to promote domestic and foreign investment to boost economic growth and prosperity in the region of Kurdistan

The Board of Investment is responsible for creating investment opportunities in the region, providing investors a professional service and a working frame to rebuild Iraq through the Kurdistan region. BOI prides itself of providing foreign investors with simple, transparent and lawful procedures. BOI is supervised by the Council of Ministers headed by the Prime Minister and the Deputy Prime Minister of KRG. The Council of Ministers includes key ministers of the KRG cabinet, including the Chairman of BOI.

BOI consists of the following administrative components:

- The chairman who enjoys the grade of Minister, runs, supervises and controls the work of the following departments:

¹³⁰ Reuters News Agency <http://www.reuters.com/article/idUSGEE5AL03P..CH..2400>.

¹³¹ http://www.wto.org/english/news_e/news07_e/acc_irak_25may07_e.htm

¹³² "Iraq's joining the WTO is an important step towards its integration into the global trading system and restores its position within the international community after decades of isolation", source: WTO. "WTO starts negotiations with Iraq for membership". May 25, 2007.

http://www.wto.org/english/news_e/news07_e/acc_irak_25may07_e.htm

- Department of Studies and Information
- Department of Promotion, Assessment and Licensing of Projects
- Department of Legal, Administrative and Financial Affairs
- Department of Cities and Industrial Zones
- Directorate General of Investment – Sulaymaniah
- Directorate General of Investment – Duhok

The areas of Investment that BOI deals with are the following one

- Manufacturing
- Agriculture & agro-industries
- Hotels & Tourism
- Health & Environment
- Science & Technology
- Communication & Transport
- Banks & Insurance
- Infrastructure Projects
- Free Zones
- Education

1.1 The 2006 Investment Law

The 2006 Investment Law is applicable to the Kurdistan region. This law is an investor friendly law as it enables direct investment with key incentives and investment guarantees.

Incentives¹³³¹³⁴

- Foreign Investors & capital are treated the same way as national investors & capital. By law they enjoy the right to own the capital related to a project;
- Projects approved by BOI are granted land by way of lease or usufruct, in some cases investors may acquire ownership of land;
- Investors are exempted of all taxes during 10 years;
- Imported equipment and machinery related to the project within 2 years following the start of the project are exempted of customs rights & taxes;
- Imported spare parts for the project, provided that their value does not exceed 15% of the price of the related equipment and machinery are exempted of customs right and taxes;
- Imported machines tools and tools required to extend, develop, upgrade or modernize the project are exempted of customs rights and taxes;
- Imported raw materials for production are exempted of customs duties.

Guarantees¹³⁵

- Foreign investors are entitled to employ local as well as foreign staff required for the project
- Foreign investors may repatriate profits and interests of his capital abroad;
- Non-Iraqi members and staff outside the Kurdistan Region belonging to the project may transfer their wages abroad;
- Foreign investors may rapatriate their capital abroad upon winding up or disposal of the project;
- Foreign investors may totally or partly transfer their investment to another foreign investor or to a national investor, or may assign the project to their partner with the approval of the Board.
- Foreign investors may open bank accounts in national,foreign currency, or in both, in banks located inside or outside the Kurdistan Region.

Application Procedure¹³⁶

- Investor must file an application with the Board of Investment (www.kurdistaninvestment.org)
- BOI must decide whether to issue a license within 30 days from the date of the technical, legal and economic conditions of the Investment Law are fulfilled.
- BOI must consult the relevant authorities to collect their point of view within thirty days

¹³³ Article 2 of Investment Law

¹³⁴ Article 4,5 & 7 Investment Law

¹³⁵ Article 4

¹³⁶ Article 8

Process of Rejection

- In the event of rejection, the decision will have to be justified.
- The applicant may raise an objection to the President of the Council of Investment within 15 days from the date of notification of the rejection decision.
- President of the Supreme Council of Investment will have to determine whether the objection is valid within 30 days : his decision is conclusive.

1.2 Regulation on business disputes: the clause on international arbitration¹³⁷¹³⁸

(a)In accordance with Section II Article 17 concerning arbitration issues the law states that

- Investment disputes shall be settled in accordance with the contract concluded between both parties, and if there is no clause in the contract on this regard, the disputes shall be settled amicably between both parties.
- If they fail to reach an amicable settlement, they may refer the matter to arbitration whose regulations are stated in the laws applicable in the Region, or in accordance with the rules of dispute settlement mentioned in any of the mutual or international conventions of which Iraq is a member. Some courts include: the 1965 Washington Convention, or the regulations and rules of the International Centre for the Settlement of Investment Disputes (ICSID) between States and Nationals of other States;

(b) The rules set out in the ICSID additional facility adopted on 27th of September 1978 by the Administrative Council of the ICSID between States and Nationals of other States, whenever a foreign party does not meet the requirements provided for in Article 25 of the Washington Convention;

(c) The Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL);

(d) The arbitration rules of the London Court of International Arbitration (LCIA);

Or

(e) Other rules of recognised entity (as agreed by the Parties, in respect of the conditions for implementation, including the method for the designation of the arbitrators and the time limit within which the decision must be made).

1.3 The terms of applying for an investment project at the BOI¹³⁹

Requirements to get the Investment License: how to submit a proposal to the BoI ? Here is the list of required documents:

I. Submission of the Request:

The investor submits a written request to the Chairman of the BoI. His request must include the following items:

1. Project name and particulars of the future project owner (company or person).
2. Nature of the project (industrial, commercial, service, etc).
3. A brief on the project, its components, size of allocated land and total budget to be invested in it. In addition, the investor should attach a site plan of the land. The investor should also list in his request the type and the nature of the projects implemented before by him with all details of his experience and qualification for implementing such projects.

II. Board of Investment Committee

The Board Committee, consisting of Director Generals, shall review the request and take action accordingly. If the committee rejects the request, the investor shall be informed in either written or verbal answer with the reasons.

III. Project Proposal Requirements

III.1. Technical Requirements:

This relates to the preparation of all designs and drawings of the project components including the bill of quantities and the project proposal. Each of these components will be referred to the concerned

¹³⁷ <http://www.mondaq.com/article.asp?articleid=45310>

¹³⁸ UN Commission on International Trade Law - 1985 Law With 2006 amendments:

<http://www.gjpi.org/wp-content/uploads/2009/02/uncitral-model-law-on-international-arbitration1.pdf>

¹³⁹ Form available at the following site: <http://www.kurdistaninvestment.org/>

working committee in the BOI for checking and review as per the template adopted by the BoI “Project Preliminary Requirements Review”. The investor shall be provided with this template when applying for investment.

a. Requirements pre land allocation

Site plan detailing the dimensions, project units and activities.

Architectural plans of the project.

Narrative description of the project with all the major components:

Size of the building(s).

Construction system.

Project estimated budget.

Project duration.

Cooling and heating system.

Identifying water and electricity units amount and distribution.

Bill of quantities for the civil, electrical and mechanical works.

Human resources.

Project front view.

Logo and project description on CD

Any other information the investor may provide.

Original plans printed on A3 paper. These plans must be prepared by an architectural bureau or architect having membership in Kurdistan Engineers' Union with working license.

b. Requirements post land allocation

-Topographic survey

-Copy of land registration and boundaries identification document

-Project economic feasibility study

-Project environment impact

III.2. Legal Requirements:

These requirements relate to the personal and official documents of the investor such as ID (identity card), valid passport if the investor is a foreigner, his residential address, phone number, email. If the investor is a company, the certification of the company registration and other identification documents of the company owner and executive manager.

IV. Approaching the Concerned Government Directorates

Concerned ministries will be approached to obtain approvals. Approval from Ministries of

Municipalities, Environment and Electricity are required for all projects regardless of their nature.

Approval from other ministries and government departments shall be granted according to the nature of each project (approval from Ministry of Industry is required for an industrial project for example).

V. Estimation Committees

After completing the aforementioned steps, the project proposal shall be sent to the following

Estimation Committees:

1. Estimation Committee of land price (square meter): this committee consists of following members:

- BOI

- Ministry of Finance

- Ministry of Municipalities

- Ministry of Justice

The reason for estimating the square metre of land is to determine the total estimated price of the allocated land for setting up the project and to compare it with the investment planned asset. This will give an idea if the proposed project and its budget are commensurated with the land price and location.

2. Budget Estimation Committee

This committee consists of engineers (Architecture, Electrical, Mechanical, Civil) and Administrators working at the BOI. A General Director is heading this committee and its task is to estimate the project budget through plans, drawings and bill of quantities. The committee also reviews the economic feasibility study and compares it with the capital allocated for the project by the investor.

VI. Project License

After completing all the requirements mentioned above, a final review shall be carried out to ensure that there is no un-met requirement in the project proposal file. The file will be then referred to the Director General of Legal office and to the Director General of Promotion, Assessment and Licensing of Projects for approval and signature on the project licensing document which will then be signed finally by the Chairman of the Board.

The investor shall then coordinate with the BOI Legal Department to complete the procedure for land allocation (owning or hiring).

Note: The strategic projects will be passing through all the above-mentioned procedure and stages; however, the approval of the Supreme Council of Investment (SCoI) shall be required followed then by all the other procedures mentioned above. In some cases, after implementing the project, the investor may require submitting a request to the BoI to consider his project as a strategic one: the project will be reviewed to assess if he meets the special criteria of strategic projects. Once verified by BoI, the request will be referred to the SCoI for approval.

1.4 Costs and delay for registering a company in Kurdistan of Iraq: the choice of a good business lawyer¹⁴⁰

The new investment law allows foreigners to own or hold stakes in companies in the Kurdistan Region in Iraq. It is currently necessary for all shareholders to be resident in Kurdistan and hold a Residents' permit.

A local lawyer and accountant can undertake most of the procedures outlined below. Accountants must be registered with the Kurdish syndicate of accountants. Accountants cannot work in a company if they are not a member of the Syndicate of accountants.

Requirements to be a member of the Syndicate: to hold a university degree in accountance is compulsory to become a member of the Syndicate of accountants **or in trading, or else chartered accountants**. Accountants working for foreign companies must be university graduates. Each accountant can work for 3 local companies and 1 foreign company at the maximum.

Companies must present their financial accountants to the Syndicate.

Corporation between the Syndicates:

There is a good cooperation between the syndicates of accountants of Dohuk and Erbil. Concerning Sulaimaniya a real working mechanism has not been established yet.

Foreign companies do not pay any taxes for their employees.

Foreign accountants can work for foreign companies too: then they do not need to register at the Syndicate of Accounting Body.

To open a branch in the Kurdistan Region the following documents are requested in English, Kurdish or Arabic.

1. Certified copy of the company's registered name.
2. Certified company registration certificate and certified by the nearest Iraqi Embassy or official KRG representation abroad.
3. Letter from the company on company letterhead authorising the opening of a branch office in the Kurdistan region. This letter should state the branch office's lawyer and accountant (both must be Iraqi), and the authorised branch manager (can be any nationality), at least three residents of the Kurdistan Region as company employees and their respective position. This letter should also be certified by the nearest Iraqi Embassy or an official KRG representation abroad.
4. Deposit of funds (exact amount depends on the type of company) to be held in escrow by the Kurdistan Regional Government during the period when the company operates in the Region. The funds will be returned when the company leaves the Region.
5. A copy of the main company's financial statements covering the previous year.
6. A branch registration fee of 200,000 Iraqi Dinars (around 180 USD).
7. Certified rental contract for the branch premises.
8. Certified copies of work contracts (if any) that the company has signed in the Kurdistan Region.
9. The completion of the Foreign Branch or Trade Office Registration Form at <http://www.briraq.com/English/formsandinstructs.htm> (please note that the website is currently

¹⁴⁰ Registration form available at: <http://www.br-iraq.com/English/formsandinstructs.htm>

unavailable), to reserve and register the branch office.

10. Certified copies of the passports of foreign partners/employees, and ID cards of Iraqi employees.
11. Letter from an Iraqi lawyer declaring the validity and legality of all above documents.
12. The KRG Ministry of Trade General (Company Registration Directorate) is responsible for company and branch registration.

Requirements for opening a new company (not a branch office)

1. Minutes must be taken of the inaugural Board meeting held at the company registered office in Kurdistan. The Managing Director and all members of the board must be appointed and minutes to be signed by all shareholders (or their nominee).
2. Each shareholder needs to provide two passport photographs and a copy of his/her passport.
3. A Foundation Contract must be prepared by a lawyer registered in Kurdistan. This is compulsory. The company must subsequently appoint a local lawyer.
4. Company name has to be registered at the relevant Chamber of Commerce in Erbil, Dohuk or Sulaymaniye.
5. Accounts have to be prepared and signed off by a local accountant who must be a member of the local Syndicate of Accountants.

Approximate costs of establishing an office :

Company registration fee: \$370
 Legal/Solicitor fees: \$2,000 - 5,000 depending on the size of the company
 Monthly legal retainer: \$ 500
 Accountant's fees (set-up): \$1,000
 Monthly accounts thereafter: \$200
 Office rent: \$2,500 – 3,500 per month

In case that the company registered in the Region is due to operate in the rest of Iraq, a special request will be sent to the directorate of Company registration in Erbil which will at its turn send a letter to the Company registration office in Baghdad. This letter will contain all information about the company registered in Erbil so that the Registration Office in Baghdad get all the necessary information to authorize the company to operate in the rest of Iraq.

Without this letter signed by the Registratio Office of the Region of Kurdistan addressed by him to his counterpart in Baghdad, then the registered company in the region will have to do the whole registration procedure in Bagdad to be able to do business in the rest of Iraq. The same procedure is followed when companies operating in Baghdad, Basra, and other parts of Iraq want to operate in the Kurdistan Region.

Particulars of both Registration Offices in Erbil and Bagdad :

ERBIL

**Mr Dizar Ismail Ahmed, General Manager of Companies Registration
 Register of Companies in Kurdistan Region
 00964 (0) 752 446 6793 et 00964 (0) 770 446 6793
Dizar_sharekat2007@yahoo.com**

BAGDAD

**Mrs KHANSA Tel 0790 1907551 et 0770 548 3508 (Mr Dizar Ismail Ahmed,
 General Manager of Companies Registration's homologue) :**

B - Relationship with the central State¹⁴¹

The existence of an actual junction between Federal Government and KRG is the cornerstone of the successful mutual relations. This relationship has been fluctuating over the recent years. However with the formation of the new Federal government, it is expected to improve.

The fluctuating relationship between KRG and the Federal government result from the following issues:

Revenue Sharing Law:

Till now the Iraqi National Assembly has still not passed the Revenue Sharing Law. The KRG is stressing that the key repartition of the budget given to the region (17 % of the national budget deducted of the common expenditures) is low as federal expenses keep growing. The Iraqi Budget for 2011 is around 67, 3 bn USD. KRG deplors the delay which which this money is granted. Federalism anyway is a new concept in Iraq and this model requires time to be implemented.

Hydrocarbon law and Oil contracts:

Issue related to Natural Resources is at the origin of the main tension between the two governments. The KRG has resumed exporting oil after a freeze of 15 months. KRG has asked Baghdad to have a share of the profit of the exported oil, i.e. 90,000 b/d at the time being (with a perspective to reach by the end of 2012 around 500.000 b/d and 1 M b/d in 2014.

A Federal Council on Oil and Gas is to be set up with the task of deciding about the Kurdish oil contracts issue. **Since a new government has been just formed and it will still take time to make sure this government is running properly, it will take time before this Council on oil & gas is established.**

According to the Iraqi Constitution, Kurdistan has exclusive jurisdiction over old fields and the future ones that have still not been explored (articles 111 – 112 Constitution). The Federal Government has banned all oil contacts signed by KRG as it has the right to review contracts. It just so happened that KRG and the Federal Government have two different visions regarding oil contracts:

- The Federal Government signs only service contracts obligatory,
- Whereas KRG signs production and sharing contracts.

The former is signed in the context of restoring old oil & gas fields, the latter in the context of exploring new oil & gas fields from A to Z.

3. Article 140 (Disputed Territories):

According to the article 140, there should be a census followed by a referendum to determine the situation of the disputed areas. This issue has not been solved yet as the census has been delayed and remains a point of tension between both governments.

4. Cooperation between Ministries in Baghdad and KRG

Mechanisms of communication and cooperation between federal and regional ministers have still not been drawn up. This system between ministries should be outlined in order to lead issues to the same conclusions and consistency.

5. KRG's relations with neighbouring countries.

- KRG/Turkey: the situation has dramatically improved between KRG and Turkey. KRG wants to improve his ties with Turkey. Turkey sees KRG as an ally. Both two governments have many common interests.

- KRG/Iran: **Political relations between KRG and Iran are good.**

In the 1980s, all neighbouring countries (Turkey, Iran, Syria) including the Iraqi regime were all leading actions against the Kurds of Iraq.

Now, the situation is different: Iraqi Kurds are no longer considered as enemies but as partners¹⁴².

¹⁴¹ Interviews with Professor Brendan O'Leary, and Dr. Mahmoud Othman, a member of the Iraqi National Assembly.

¹⁴² ¹⁴² "The Kurdistan Region is the key to make the Iraqi Federation work: It should make democracy work. Without the Kurdistan Region, Iraq's future is very bleak, that is why the Kurdish experiment is important", Dr Brendan O'Leary

C – The industrial zones

Overview & Legislation

Across the Kurdistan region there are 2 industrial free zone projects which are at a procurement stage. These 2 industrial free zones are located in Erbil & Sulaimaniye. Plans exist to establish industrial zones in Zakho close to the Turkish borders and Derbandikhan in the Sulaimaniye governorate. The free zones are currently under the control of the Board of Investment.

The regulation of free trade zones in Iraq is shared concurrently between the federal government and regional governments.

The Federal regulatory environment

- ⊖ The Free Zone Authority Law N°3 of 1998
- ⊖ Instructions for Free Zone Management and the Regulation of Investors Business N°4 of 1999 (Free Zone Regulation N° 4)
- ⊖ Various administrative decisions.

A new legislation is currently under discussion by the relevant stakeholders.

The current federal framework encourages investment in free zones undertaken for industrial and commercial purposes and service projects, including:

- Storage, re-export and trading operations;
- Industrial activities, including production, assembly, installation, sorting and refilling of goods;
- Service projects;
- Transportation activities;
- Banking, insurance, reinsurance operations;
- Supplementary and auxiliary professional and service activities.

Kurdistan Regulatory Environment:

In accordance with the Kurdistan Region Investment Law N°4 of 2006, all companies operating within the Economic Free Zone (EFZ), including the EFZ Company, will benefit from various incentives generally not available to enterprises located outside the EFZ (please refer to incentives from the Investment law N°4 dated 2006).

The KRG is in the initial stages of developing legislation to regulate and administer economic free zones in the Kurdistan Region. This legislation will incorporate investor – friendly international best practices and include provisions related to such key issues as:

- Powers, functions and duties of the administering authority;
- Environmental standards;
- Dispute – resolution matters.

The precise terms of such legislation, together with the treatment of applicable fiscal and customs incentives, are currently under discussion by the relevant stakeholders.

Sulaimani Economic Free Zone¹⁴³ (SEFZ)

The zone will be built on an area of 567 hectares, located in the Greater Sulaimani area.

The SEFZ will be developed as an integrated (3 clusters of activities) Business Park, Logistics Centre and Clean Manufacturing Zone to anchor the growing transportation and light industrial district around Sulaimani International Airport.

Companies operating in the SEFZ will benefit from superior services and significant investment incentives (KRG Investment Law n°4 of 2006) generally not available to firms outside of the Zone. Strong demand exists for high quality industrial and commercial space in the Sulaimanistrict. The SEFZ enjoys significant competitive advantages over other real estate and is expected to capture significant market share in the near and medium term.

KRG will lease the SEFZ land to the SFEZ Company and this company will enjoy the exclusive right to collect revenues and operate the SFEZ for the duration of the BLOT (Build Lease Operate Transfert) agreement after which the SEFZ will revert to KRG the zone on agreed terms.

KRG will provide transportation links and utilities connections to the boundaries of the SFEZ (at its sole cost), while the SFEZ Company will develop internal transportation networks and utilities

¹⁴³ Kurdistan Board of Investment. “Sulaimani Economic Free Zone. The Fatway to Iraq. Overview of Integrated Real Estate Development Opportunity”. April 12, 2010.

infrastructure. KRG will conduct a competitive tender process involving a Request for Qualifications (RFQs) and a Request for Proposals (RFPs) to select the preferred Private Sector Developer.

The SFEZ will be well positioned to be linked to major transportation networks:

- 2 major roads: Tasulja – Sulaimani Road and a new highway Sulaimani – Kirkuk will run near the SFEZ and may be linked to the SFEZ through a feeder road.
- Railways: a new railway line is planned to the south of the SEFZ and may be linked to the SFEZ and/or the duty free sector of the airport through a feeder line.
- Airport: the SFEZ is situated close to Sulaimani International Airport and the SEFZ may be connected to the Airport through a direct feeder road.

The Concept Master Plan: 3 clusters of activities

Business Park, logistics centre, clean manufacturing zone : prospective developers will have the opportunity to propose changes to the Master Plan before it is approved by KRG.

- The Business Park: a mixed land use with commercial space (offices, showrooms,) and lifestyle space (hotel facilities, high and residential accommodation for company managers, conference centre, retail stores, food and beverage amenities including cafés and restaurants and social services. It will also includes a zone for administration offices and a “one stop shop” for investors and tenants to deal with the SEFZ and KRG authorities, as well as facilities for rent as well as land for lease or purchase by firms to build their own buildings.
- The Logistics Centre: it will provide storage and shipping facilities that enable companies to import and export a wide range of goods for commercial and consumer purposes on a more efficient and cost effective basis. It will be a bonded area that includes a customs office; facilities built by the SEFZ for lease to tenants as well as serviced land for lease or purchase by firms to build their own facilities. Facilities include warehouses, cold storage rooms, shipping offices and other logistical support buildings.
- The Clean Manufacturing Zone: it consists in houses production facilities that enable companies to produce a wide range of value-added, environmentally-friendly light industrial goods on an efficient and cost effective basis. This Zone includes light industrial units by the SEFZ for lease to tenants as well as serviced land for lease or purchase by firms to build their own manufacturing facilities.

Each cluster is integrated with significant green space including park areas, walkways and open areas that sustain a secure and supportive environment.

The conduct of heavy industry is prohibited within the SEFZ.

The SEFZ is to be developed in phases in keeping with market demand:

- 2011 – 2015: 589, 000 m2 (27%)
- 2016 – 2020: 711, 000 m2 (33%)
- 2021 – 2025: 853, 000 m2 (40%).

The SFEZ will appeal to companies in sectors such as: general trading, IT, Communication Services, financial services, warehouses, cold storage facilities, shipping offices, trans – shipment facilities, oil & gas services, construction materials, furniture and furnishing, food and beverage processing, medical supplies, and other light industry.

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Erbil Industrial Zone¹⁴⁴

The Ministry of Planning and Development Cooperation (MOPDC) of the Government of Iraq (GOI) has received a grant from the International Reconstruction Fund for Iraq (IRFFI) administered by World Bank Group (WBG). With this grant, the MOPDC of Iraq has authorized the MOP – Iraqi KRG to fund a feasibility study for the establishment of a proposed Industrial Zone (IZ). AECOM, with its international and local consulting partners (Interdisciplinary Research Consultants and Sally Port Global Holdings), was awarded the contract by the MOPDC on February 19, 2009, to complete the Feasibility Assessment and Development Plan for the proposed IZ in Erbil.

Site Analysis:

Given its proximity to metropolitan Erbil, the road to Mosul and the north and the new Erbil International Airport, the Metropolitan Erbil site was found to be well-situated for logistics and

¹⁴⁴ AECOM. “Feasibility and Development Plan for Sulaimani Free Economic Zone”. September 26, 2010.

distribution, production, imports and an expanded produce and wholesale market. With a nearby labour pool in Erbil, as well as in surrounding villages, the site would be able to attract sufficient numbers of workers for production and distribution activities.

The site can be diversely used as a mixed- use location with industrial, logistics, agric- business, distribution, health, and education and retail activities.

The following sectors were deemed to be the most likely candidates for new, relocation, and expansion investment at the EIZ:

- Construction and building materials,
- Residential and office furniture and furnishings,
- Food and beverage processing,
- Plastics and rubber,
- Metals, machinery, and equipment,
- General trade, transportation and logistics (including cold storage),
- Construction services,
- Oil field services,
- Business and financial services,
- Other, including light manufacturing.

Benefits to settle in the Erbil Economic Free Zone are the following ones :

- Services, infrastructure and land available at reasonable market rates, through transparent procedures, with benefits provided by law for investment,
- As an industrial zone, the laws relating to economic zones and industrial zones govern the EEZ:
- Federal Iraqi law No. 20 of 1998 on industrial investment by the private and public - private.
- The existing federal Iraqi law on free economic zones
- And Kurdish drafted legislation currently on the status of free economic zones.

For more information please contact:

Head of the KRG Council of Ministers' Erbil Industrial Zone Steering Committee:

Dr Ferhang Jalal, Economic Advisor to the Prime Minister. ferhangjalal@yahoo.com

V – Financing and managing a company ¹⁴⁵

A. Financing a company

1. The financial and banking system

1.1 Overview

As the region has been welcoming been accommodating for foreign companies and banks we have seen the emergence of many new banks in the Kurdistan region. *The banking system is the backbone to any economy.* All banking services provided to citizens of Kurdistan in 1992 were paralyzed for a long period in which banking services were very limited. Citizens in the region suffered huge losses

¹⁴⁵ Interviews with Mr Baban, Economic Adviser to the Prime Minister, Mr Shwan Ibrahim Taha, president of Rabee Securities, Mr Alex Azoury, Director of Byblos Bank in Erbil, Mr. Daham Meaza, director of the Dar Es Salaam Investment Bank, Mr Serkawt, director of the Warka Bank, Ms. Gheed Qasim Khalil, Director of the Trade Bank of Iraq, Dr. Aseel Anton, Director of International Negotiation Institute, Mr Adhma Karim, Director General of the Central Bank of the Kurdistan Region, Mr Abdullah A. Abdulrahem (Abo Bangin) president of the Arbil stock, Center for International Private Enterprise. "Kurdistan Business Agenda. 2007. <http://www.cipe.org/regional/mena/iraq/kba.php>; and USAID. "Kurdistan Region. Economic Development Assessment. December 2008. http://www.kurd.org/doc/EDA%20Report_English.pdf

resulting from the expiry of the currency because the central bank stopped exchanging currencies in the Kurdistan region¹⁴⁶.

There are more than 84 public & 64 private banks in the Kurdistan Region, since 2005 this situation has been improving. The Branch of Central Bank of Iraq (CBI) "Harem Bank" controls foreign exchange, the Iraqi Dinar and supervises the banking sector in the region. The monetary policy is set up by the Central Bank in Baghdad. After the people of Kurdistan lost confidence in the banking system consecutive the freezing of their account by the old regime, confidence is growing again with more and more banks establishing in the region along with an increasing number of foreign companies as the latter need better banking and financial services¹⁴⁷.

Currently banking service offer is still limited: services such as credit cards, retail loans and mortgages are very limited. Banks in Iraqi Kurdistan follow the principles of Basel I & II, USAID having provided training on Basel I and II to Kurdish Banks. Four new Turkish banks have recently established branches in Kurdistan, VakifBank, Ziraat Bank (2 branches) & İcBank¹⁴⁸.

Number of banks in the region¹⁴⁹:

- Private banks: 64 branches.
- Public banks: 85 branches.

Problems

The Kurdistan region's economy is still very much a cash economy. The sector is characterized by

- under developed services as banks' size and capacity are limited ;
- lack of confidence in the banking sector due to the implication of the previous regime in the past; moreover some banks in the Region are experiencing financial issues, what increases the degree of lack of confidence¹⁵⁰;
- The lack of liquidity of banks, as citizens are used to keep money at home;
- The lack of private sector banking transactions : no loans are provided;
- A Cash Economy as 70 %– 80% of transactions are cash one;
- No use of cheques, what is an obstacle to commercial exchanges;
- High level of minimum liquidity imposed by Central to banks which may increase to 200,000,000 IQD.
- Lack of qualified & trained staff in the sector, along with minimal in-house training facilities¹⁵¹;
- Reliance on state owned banks rather than on private banks;
- Lack of coordination & communication between CBI-Kurdistan & CBI Bagdad;
- Mismanagement.

As a result, current services provided by banks are not sufficient to facilitate the local economic development.

Investment Opportunities

The demand for professional banking is growing with the emergence of the oil & gas sector on one hand and the increasing number of foreign companies establishing in the Region on the other hand, both being in need of a range of banks services currently not provided. As a matter of fact, private banks as well public banks –especially The Central Bank- are looking for international consulting companies with long-term experience (5-10years) to help setting up plans to develop this sector in Kurdistan (new services, new technologies, computerized system). Foreign companies ask for better banking services on account of the numerous weaknesses of the system. **Future of the Sector**

As companies come to the region to restructure, organize and provide guidance to banks. More and more banks will settle in the region. Moreover, since the Kurdish region is booming economically

¹⁴⁶ Center for International Private Enterprise. "Kurdistan Business Agenda. 2007. P. 87-90.

<http://www.cipe.org/regional/mena/iraq/kba.php>

¹⁴⁷ Interview with Sheikh Baz, Chairman of Kar.

¹⁴⁸ Interview with Mr. Deniz Kutlu, commercial attache at the Consulate General of Turkey to Erbil République.

¹⁴⁹ Interview with Mr. Adham Karim, Director General of the Central Bank of the Kurdistan Region.

¹⁵⁰ Interview with Mr Daham Meaza, director of the Dar Es Salaam Investment Bank

¹⁵¹ "This Is The Main Problem in Iraq: We Do not Have people, " Mr Ibrahim Shwan Taha, president of Rabee Securities.

more & more foreign companies move there, and they subscribe to banks that they are familiar and which they are the customers of origin.

1.1.2. Information collected with a few Banks in Erbil

Trade Bank of Iraq¹⁵²

Trade Bank of Iraq (TBI), wholly owned by the Ministry of Finance, was established in July 2003 to facilitate Iraq's international trade and the reconstruction of the country after the expiration of the UN Oil-For-Food Programme. It has 2 central branches in the Region: one in Erbil and the other in Sulaimaniyah with other smaller offices across the Region.

The bank quickly developed into a highly credible and effective organization. In a short period of time, TBI built relationships with an international network of 134 prime banks - the Consortium banks being at its core - covering 63 cities in 39 countries. This gave TBI a truly global reach, a competitive advantage and the ability to provide a diverse range of services. By the end of 2007 TBI was fully capitalised at over 100 MUSD and had total assets of over 6.1bnUSD.

An early success was signing agreements with 17 of the largest Export Credit Agencies around the world. Another was the fact that TBI was one of the first Iraqi banks to receive lines of credit from major international financial institutions.

TBI has a sound credit policy in place and among the many other 'firsts' the bank can claim is the introduction of Iraq's first fully automated online banking system, being the first Iraqi bank to issue VISA credit cards, and the development of the first nationwide network of ATMs in the country. TBI is also the most experienced Iraqi bank in the issuance of Letters of Credit and Letters of Guarantee. Building on its early success, TBI is now introducing modern, innovative products and services to the Iraqi market. These include Project Finance, Salary Accounts, Saving Accounts, and Credit Cards.

The bank offers the following services:

TBI provides services to individual's private and public exchange of money, savings accounts and deposit accounts, letters of guarantees, letters of credit transfers. The bank support investors for projects such as electricity stations or a refinery.

Bank accounts: There is a special department at the head office involved in money laundering in charge of cheking the money and clients's origin.

TBI cooperates with other banks the all-important one being with CBI of Kurdistan Region – Iraq.

Dar Es Salaam Bank¹⁵³:

a. Presentation

Dar Es Salaam bank opened in 1998 in Baghdad. In 2005, the bank joined HSBC which did not change the name of the banks. Dar es Salaam's name has remained. The bank opened two branches in the Iraqi Kurdish region, one in Erbil and Dohuk. A third one will open in Sulaymaniyah. The bank has a temporary branch in Mosul. Irish James Hogel is responsible for the bank and Ms. Athir is the manager of the bank to Iraq. They are both based in Baghdad.

b.Services:

The bank provides all kinds of services: letters of credit, letters of guarantee, transfers, and savings accounts for businesses and individuals. Following the exemple of TBI, Dar Es Salaam controls the origin of money following the HSBC regulations. Despite all these investigations, the bank admits that it is still difficult to really know where the money comes from. The bank has 22 employees and thousands of customers in the region, over 400 employees throughout Iraq working in 17 branches.

Byblos Bank¹⁵⁴

In 2006, Byblos Bank obtained the license from the Central Bank to open in Baghdad and Erbil (16th of May 2007, the first foreing bank in the Region). Next step will be the opening of a branch in Basra and in 2012 two branches respectively in Dohuk and Sulaimaniya. Byblos owns 100% of its capital and is a leading entity in its sector. Byblos Bank in Erbil among its banking services provides payments, transfers, letters of credit, letters of guarantee and documentary credits. The branch relies on staff of 15 employees split between Iraqi and Lebanese national. The Erbil Branch benefits from the know-how and expertise of Byblos Bank Lebanon, uses the same IT platform and all advanced and flexible

¹⁵² Interview with Ms. Qassim Gheed Khalil, Director of the Trade Bank of Iraq.

¹⁵³ Interview with Mr Daham Meaza, director of the Dar Es Salaam Investment Bank.

¹⁵⁴ Interview with Mr. Alex Azoury, Director of Byblos Bank in Erbil.

banking systems in function at the Group level. All operations are centralized at the Group's Head office in Beirut and benefit from the state of the art technologies backing the Bank's expansion. The bank has one Insurance and Reinsurance Company as a partner along with the French bank Natixis. Byblos does not provide loans.

Central Bank of Iraq – Kurdistan Region Branch¹⁵⁵

Seven branches have opened in the region of Kurdistan with ATM services available at their premises. The Central Bank of Kurdistan (CBK-I) gets its budget from the Kurdish MoFinance. The role of the CBK is to regulate and monitor other banks. In particular CBK-I deals with transactions of cash in the Region.

Cooperation with Baghdad:

Kurdish Brank and Iraqi Central Bank keep up very little cooperation. In this regard a law is being drafted by KG to establish the modalities of communication between the two entities. This law will be put forward to the Kurdish Parliament.

Budget allocated to KRG:

The commercial transactions with Baghdad occur at the Central Bank of Iraq (CBI).

The budget intended by Baghdad to KRG passes first through the CBI-K, then reaches the Kurdish Ministry of Finance which then allocates it..

B. Method and means of payment

1. The letter of credit: opening procedure

The approval of the Letters of Credit is subject to the characteristics of the orders: amount in foreign currency, the quality of the customer, the origin of the goods (country) and the credit risk.

- 1. If credit risk is considered as appreciable, the opening of the Letter of Credit will be required prior the acceptance of the orders.**
- 2. If the Letter of Credit is being used to facilitate a payment, for a customer with approved credit, the order can be accepted prior to receipt of the L/C but the L/C must be received at least 20 days prior to shipment.**
- 3. The confirmation status of an L/C must be discussed with the Credit Department prior to accepting the terms and conditions for the L/C offered by the customer.**

2. The emergence of the credit card

Banks are trying to introduce a credit card system. Some banks in the Region have a system where they provide their customers with a master card with a limit of \$20 000. It takes 10 days to set up a credit card. With an extent of credit of \$10 000, if a customer spends \$3 000, he/she will be required to deposit back the \$3 000 back on his account before the end of the month to avoid paying interest. There are currently no credit cards systems operating in Kurdistan, only cash or debit cards which can be used at local ATMs in a selective number of stores.

Dar Es Salaam Bank does not issue credit card, however it delivers free debit cards to individual customers. There is no charge to use the card in the bank distributors.

As for Byblos Bank is concerned, it does not issue credit cards or debit cards, only cash card: the bank will soon install two ATM in Erbil (no inter – bank ATM, only international visa cards ATM) one inside Family Mall, one inside the bank facilities.

3. The Hawala

The traditional Islamic hawala system is based on trust. This system is considered by users faster and cheaper than the formal banking system. Biggest firms are licensed by the Central bank and rely upon a network of associates all over the world. Cost of this type of transfer is subject to the transferred amount. The hawala system is still strong and is still being used in many part of Iraq. To have recourse to a hawala, a residency card (ID our passport), a permit of residence in Kurdistan is required. A form will be filled (personal information, whom the money is sent to, the purpose, the origin of this money).

¹⁵⁵ Interview with Mr. Adham Karim, Director General of the Central Bank of the Kurdistan Region.

4. Loans

As banks are experiencing liquidity problems, they have no capacity to allocate loans. Some banks allocate loans subject to specific requirements and in a very limited amount.

- TBI provides loans to support projects (power plants, refinery, and commercial center).
- Dar Es Salaam bank does not provide loans to private sector except for service projects. It will never provide a loan for a real estate project. To apply for a loan and in order to facilitate the procedure, a foreign company must provide a letter of guarantee issued by one of the HSBC Branch belonging to the international network. The company can obtain as much as it could apply in the branch which issues the guarantee letter.
- Byblos Bank provides loans subject to the following conditions:
 - . Byblos Bank is not an investment bank: in this regard Byblos does not award any loan to real estate and construction projects. The bank takes only commercial projects into consideration.
 - . The bank will require 35% of the loan as a guarantee (mortgage).
 - . The company will provide copies of its financial statements over the past 3 years, his list of customers.
 - . Interest rates for loans vary between 8% and 12% in the form of monthly payments.
 - . In the long run, the loan amount depends on the project.

5. Debt Recovery

Normally a bank gives a loan to an individual or a company with a guarantee of repayment. In case of no payment, the bank will seize the asset put in guarantee until payment is made.

6. Fees

The fees charged by TBI are listed on its website.

Here are some rates:

- 2% per million, for a less than 10 MUSD transfer,
- 1.5% per million, for a more than 10 MUSD transfer,
- Letters of credit support specific fees.

Banks apply interest rates that vary according to the company, the economic sector and the customer. Interest rates generally range from 8% to 16%

NB Exchange rates are different from one city to another one in Iraq.

To open a bank in the Kurdistan Region:

If a private bank wants to settle in the Region, it must get its license from the Central Bank in Baghdad and then to get CBK's approval.

The bank presents its proposal and CBK will carry out the follow up of the compliance of the commitment taken by the bank.

At the end of the year CBK checks the activities of the banks.

To open a bank account requires ID/passport, residency permit (an attestation that the applicant is allowed to stay in Kurdistan).

*B. Accounting environment*¹⁵⁶

1. The types of accountability

Source: PwC Iraq and Tax Accountability. December 15, 2010.pdf.

The accounting system in Iraq is based on Generally Accepted Accounting Principles.

The system of uniform accounting principles (GAAP Iraqi) was introduced for the first time to make available a minimum level of information necessary for beneficiaries, particularly for shareholders and

¹⁵⁶ PriceWaterHouseCoopers. « Iraqi Tax Workshop ». December 2010.
<http://www.pwc.com/m1/en/tax/ME-tax-update-december2010.pdf>

employees of the company itself - even, and the authorities' tax.

This was mainly Iraqi GAAP applicable to social sector organizations. However, it is currently the main source for the preparation of enterprises covered by the accounts of Iraqi law firms.

In implementing regulations No. 2 of 1958, related to records for purposes of taxes, some categories of taxpayers have an obligation to keep books and records:

- The Journal of accounting, general ledger (register), the inventory stock cards, and correspondence of the logbook.
- These books and records must be kept in Arabic, and must be retained for a period of at least 7 years. They should be stored at the physical address of the payer of taxes in Iraq. The books and records relating to accounting standards may be kept electronically, provided that a log is kept in a certain order, and that is extracted from the system.

The tax authorities may examine these records at any time. The inspection is usually done at the physical address of the person taxed. A notary public should attest the journal.

Categories of taxpayers subject to these regulations include:

- businesses registered under the law of Iraqi companies,
- branches of foreign companies registered in Iraq,
- trade representative offices of companies registered in Iraq.

2. Obligations of the Accounting Body¹⁵⁷

Accountants must be registered with the Syndicate of Accountants. They cannot work in a company if they are not a member of the Syndicate of Accountants.

Requirements to be a member of the Syndicate: to become a member of the Accountants Syndicate, it is required to be an university graduate in accountancy, or in trading, or any chartered accountants.

Accountants working for foreign companies must hold university degrees. Each accountant can maximum work for 3 local companies and 1 foreign company.

Companies must introduce their financial accountants to the Syndicate.

Corporation between the Syndicates: there is good cooperation between the Accountants Syndicates of Dohuk and Erbil. Concerning Sulaimaniye, the cooperation is in process but still no mechanism has been established.

Foreign companies do not pay any taxes for their employees.

Foreign accountants can be working for foreign companies too, then they do not need to register at the Syndicate of Accountants.

D. Taxation system for companies and natural person¹⁵⁸¹⁵⁹

1. Legislative references

Iraqi Corporate taxation regime, The Income tax law no. 113 of 1982.

Regulations no.2 of 2008. The Iraqi Tax regime is based on the application of the Income Tax law No. 113 of 1982, as amended through 2003, and amendments by the Coalition Provisional Authority "CPA" Order 37, 49 and 84 of 2004.

2. Company taxation system¹⁶⁰

The effective corporate income tax system method presented in Iraq for an individual person (except partnerships), is based on the statutory income tax rate of 15% at all.

Income levels with no progressive tax rate scale all one set tax. The statutory tax rates are applicable to Joint Stock or Limited Liability Companies incorporated in or outside Iraq but undertaking commercial enterprises or having offices or control centres therein, and to foreign companies registered in Iraq or otherwise have a permanent establishment in Iraq. The Iraqi tax law is relatively short and simple, largely untested and silent in many areas, relatively short and simple containing 63 articles in total that deal with the definition of taxpayers, persons subject to tax, taxation of income, allowable expenses, administrative matters, collection mechanism as well as the appeal process.

It is not comprehensive and remains silent on a number of important areas largely untested in certain

¹⁵⁷ Interview with Mr. Salim, accountant member of the Syndicate of Accountants

¹⁵⁸ PriceWaterHouseCoopers. « Iraqi Tax Workshop ». December 2010.

<http://www.pwc.com/m1/en/tax/ME-tax-update-december2010.pdf>

¹⁵⁹ Interview with Mr. Mohammed Baban, economic advisor to the Prime Minister.

¹⁶⁰ Source for this info - below: ME Baghdad. Taxation: a simple and attractive & Ibid.

areas and practice and precedent in respect of matters not directly dealt with in the law often remains open to interpretation and application in a hazardous and inconsistent manner.

Tailored made to address certain areas of concern to the Coalition activities in Iraq.

Taxation in Iraq is based on the concept of “Trading in” or “trading with” Iraq

By the application of the Tax Law, all profits from commercial activity are subject to income tax. The Tax Law explains in more detail that non-residents are not subjected to tax unless trade, commercial business, vocations or any other transaction of a commercial nature, from which the gains and profits have arisen, are carried on in Iraq. The financial authority shall differentiate between trading “in” and “with” Iraq, and their decision shall be subject to appeal. A number of regulations aiming at setting the perimeters for the taxability of contracts (supply and services) that are concluded between Iraqi and foreign (non-Iraqi) entities for the supply of goods and related services were enacted.

3. Taxation for Individuals (Only Kurdistan Region)

The employee with a salary above 700,000 Iraqi Dinars is taxed 5%.

This is different to income tax rates in the rest of Iraq.

4. Social Security

The social security regime in Iraq is governed by law no. 39 of 1971 as amended (the “Social Security Law”). The contribution of Social Security is 17%, the employer contributes 12%, the employee 5 %.

The Social Security Law requires each private or public sector employer to grant its employees a social security cover. The social security deductions are based on the employee basic salary earned in January of each year provided that the wage (basis for deduction) is not less than the minimum wage.¹⁶¹

Social security is paid within 30 days following the end of each month; late payment would entail a late payment penalty of 5% of the amount due for each month of delay.

If the foreign employee can prove that he is covered by the relevant state social security of his country while working in Iraq, the requirement to pay social security in Iraq may be waived.

E. The insurance sector¹⁶²

KRG in partnership with the private sector is attempting to launch the insurance sector as the lack of insurance is damaging the economy and hindering its development. According to KRG transferring the responsibility to the private sector proves to be more cost-effective and efficient due to less bureaucracy and routine work compared to the public sector. A private company can reimburse a customer in a few days.

According to the Ministry of Finance, three private insurance companies have been licensed to provide insurance and reinsurance services in the Region. KRG regulates the sector and audits these companies to verify that they are abiding by the law. Training in the insurance sector to make it gain in efficiency and professionalism is urgently needed.

Public awareness of the population toward risk whether it concerns life insurance or real estate/assets one is the biggest challenge of the insurance development¹⁶³.

Paying an insurance premium can be a religious taboo due as one may only trust God to insure and protect one's life and assets. Religion has a significant influence in this matter. Insurance with reliable banking system are keystones to attract foreign businesses and investors¹⁶⁴.

Here after are the names of the existing companies in the Region :

- Harem Insurance Company (Public)
- Starkar Insurance Company (Private)
- URI Insurance Company (Private)
- AAIB Insurance Company (Private)

Here are some estimated premiums on certain loans in the Kurdistan region.

Per mill means that the number divided by thousand as 3.7% per mill = 37/1000 for example your car sum 25000\$ and the rate 3.7% per mill calculation become as below

¹⁶¹ *Ibid.*

¹⁶² *Interviews with Mr Rafiq Nawzad, CEO of Star Insurance Company, Mr. Mohammed Al Kubaisi, Director General International Insurance Co. of UR (URIIC).*

¹⁶³ *Interview with Mr. Mohammed Baban, economic advisor to the Prime Minister.*

¹⁶⁴ *Interview with Mr Alexi Azoury, Director of Byblos Bank in Erbil.*

25000\$ * 37/1000= 925 \$

Car Insurance

Range is between 3.5 ‰ to 5.5‰ (per mil)

It mainly depends on the type, model, size and the general use of the car.

A car valued 25.000 USD will support a 925 USD insurance premium.

Fire & Theft Insurance

Range is between 2‰ to 5‰ per mil

It mainly depends on the building type and safety regulations.

Personal Accident insurance

Ranges between 5‰ to 8‰ per mil

Depending on the probability of risk in the workplace

Construction Insurance

Ranges between 0.5‰ to .6‰ per mil

Depending on the work site, the risk factor and duration of the construction site.

Cargo Insurance

Ranges between 1.5‰ to 3‰ per mil

Depending on the type of goods, cargo route, type of packaging and the type of insurance cover clause.

These estimations have been given by the StaKar Insurance Company¹⁶⁵.

F. Erbil Stock Exchange¹⁶⁶(ESX)

In 2007 the Prime Minister, Mr Nechirvan Barzani decided to establish a stock exchange in Erbil. A committee in cooperation with Iraqi Stock Exchange (ISX) was formed to assess the situation of the Market in Erbil. A conference was held with local/regional/national traders which concludes to the opportunity to establish the Erbil Stock Exchange. This one would be independent and not a branch of the Iraqi Stock Exchange. The government will manage the stock exchange¹⁶⁷.

Dabin, Zagros, Korek are companies which express the wish to join ESX and to fund the creation of it (Around 8 MUSD : private companies 85%, KRG15%).

After \$2 million from: 20% from the government, with \$1 million from the KRG, \$1 million from the Ministry of Finance and another \$1 million from the Anfal Fund. As Iraqi Stock Exchange is currently using electronic trading system, ESX would need also to use this system to ensure convergence and cooperation between both stock exchanges¹⁶⁸.

The Iraqi Stock Exchange (ISX)

Handicap: presently there is still no shareholder mentality, individuals just like companies still do not invest nor in long-term strategies nor projects.

- The ISX is still relatively small,
- Individuals and companies are not active,
- There is still lack of confidence to invest income into stocks

To know more about laws and legislation regarding stock exchange please view

<http://www.rabeesecurities.com/laws>

The commission in Baghdad believes that there is only one market, one of Baghdad, and only one award, the Iraqi stock exchange. Here, many companies have been established to obtain licenses from Baghdad to Erbil create the scholarship, but there are some problems: By law, in order to establish the scholarship of Erbil, they need to have the downstream and be monitored by the security committee of Baghdad. However, the KRG wants to establish its own safety committee.

The reason behind the establishment of the scholarship of Erbil is that, until now, banks do not issue loans, so to be able to finance projects in the Kurdistan region needs to have a scholarship in Erbil.

¹⁶⁵ Interview with Mr Rafiq Nawzad, CEO of Stakar Insurance Company.

¹⁶⁶ Interview with Mr Ibrahim Shwan Taha, president of Rabeec Securities, Mr Mr Abdullah A. Abdulrahem (Bangin Abo), president of the Arbil stock exchange, Dr. Muhammed Baban, and Dr. Nabil, International Negotiation Institute

¹⁶⁷ Interview with Dr. Mohammed Baban, op.

¹⁶⁸ Dr. Nabil, International Negotiation Institute.

VI – Social enactment

A. Labour law

1. Texts applicable to the labour law: the Iraqi Kurdish dispositions

The Kurdistan Region operates under Iraqi Labour Law.

This law was passed in 1961 and modified in 1987 under Act No. 71 promulgating the Labour Code of 27 July 1987 (LC). It is the basis source of Iraqi and Kurdish labour legislation¹⁶⁹.

Iraqi labour law states that no discrimination should be made against the employee on gender, religion language or race.

KRG intends to draft its own legislation regarding labour to fit the development of the private sector, to make the employment process more efficient for investors and to foster the emergence of free market in the Region. This law should be passed during 2011.

Presently all labour contracts in the Region of Kurdistan must respect Iraqi Labour law until a new regional Kurdish labour is passed. As far as Government employees are concerned, the Public Civil Service law will be implemented.

2. Recruitment:

Iraqi labour law does not impose an obligation on employers to employ a percentage of Iraqi nationals. The Social Department within the Ministry of Labour & Social Affairs provides help companies to recruit local workers. Foreign companies frequently put advertisements in local newspapers, TV, magazines and more recently on internet in order to recruit their employees.

When a company hires an Iraqi citizen, the latter must notify the Social Department of the Ministry of Labour and Social within 10 days following the date of recruitment.

An employer before employing a worker may request a medical and security survey to get some background information on the future employee.

3. Labour contract¹⁷⁰

3.1 Drafting labour contracts

According to Article 10 of the Labour law the contract must be drafted Arabic & Kurdish. It is advised to translate any contract into either language before having the employee sign his contract¹⁷¹ “ a document drawn up in another language may prevail against the employer even if the document bears the worker's signature”.

The key elements that are mandatory when drafting a labour contract are as follows:

- Type of Work
- Wage Amount (must be paid in IQD)

A contract of employment is an agreement concluded by a worker and an employer under which the worker undertakes to perform specified work for the employer, subject to the employer's direction and supervision, in return for the employer's payment of an agreed wage¹⁷².

There are 2 types of contract (depending on the nature of the work)

- Determinate
- Indeterminate

The labour law enables employers to hire employees on a 90-day probationary period in which the employee or employer can decide to terminate the contract.¹⁷³¹⁷⁴

The employer is responsible for registering the employee at the Social Department in the Ministry of Labour and Social Affairs. 17% of the salary goes to social insurance. The employer will pay 12% of the salary and the employee 5%. The minimum salary amounts to 190, 000 IQD (around 160 €).

¹⁶⁹ Iraq Labor Code. Act n°71 of 1987, dated July 7th, 1987: http://files.wp-irak.de/gesetze/Labor_71_1987_En.pdf

¹⁷⁰ Article 42,

¹⁷¹ Article 10 of the Iraqi law on labour and social affairs.

¹⁷² Article 29

¹⁷³ Article 31

¹⁷⁴ Article 10

3.3 Examples of salaries

Translator = \$1,200.

Driver = \$400 – 500 (if he speaks English a little 700 USD)

Office Staff = \$500-800

Engineers = from \$800 to unlimited depending on his skills. An IT engineer can be paid 4000 to 5000 USD

Communications Staff = \$400 – 800

Middle Management = \$ 1,500 – 3,000.

Minimum Wage = 190,000 IQD (160 USD)

Clark = \$ 500 - \$800¹⁷⁵

3.4 Breaking up the labour contract

Termination

The law includes a comprehensive list of grounds for the termination of a labour contract. The termination procedure must be approved by the Ministry of Labour's Social Department.¹⁷⁶

1. Mutual written agreement
2. Expiry of the current contract
3. Will of employee after a certain amount of warnings
4. Illness which prevents the employee not to work for more than 6 months
5. Inability to work at 75% or more substantiated by medical reports.
6. A shortfall in the employers business, the Ministry of Labour and Social Affairs must be aware of this.

Dismissal¹⁷⁷

If an employee is regularly absent from work the employer can take the following disciplinary action according to Article 126:

A worker who has committed an infringement of the rules shall be subject to one of the following penalties:

- (1) A warning;
- (2) A wage deduction for up to 3 days, as long as the amount deducted does not exceed 20% of the worker's monthly wage;
- (3) An up to 6 month suspension of the annual wage increment;
- (4) The withdrawal of the annual wage increment for the year during which the infringement was committed;
- (5) Dismissal.

Other more serious grounds for dismissal include^{178,179}

1. Serious misconduct leading to material damage (in such a case, the employer must notify the labour office in the Governorate within 24 hours of the occurrence of the incident);
2. Disclosure a professional secret which will be detrimental to the employer;
3. Failure on several occasions to follow instructions regarding safety, provided the latter have been drawn up in writing and prominently posted or in case the worker is illiterate orally notified to him;
4. Serious state of obvious drunkenness or under the influence of drugs more than one time;
5. Conduct incompatible with respect of work more than one time;
6. Physical harm on the employer or on his representative or supervisors, whether or not the act was committed at the workplace, provided the employer has advised the Labour Office of the Governorate of the incident within 24 hours of its occurrence;
7. Misdemeanour or a crime at work involving one of his or her co-workers for which he or she has been found guilty by a court in a final judgement;

¹⁷⁵ KRG. "Doing Business in the Kurdistan Region in Iraq". November 1, 2010. www.krg.org/.../Kurdistan_Region_business_factsheet_2008_10_23_h12m36s34.pdf

¹⁷⁶ Article 34, Article 42

¹⁷⁷ Article 127

¹⁷⁸ Article 36-40

8. Sentence by the final judgement of a court to imprisonment for a period of more than 1 year.
Dispute Resolution¹⁸⁰

When conflict breaks out, the employer or union must notify the Ministry of Labour and Social Affairs and the Confederation of Trade Unions. The Ministry requires the employer to take steps to resolve the conflict. The confederation of unions tries to resolve the conflict.

The worker may appeal the decision to the competent labour tribunal within 15 days of having received the notification; a decision of dismissal may be taken to the court of appeal (*sec. 129(1)*, LC). When the penalty of dismissal has been imposed and the tribunal has decided to revoke it or to replace it by another penalty, the worker shall be reinstated to his or her job. The employer shall be required to pay the worker's entire wages for the period of suspension from work and to make the contributions for that period to the Workers' Social Security Service (*sec. 129(2)*, LC).

4. Contract terms¹⁸¹

4.1 Legal age of work

The legal age to start working is 18, however in certain circumstances people can work under this age in accordance to article 90-97 related to the protection of minors (minor act)^{182,183}.

90 (1) The word "minor" applies to any person who has not reached yet 18 years of age.

(2) Minors may neither not be employed in the hereafter types of work nor be present on premises in which the latter are carried out:

(a) Work which may lead to occupational or contagious disease or to serious contamination or work which presents a danger to life, morality or health of the person involved in it, because of its nature, the procedures used or the circumstances under which it is carried out. Such types of work shall be determined by the Ministry of Labour and Social Affairs;

(b) Work performed by trimmers and assistant trimmers on board vessels.

91. (1) Minors having reached 15 years of age may be employed in day work, but not in jobs which are hard or harmful to health or in any type of work prohibited under Section 90(2) of this Code.

(2) Minors having reached 17 years of age may be employed in day work, night work and overtime work, but not in the types of work prohibited under Section 90(2) of this Code.

(3) A minor may be employed only if his physical aptitude has been medically attested by a certificate issued by the relevant medical service¹⁸⁴.

92. (1) A minor who has not reached 16 years of age may not work for more than 7 hours per day.

(2) Daily hours of work shall include one or more rest periods accumulating at least 1 hour in order to allow the minor to rest; the rest periods shall be arranged so that no period of work lasts more than 4 consecutive hours.

4.2 Daily, weekly and yearly hours of work

The maximum number of daily working hours is eight hours per day during six days a week; the minimum number of working hours is 35 hours a week, the maximum is 48 hours a week¹⁸⁵.

However in cases when overtime is paid for work beyond 48 hours a week, this overtime must be paid 50% to 100%¹⁸⁶ more than the normal hourly wage. The conditions for different types of overtime are as follows¹⁸⁷:

2) (a) in industrial activities, which are performed in shifts, no more than one hour per day, shall be worked as overtime;

(b) In performing preparatory or complementary work in industry or in handling extraordinary work, no more than 4 hours per day shall be worked as overtime;

(c) In non-industrial activities, nor more than 4 hours per day shall be worked as overtime.

Regarding the payment of this overtime it works as follows Section (2),

¹⁸⁰ Article 129-136

¹⁸¹ Article 35

¹⁸² Article 91

¹⁸³ Article 90-97

¹⁸⁴ Article 92

¹⁸⁵ Interview with Ms. Shadan Mohammed Tahir, an officer in child protection for UNICEF in Erbil.

¹⁸⁶ Article 55

¹⁸⁷ Article 58-66

(2) Wages shall be doubled when overtime work is performed at night or when hard or harmful work is performed. Wages will be increased by 50% when overtime work is performed during the day.

- Maximum of 4 hours of overtime during working days,
- Maximum of 10 hours of overtime during the holidays,
- Maximum of 100 hours of overtime during 1 month.
- Overtime must not represent more than 50% of the salary.

Government sector working days are Sunday-Thursday however in most of the private sector, Saturday is considered as a normal working day; staffs usually work from 8:30am – 4:30pm.

4.3 Paid holidays ¹⁸⁸

Employees are entitled to annual leave of 20 working days per year and this quota increases by 2 days every five years of employment. If the worker works a hard or harmful work to his/her health, he is entitled to enjoy 30 days' paid leave every year.

If case of termination of a contract the concerned party will be compensated for not used days of annual leave.

4.4 Pension

The company is responsible for registering the employee at the Social Department at the Ministry of Labour and Social Affairs. The company will pay 12% of the salary and the employee 5% for social insurance. The Social Department of the Ministry deals with paying the pension to these employees. The employer must fill in a form with all the information. At the time being the retirement allowance is around 80% of the working salary. The State Pension System (SPS) covers civil servants, military and security forces, and employees in state-owned enterprises (SOEs). The Social Security System (SSS) covers workers of the private sector. **All schemes were designed as defined benefit arrangement with essentially pay-as-you-go financing the accumulation of working time spent.**

4.5 Bonus ¹⁸⁹

Whereas companies can draft their own bonus schemes however they must take in consideration the enactment of Article 43 of the Labour law.

The percentage of sales or profits awarded in the frame of an employment contract is considered as a bonus (Article 44).

Wages can be attached to the work or to any other system to determine the amount of wages in relation to the worker's productivity provided that the wage level does not fall below the minimum wage of a non - qualified worker (Article 45).

B. Worker's protection ¹⁹⁰

1. Social protection and security regulations

Two companies can provide health insurance to workers and employees:

1. AAIB – Currently based in Baghdad AAIB covers whole Iraq.
2. URIIC - Ur International Insurance Company a newly established company in the Kurdistan region that can provide all kinds of insurance packages.

If it is the either the individual's fault they will take full responsibility or if it's the company's fault then they will be responsible.

If it is the fault of a third party or due to natural disaster, then the company's fault will be reduced: the company will pay less damage.

If no mention of agreement is stated in the contract regarding the fault/payment between the insurance company and the employee, then the dispute will be solved in a court.

Key obligations to be implemented by the employer in regards to safety on the work place are highlighted in Article 107, 108 & 110 of the labour law. ¹⁹¹

¹⁸⁸

¹⁸⁹ Article 43-45

¹⁹⁰ Article 80-86

¹⁹¹ Article 107-110

Article 107.

An employer shall inform the worker in writing and prior to his hiring of the occupational hazards and the measures of protection to be taken. The employer shall also provide prominently posting instructions which indicate the occupational hazards and the measures of protection to be taken in accordance with instructions drawn up by the Ministry of Labour and Social Affairs.

Article 108.

(1) The employer shall:

- (a) Take the necessary measures to ensure the on-the-job protection of workers against hazards which are harmful to their health and against dangers posed by the work and by machinery;
 - (b) Supply means of protection against occupational hazards; no sum may be deducted from a worker's wages in exchange for the supply of such means of protection;
 - (c) Provide first aid;
- (2) Means of protection and protective devices, along with their operation manual or user's guide, shall be listed according to instructions issued by the Ministry of Labour and Social Affairs after consultation with the National Centre for Occupational Health and Safety.

(1) It is one of an employer's basic obligations to provide measures of protection and to implement the instructions referred to Sections 107 and 108 of this Act (110)

The employer must pay a contribution to social security service employees in return for benefits provided to non-worker - insured

- If the injury resulted in partial disability of the worker, the contribution will be up to 50% of the daily wage or monthly over a period of one year, if the injury resulted in total incapacity or death of the worker, the contribution will be at 100% of daily wage or monthly over a period of one year.¹⁹²

2. Maternity leave¹⁹³

In accordance to article 84 each women worker is entitled to 62 days of maternity leave at full pay. A pregnant worker may, upon the presentation of a medical certificate from the competent service, begin the above-mentioned leave 30 days before the projected date of delivery and may take the remaining days after the delivery. The competent medical service may extend the period of leave referred to the above enactment of the law for up to 9 months in case of a difficult delivery, the birth or more than one child, or the emergence of complications. This additional leave will be an unpaid one, unless the woman is subject to the Law on Pensions and Social Security for Workers.

Some employers allow their staff who have a child in nursery or in Child Care to leave their work station one hour early. (Article 86)

Nursing mothers should have a break (nursing break) during maximum 1 hour counting as one hour of work. A female who works and having one or more children aged under 6 years may be absent from office without pay for a maximum period of three days when one of her children is sick and needs care (Article 87)

When the woman is back to work, she has the right to leave work one hour before the end of his workday to pick up his child in kindergarten which usually closes between 15:00 – 16:00h. This right is granted for a period of 4 months to 1 year. This is not mentioned in the law, as it is at the discretion of the company.

3. Sickness leave and health insurance¹⁹⁴

¹⁹⁵The sickness leave is of 30 days, with a full salary. It needs to be approved by a doctor. If the sickness leave goes beyond 30 days, then the employee will not be paid. If the employee is so sick that he/she cannot recover, the company can terminate her/his contract.

- If a company has more than 50 employees, a nurse must be compulsory in the company premises.
- If a company has over 50 employees, a doctor compulsory must work of the working place.

¹⁹² Article 112.

¹⁹³ Article 84-87

¹⁹⁴ Article 111,1112

¹⁹⁵ Article 77

C. Expatriates regulations

1. Entry and visiting conditions

All foreign workers are granted a 10 days visa, and then they need to extend it: the company will have to write a letter to get a residency card (plus a longer visa) to the Department of Residence of the Ministry of Interior. Arab workers do not need a work permit and are treated like Iraqis.

Foreign workers will be asked to do a blood test. To make the procedure easier, it is advised to go to the Department of Residence of the Ministry of Interior with a Kurdish speaking individual.

To carry out the extension of the visa the following documents are required:

- Passport
 - 2 Passport Size Photos
 - A supporting Letter from the company
- The manager of a company will get 1 year residency visa
 - Middle management: first 3 months residency, then when renewed 6 months, and if longer 1 year.
 - Low level: 6 months (visa must be renewed every six month).

Article 23. (Labour Law)

No foreign worker may be hired without having received his work permit in accordance with the requirements and procedures laid down in directives issued by the Minister of Labour and Social Affairs. As far as an investment project is concerned, then the Board of Investment (BOI) must approve the list of staff involved.

2. Social protection

AAIB Insurance Brokers provides social insurance and repatriation.

Contact: Peter Worby, regional director based in Baghdad.

Tel: Baghdad: +964 (0) 781 410 0774 / Erbil: +964 (0) 770 044 4105.

Email: peter.worby @ AAIB-insurance.com Website: www.aaib-insurance.com

www.grammarly.com

VII – How to do good business ?

1. Be a minimum aware of of the history of the KurdistanRegion

Before to come to the Kurdistan region, try to understand the political and economic background of the Region what will help you to decipher your business environment. If you can, try to learn a few words of Kurdish language: it is an easy way to demonstrate that the quality of your personal relationship with your representatives is as much as important as the business you are discussing¹⁹⁶.

2. Contact your local KRG representative

Before leaving contact your local KRG representative in your country. The KRG has representations in many countries around the world which can help you to put you in contact with the relevant KRG officials in Kurdistan¹⁹⁷. They will be able to provide you with information on relevant sectors you are dealing with. Do not forget to contact your respective representative in your General consulate in Erbil. If you do not have any you can contact your Embassy in Baghdad to help you in receiving information on the Kurdistan region.

3. How to selecting and managing local partners

For officials as well as for private companies signing a Memorandum of Understanding (MoU) is a great favourite with foreign companies. To submit oneself to this exercise does not entail any danger.

In the Kurdistan region people will often speak in vague terms, bring forth stories and metaphors during negotiations. Rather to irritate you, this is an effort to get to good communication especially when your counterpart does not share your ideas: instead of telling it to you sharply -what locally will mean “making somebody to lose face”- he had rather to use soothing words. Never loose your control.

¹⁹⁶ See Chapter 8 for details for translator

¹⁹⁷ Ibid to see KRG offices abroad.

Never speak or behave blunt: such behaviour can be fatal to a deal. On the contrary be subtle and always promise to consider the request put forward.
Make sure that everybody understands exactly what is about and do not hesitate to hire a Kurdish speaking translator.

4. How to communicate?

The best way to communicate is always face-to-face. If this isn't possible, make a phone call. Kurdish people are not good at writing: that is the reason why your letters and e-mails will remain unanswered for some time if you don't do a follow up by phone. Business doesn't really happen seriously by phone or email with foreign companies: a personal contact or visit is far away the best option.

5. Be patient

Decisions may take a long time, probably longer than you are used to. Don't be impatient, as sometimes this will reflect badly on your reputation. Be flexible and prepared to adapt to new schedules. In fact, patience, courtesy and friendliness are the most valuable qualities you can demonstrate throughout your business and social life in the Kurdistan region, especially during the most frustrating situations: you will surely reap the rewards.

6. Be persuasive

With more and more companies entering the Kurdistan region you will face more and more competition. Be persuasive to sell your product which you must introduced as the most competitive.

7. Implementation

Training is the key word of your long term success in the Region of Kurdistan together with maintenance. You must anticipate training and maintenance during the phase of implementation of your project.

The KRG is taking steps to reduce bureaucracy and time delay with an E-Government strategy to help reduce red tape and procedures to make doing business in Kurdistan easier.

VIII – Settlement costs and daily life

A. Where to get information on the Iraqi Kurdish market

1. In Kurdistan of Iraq: The BOI, the Ministry of Trade

Kurdistan Board of Investment www.kurdistaninvestment.org
Ministry of Trade and Industry www.mtikrg.org/English.aspx

Kurdistan Regional President <http://krgp.org>
Kurdistan Regional Government <http://www.krg.org>
Kurdistan National Assembly <http://www.perleman.org>
Governorate of Erbil <http://www.hawlergov.org>
Governorate of Duhok <http://duhokgov.org>
Governorate of Sulaimaniah <http://www.sulygov.com>

Kurdistan Federation Chamber of Commerce & Industry (and Erbil Chamber of Commerce & Industry)

Tel: +964 66 222 2175 / +964 66 2222162 / +964 66 2222014 / +964 66 2230671

E-mail : erbilchamberofcommerce@yahoo.com

Site web: www.erbilchamber.org

Duhok Chamber of Commerce & Industry

Tel: +964 750 4461155 / +964 62 7690168

E-mail: duhok_traderoom@yahoo.com

Site web: www.duhokchamber.org

Chairman of Sulaimani Chamber of Commerce & Industry
 Sulaimani Salim Street
 Tel : +964 53 31 312 32 93 / 313 88 38 / 312 6845 / 313 1297
 Email : info@sulcci.com et relations@sulcci.com
 Site web: www.sulcci.com

Iraqi Businessmen Union Kurdistan Region
 HERSH M.AL-Tayyar, Administration and Relations Manager of 77 Group Company
 Tel.: +964 750 445 5151 / +964 66 253 5151
 E-mail: hmszt@yahoo.com ibmukrc@yahoo.com
www.hershaltayyar.org

2. Abroad: KRG representations abroad

Head of KRG Department of Foreign Relations

Minister **Falah Mustafa Bakir** is Head of the KRG Department of Foreign Relations, based in the Council of Ministers in Erbil, the Region's capital. To contact the Department of Foreign Relations, email dfr@krg.org

The KRG has official representations in several countries. As part of the KRG's restructuring and outreach to the international community, we hope to open more representations abroad in the near future.

KRG Representation in Australia

Representative: Mr Haval A. Syan
 P O Box 491 Liverpool
 NSW 2170 Sydney, Australia
 Phone: 612 98 22 22 72
 Fax: 612 98 22 22 76
 Email: australia@krg.org
 Visits by appointment only. For administrative matters (wekalet), appointments can be made for Thursdays from 10.00 to 15.00.

KRG Representation in Austria

Representative: Dr. Mustafa Ismail Ramazan Goran
 P.O. Box 49, 1011 Vienna
 Phone: +43 664 3450465
 Fax: +43 1 5440305
 Email: austria@krg.org

KRG Mission to the European Union

Head of Mission: Carlos Kurdi (Salim Gravi)
 rue de la loi 221
 1040 Brussels
 Belgium
 Phone: +32-2-513 72 28
 Fax: +32-2-513 36 79
 Email: eu@krg.org

KRG Representation in France

20 Rue de Cambon
 75001 Paris
 France
 Phone: +33 1 44 50 39 78
 Mobile : +33 64 60 45 692
 Fax: +33 1 44 50 39 48

Email: [france\(at\)krg.org](mailto:france(at)krg.org)

KRG Representation in Germany

Representative: Mr Dilshad Mustafa Barzani
Vertretung der Regionalregierung-Kurdistan Irak in Deutschland
P.O. Box 150 101
D-10633 Berlin, Germany
Phone: +49 30 7974 8491
Fax: +49 30 7974 8492
Email: [germany\(at\)krg.org](mailto:germany(at)krg.org)

KRG Representation in Iran

Representative: Mr Nazim Omer
No.2, Third Street
Zarafshan Avenue
Shahrak-e Gharb
Tehran
Islamic Republic of Iran
Phone: +982 188 072057
Phone: +982 188 572224
Fax: +982 188 087972
Email: [info\(at\)krg-tehran.com](mailto:info(at)krg-tehran.com)

KRG Representation in Italy

Representative: Ms Rezan Hama Salih Qadir Agha
Governore Regionale del Kurdistan
Via Paisiello55
Roma 00197, Italia
Tel:+39 685356943
Fax:+39 685356943
Email: [italy\(at\)krg.org](mailto:italy(at)krg.org)

KRG Representation in Spain and Portugal

Representative: Mr. Daban Shadala
C/ Serrano 31, 4 izq.
28001, Madrid, España
Phone: +34 91 436 26 20
Fax: +34 91 435 29 14
Email: [spain\(at\)krg.org](mailto:spain(at)krg.org)
Web: <http://spain.krg.org>

KRG Representation in Switzerland

Representative: Dr.Fauzi Kaddur
Thunstr. 74
CH-3006 Bern
Switzerland
Phone: +41 31 352 00 60
Fax: +41 31 352 00 61
Mobile:+41 79 601 35 55
Email: [switzerland\(at\)rp.krg.org](mailto:switzerland(at)rp.krg.org)

KRG Representation in the United Kingdom

Representative: Ms Bayan Sami Abdul Rahman
Winchester House, 8th Floor
259-269 Old Marylebone Road
London NW1 5RA
Phone: +44 (0)20 7170 4300
Fax: +44 (0)20 7170 4301
Email: [uk\(at\)krg.org](mailto:uk(at)krg.org)

Visits to the office are possible by prior appointment only. For consular matters and documentation,

appointments can be made for visits on Mondays or Thursdays from 11.00 to 16.00 UK time.

KRG Representation in the USA

Representative: Mr Qubad Talabani
1532 16th St., NW
Washington, DC 20036
Phone: +1 202 797 7575
Fax: +1 202 821 1870
Email: [us\(at\)krg.org](mailto:us(at)krg.org)
Web: <http://us.krg.org>

3. Diplomatic Representations in the Region (Countries in Alphabetical Order)

The Consulate of the Arab Republic of Egypt
Mr. Soliman Mohammed Osman
Consul
solimanosman@hotmail.com
0760 500 0350 / 0750 361 5684

EU JUST LEX
Mr. Tomas Seven Head of Office
tomas.seven@eujust-lex.eu
0750 364 5180

The Consulate General of the Republic of France
Dr. Frederic Tissot Consul General
frederic.tissot@diplomatie.gouv.fr
0750 416 4176

The Consulate General of the Federal Republic of Germany
Mr. Klaus-Peter Stross
Acting Consul General
L@erbi.diplo.de
Vw-1@erbi.auswaertiges-amt.de
0750 716 2186

The Consulate General of the Islamic Republic of Iran
Mr. Seyed Azime Hossini Consul General
Erbil1388@yahoo.com
0770 401 1000

The Consulate General of the Hashemite Kingdom of Jordan
Mr. Fayiz F. Khouri Consul General
fayiz.k@fm.gov.jo
0770 340 4000

The Embassy Office of the Republic of Korea
Mr. Joongchul Joo Consul General
jcjoo90@mofat.go.kr
0750 445 8549

The Consulate General of the Russian Federation
Mr. Valeriy Pospelov Consul General
erbil@yandex.ru
0750 312 8652

The Consulate General of the Republic of Turkey
Mr. Aydin Selcen Consul General
aydin.selcen@mfapb.gov.tr
0750 319 9511 / 0770 485 1695

The Consulate General of the United Kingdom
 Mr. Chris Bowers Consul General
 Email: chris.bowers@fco.gov.uk
 0750 455 5587

Regional Reconstruction Team (RRT) USA
 Mr. Alexander Laskaris Team Leader
LaskarisAM@state.gov
 0770 443 0906

The Iraqi Kurdish population living standards

Costs of Everyday Life

10 loaf /1000 ID
 1 kg meal / 14000 ID
 1 kg chicken / 5500 ID
 1 eggs seat /3500 ID
 1 kg sugar / 1000 ID
 1 kg Fat cooking / 1500 ID
 1 kg tomato / 1000 ID
 1 kg potatoes / 750 ID

1 AMP electricity / 8000 ID/month
 1 Liter Benzene(super) / 980 ID
 1 Barrels of oil / 110000 ID
 1 Gas bottle / 6000 ID
 1 Barrels of Diesel / 143000 ID

100 US dollar = 119000 ID
 100 ERO = 158000 ID

Markets and shopping malls

Erbil

Family mall: 100 meters road.
 Majidi mall: Kasnazan Road. Open from 15h to 23h.
 New city: 60 Metre Road. Open from 15h to 23h.
 Naza Mall: road from Kirkuk. Open from 15h to 23h.
 Sofi Mall: Gulan Street. Opposite the Ster Tower.
 Tablo Mall: Kirkuk road, next to the stadium Franso Hariri.

Sulaimani

Kurdistan Market: Sarchinar neighborhood. +964 53 318 43 06
 Zara market: Shorsh district. +964 53 312 16 30
 Rand Gallery: Salim Street
 Chavy Mall: TuMalik District, 60 Metre Road
 Casso Mall: Opposite the Great Mosque, off Mawlawi Road

Duhok

Mazi Mall: opposite the Technical Institute of Dohuk. +964 (0) 62 760 9900
Bahar city: Barzan Street.

Electrical Appliances

On Shorish Road there are specialised shops in electrical applicancies where you can find leading international brands such as Arcelik, Bosch, Samsung, Toshiba, LG, Beko, General, Sony, Phillips, Mitsibushi

Beko: Saffin Trading Agencies Co.

Mr Bilal Ahmed, Director of Marketing and Sales: +964 (0) 750 431 0099.

ahmedbilal99@yahoo.com / ahmedbilal@alkhayat-group.com

Alkhayat building behind the street Aras, near the Erbil Chamber of Commerce.

Toshiba to Shorsh. +964 (0) 750 307 1002

Opening Hours

The opening hours of government: 8.30 - 15h

Friday and Saturday are the weekend days.

Timetable of openings of stores:

- Downtown: 7am to 19h
- Iskan: from 9:30 to 0:00.
- Malls: 10am to midnight.

C. Corporate communication

1. Advertisement

1.1 Main media supports and the advertisement market in Kurdistan or Iraq

G.E.G Reklam:

Tel: +964 (0) 750 490 0600 / +964 (0) 750 490 5757

Website: www.gegreklam.com

Golden Screen Co.:

Tel: +964 (0) 66 257 2001 / +964 (0) 66 25720

Website: www.goldenscreenfilms.com

Ankawa Media Co.: Mr R. Kaldo Oghanna, CEO.

Email: kaldo@ankawamedia.com

Silver Star Reklam:

English Village, No. 333. Erbil - KR / Iraq

Dina Al-zuhairy, Marketing & Sales: Tel: +964 (0) 750 797 0000. [d.zuhairy @](mailto:d.zuhairy@sshcreklam.com)

sshcreklam.com

1.2 Types of advertising investments

Radio, TV, magazine, newspaper, internet, Megalight, Bill Board, Pissa, Raket

2. The Fairs

1.1 The International Fair in Erbil

<http://www.erbilfair.com/>

1.2 The International Fair in Sulmani

www.sulaymaniahexpo.com

1.3 The International Fair in Duhok

<http://www.dbxkurdistan.com/Duhok/>

D. Organising a prospective trip

1. Accommodation

Erbil

In Erbil

Erbil International Hotel (Sheraton)

30 Metre Road.

Price: Single room: \$ 200. Double room: \$ 240.

Junior Suite: \$ 300 +10% service charge. Executive Suite: \$ 500 +10% service charge.

Breakfast - lunch included. Business center. Internet available in rooms.

Tel: +964 (0) 66 223 4460 / +964 (0) 750 449 5517

Email: Reservation@erbilinhotel.com

Website: www.erbilinhotel.com

Hawler Plaza

Road to Kirkuk, Erbil near the stadium.

Single room: \$ 170. Double room: \$ 190. Breakfast - lunch included. Internet available.

Tel. : +964 (0) 66 222 8990 / +964 (0) 66 254 0050

Email: Hawler_plaza@yahoo.com

Website: www.hawlerplaza.com

Khazada Hotel & Resort

Salahaddin road, about 25 minutes from downtown - city of Erbil.

Price: Single room: \$ 143. Double room: \$ 276.

Junior Suite: \$ 187. Executive Suite: \$ 220.

Breakfast - lunch included. Business Center. Internet available.

The hotel is located 25 minutes from Erbil, on the road to Salahaddin

Tel: +964 (0) 66 224 5273

Email: info@khanzadesort.com

Website: www.khanzadresort.com

Rotana Hotel

Gulan Street.

Tel.: +964 (0) 66 210 5555

Email: Shareef.kharouba@rotana.com

Website: <http://www.rotana.com/rotanahotelandresorts/iraq/erbil/erbilrotana>

Nobel Hotel

Qazi Peshawa Street (street 100 meters), Ankawa, Erbil.

Tel.: 964 (0) 66 225 2630-225 2620 / 964 (0) 750 431 2244 / 964 (0) 771 193 6300

Email: info@noblehotel-erbil.com

Website: <http://www.noble-hotel.com/>

Chwar Chra Hotel

Abdul Salam Street Al - Barzani.

Price: Double room: 65 USD. Junior Suite: USD 80. Breakfast - Lunch: 6 USD.

Business Center. Internet available.

Tel.: +964 (0) 66 223 1508

Email: info@chwarchrahotel.com

Website: www.chwarchrahotel.com

Arabella Grand

Tel: +964 (0) 750 499 1984 / +964 (0) 66 591 984

Email: info@arabella.com

Website: www.arabella-hotel.com

Ankawa Palace Hotel

Street Shlama Ankawa, Erbil (near Residency Office)

Tel.: +964 (0) 750 486 3030 / +964 (0) 66 225 3030

Email: info@ankawapalace-hotel.com

Arbil Tower Hotel

Downtown, behind the building of the governorate of Erbil.

Single room: 38 USD. Double room: 61 USD. Junior Suite: 76 USD.

Breakfast - lunch included. Internet available

Tel.: +964 (0) 66 264 4333 / +964 (0) 750 751 8888 / +964 (0) 770 888 8533

Email: erbiltower@yahoo.com

Website: www.erbiltower.com

DimDim Hotel

30 Metre Road

Tel.: +964 (0) 66 222 2723

E - mail: dimdimhotel2@yahoo.com

Helin Plaza Hotel

Ainkawa Road, opposite the restaurant Hawler

+964 (0) 66 255 2430

hotelhelinplaza@yahoo.com

Zaitun Hotel
30 Metre Road, between the Media Hall
+964 (0) 66 222 9024
talalzetona@yahoo.com

Royal Palace Hotel
60 Metre Road. Opposed to Ankawa bridge (overpass), near the Mahhar Restaurant
Tel: +964 (0) 66 25 62 981 / 2, +964 (0) 750 423 7426 / 7326
Email: royalpalace_h@yahoo.com

Shereen Palace Hotel
Junior Suite: USD 30. Executive suite: 32 USD.
Breakfast - lunch included. Internet available.
Tel: +964 (0) 66 222 6240 / 222 0915

Sulaimani

Lalezar Hotel Restaurant and Spa
Tel.: +964 (0) 53 319 2601 / Fax: +964 (0) 53 319 2602
E - mail: info@lale-zar.com
Website: www.lale-zar.com

Abu Sanaa Hotel
A Sarchinar
Suite: \$ 150.
Tel: +964 (0) 53 218 3497

Sulaymaniyah Palace
End of the Street Salm
Suite: 190 USD.
Tel: +964 (0) 53 212 4141 / 47

Parezh Hotel
Tel.: +964 (0) 770 000 0000
E - mail: perizhhotel@perizh.com
Website: www.perizhotel.com

Dawa Hotel
Tel: +964 (0) 748 015 6259 / 60/61/64
E - mail: Info@dawahotel.com
Website: www.dawahotel.com

Duhok
Delshad Hotel
Dohuk Main Street, opposite Mazi Supermarket
Single room: 115 USD.
Tel: 964 (0) 62722 7601-9
Email: info@dilshad-palace.com
Website: www.dilshad-palace.com

The Jiyan Hotel

Single room price: 100 USD.

Tel: +964 (0) 62 722 24 00. Mobile: +964 (0) 750 442 7711, + 964 (0) 770 051 7711

E-fax: +1 631 982 7711

Website: <http://www.jiyanhotel.com>**Sulava Hotel**

Tel: +964 (0) 62 722 1955 / 722 1956 / +964 (0) 750 445 7004 / + 00 87 37 61 58 67 29.

Email: sulavhotel@sulavco.com, sulavhotel@yahoo.comWebsite: <http://www.sulavco.com/hotel.htm>**Slivan Hotel**

14 Athar Road

Tel: +964 (0) 62 722 5683, +44 702 86 00 001.

2. Transportation**a. Air transports:**Erbil International Airport, code: (EBL) <http://www.erbilairport.net/>Sulaimani Internatioanal Aiport code: (SUL) <http://www.sul-airport.com/>**Erbil:****Zagros**Zagros_air@yahoo.com, info@zagros.net**Iraqi Air Ways**

+964 (0) 750 423 5555 Baghdad - Erbil (operated by Iraqi Airways)

Tel: +964 (0) 750 423 555, +964 (0) 750 466 6444

www.iq-airways.comwww.iraqiairways.co.uk

Tel. Iraqi Airways Erbil: +964 (0) 750 423 5555, +964 (0) 750 466 6444

+964 (0) 750 455 4411, +964 (0) 66 224 5474

Amman: +962 (0) 6 463 8600

Damascus: +963 11 245 0301 / 2.

Baghdad: +964 1 537 2002

Beirut: +961 1747413

Istanbul: +90 212 465 4087, +90 535 379 9205.

Laru Travel (Royal Jordanian Airlines)

+964 (0) 750 455 4411.

Flight Amman - Erbil (operated by Royal Jordanian Airlines)

Website: www.rj.com

Amman: +962 (0) 6 445 3052, +962 (0) 6 585 7111

Erbil: +964 (0) 750 477 9898, +964 (0) 750 491 0973

Email: eblrj@yahoo.com, eblga2@rj.com

Stockholm: +46 8 54 52 59 52

London: +44 87 19 112 112

Paris: +33 (0) 1 42 65 99 91

Shabaq,

Tel: +964 (0) 750 773 2333, +964 (0) 750 452 0111, +964 (0) 750 773 2444

Email: info@flayiraquna.com

Website: <http://www.flyiraquna.com>

Zozik,

+964 (0) 750 401 7333, +964 (0) 750 401 8333

zozikair_erbil@yahoo.com

United Travel Agency

Tel: +964 (0) 750 320 4803, +964 (0) 662 642 000

Email: yazan.quttaineh@uta-erbil.com

Website: www.uta.com.jo

Middle East Airline (MEA)

Tel: +964 (0) 66 223 5454, +964 (0) 66 223 6464, +964 (0) 22 223 7474

Email: elbtome@mea.aero

Sulaimani

Azmir air company:

End of Salm Street. Tel : +964 (0) 53 319 4302

Middle East company:

Opposite Sulaimani Palace. Tel : +964 (0) 748 012 1426

Duhok

Evan tour company / 00964 62 760 52 52

b. Urban transports: prevalence of taxis; possibilities to rent a car

In Erbil:

Now taxi (and rental agency): +964 (0) 750 427 7002, +964 (0) 750 465 3558

Hello Taxi: +964 (0) 750 417 9000 0, +964 (0) 750 418 0000, +964 (0) 750 419 0000

Mr driver Jijis: +964 (0) 750 449 1845. \$ 150 a day (7am to 18:30).

Chaufferur Mr Ako (only between midnight and 4am): +964 (0) 750 482 0984.

In Sulaymaniyah:

Sulaymaniyah Office: near the University of Sulaimaniya. +964 (0) 53 327 0975

Hana Office: Azadi opposite dup arc. +964 (0) 53 327 0900

E. Looking for a commercial & residential premise

1. The residential or "housing villages"

American Village

Tel: +964 (0) 750 413 6420 / 1

Email: sales@americanvillage.info

Price: customer selects him - even the elements that make up his house. Also, the price depends on the materials requested.

Dream City

Tel: +964 (0) 66 251 0773, +964 (0) 66 251 0779

Email: relation@mecri.com

Naz City

Tel: +964 (0) 750 416 9826

Email: villa@nursoy.com.tr

Price: 2 000-3 000 USD

Italian City

Tel: +964 66 256 4844, +32 48 445 1315

Email: @ yahoo.com hemn_co.group

Price: 2 000-3 000 USD

English Village

Tel: +964 750 445 2102

Email: azzam960@hotmail.com

Price: 2 500 - 3 000 USD

Notes:

- most of these housing developments also provide office space.
- the rent does not include the cost of electricity, water, internet and other charges.

2. Real estate agencies

Erbil

Taman real estate agency:

Address: 32 sarbasty Park, opposite the Italian village.

Mr. Y. Ferhad Barzinjy

Tel: +964 (0) 750 749 5353

Email: www.taman.tv

Ainkawa Group of companies:

Mr Yousif Solaka Poulus (President)

Tel: +964 (0) 66 225 0840 / +964 (0) 66 252 9877 / +964 (0) 750 460 9048

Email: www.ankawagroup.com; ankawagroup@gmail.com; president@ankawagroup.com

Virand Company:

Route 30 meters, as opposed to Dream City.

Abdullah: +964 (0) 750 445 4230. Farman: +964 (0) 750 446 8615.

Shaqlawa Estate Co. for Estate Services:

Ainkawa Road, near the Next Hotel

Tel.: +964 (0) 456 5383 / 445 1153 / 445 1151

Email: baghy_shaqlawa@yahoo.com

Sulaimani

Bariz office for selling and renting houses:
Tel +964 (0) 53 323 2767

Dilan Office:
Address: Salim Street.
Tel: +964 (0) 770 152 1633

Liza Office:
Address: Guran Road.
Tel: +964 (0) 770 141 4141
Sulaymaniyah Office:
Tel: 3270975

Hana Company
Address: Park in front of Azadi
Tel: 3270900

Homa company:
Address: Rue Salim.
Tel: 3190111

Sabaq Company:
Tel: +964 (0) 770 155 7004

Twana Ali:
Tel: +964 (0) 53 330 1415

Duhok

Araz Office
11 Aylul Road.
Tel: +964 (0) 750 410 8321

Dakhaz Office
Lawand street.
Tel: +964 (0) 62 760 9192

3. Miscellaneous:

Fees for registration of a company: \$ 370
Legal fees: \$ 2 000-5 000, depending on **the size of the company.**
Legal restraint monthly: \$ 500
Accounting fees (when creating the company): \$ 1 000
Accounting fees monthly (after creating the company): \$ 200
Office rental: \$ 2 500-3 500/month
Car with driver: \$ 1 000/month
Diesel & Maintenance: \$ 300/month.

F. Daily life

1. Settlement Process in the Region.

a. Telephone operators

Buying a SIM card and a phone number costs about 7, 000 Iraqi dinars.

- sim card Korek

Website: www.korektelecom.com

Erbil: Ankawa Road, opposite the Hawler Restaurant. Tel: +964 (0) 750 445 0022

Duhok: Square Halat Street nohadra. Tel: +964 (0) 750 420 0011

Sulaymaniyah: Salm Street, opposes the engineering club. Tel: +964 (0) 750 111 4357.

- sim card Asiacell

Website: www.asiacell.com

Erbil: Ankawa Street next to IBL Bank

- Mobitel: www.mobitel3g.com

- Zain www.Zain.com

- Atheer: www.atheer.net.sa

Fixed telephone (landline)

- Aria Phone

- Reber

. Internet Providers

Tarin net

Website: www.tarinnet.org

Ster TarinNet Sales Office in Tower:

Tel: +964 (0) 750 418 3060

Email: sales@tarinnet.info

TarinNet Sales Office in Erbil:

Tel: +964 (0) 750 478 5049

Address: Street Mudhafaria, Erbil

Shaqlawa:

Address: Sarmaydan near the supermarket Bana.

Tel: +964 (0) 750 765 3069

Pirmam (Wall)

Address: Main Street, near Sarban

Tel: +964 (0) 750 765 3068

Newroztelecom (Reber)

Street Karez, Ainkawa, Erbil

Tel: +964 (0) 66 225 3000

Email: info@newroztelecom.com

Website: www.newroztelecom.com

Sellers:**Engineer Meqdad: Muthafaria Street, Erbil. Tel: +964 (0) 750 454 2999****Dani: Ainkawa, Erbil. Tel: +964 (0) 750 468 1533****Baker: Shaqlawa. Tel: +964 (0) 750 449 4227.****Nawand Telecom:****www.nawand.net****WEGO Layers Net:****www.mywego.com****Ankawa****Tel: +964 (0) 66 225 0448****Open from 8:30 a.m to 22:30, Saturday to Thursday****c. Electricity**

Currently in the Kurdistan region there is around 16-20h of electricity daily.

Unite Price (ID)	KWH	Categories
15	1-450	Domestic
20	451-900	
35	901-1500	
60	1501-2100	
75	2101-3000	
150	3001-5000	
200	5000	
25	1-600	Commercial
35	601-900	
50	901-1500	
60	1501-3000	
80	3001-5000	
90	5000+	Industrial
60	0.416kv	
50	11kv	
30	33kv	
20	132kv	Agriculture
30		
60		Governmental

Daily life approach**a. Opening a bank account & Distbutors****Documents needed for this purpose:**

- Proof of identity (passport for foreigners)
- Residence card for foreigners,
- Passport photos are sometimes required by some banks.

Credit cards and Distributors

There are several banks in the region, but the economy is currently based on an economic basis only.

U.S. dollars are accepted in most outlets. They can be easily exchanged against the local currency at banks or bazaar.

In Erbil:

Dar Al Salaam Bank for Investment

Address: Route 60 meters

Tel.: +964 (0) 750 446 3063, +964 (0) 66 256 0006

Byblos Bank

Address: Street No. 6, near the sports stadium

Tel: +964 (0) 66 223 3457, +964 (0) 750 478 4404

Kurdistan International Bank for Investment

Address: Street Gulan

Tel: +964 (0) 750 488 5388, +964 (0) 66 223 08 22

In Sulaymaniyah

Rashed Bank: +964 (0) 53 312 0145

Rafedeen Bank: +964 (0) 53 312 1568

b. Sending mail**In Erbil**

Directorate of Posts and Communications of Erbil.

Address: downtown, near the court building.

Tel: +964 (0) 66 223 8028, +964 (0) 750 449 6264

In Dohuk

Directorate of Posts and Communications in Dohuk.

Tel: +964 (0) 62 724 4545

Email: pttduhok@motac.krg.com

In Sulaymaniyah

Directorate of Posts and Communications to Sulaimaniya.

Address: Street Mawlawi

Tel: +964 62 318 00 61

Private courier services:

Aramex:

\$ 8-10 USD per kilo

Tel: +964 (0) 66 225 2299, +964 (0) 66 225 3399

Email: ebloperationteam@aramex.com

Website: www.aramex.com

Address: Erbil, Ankawa

Paris Office

Address: 2 rue vowels, cargo area, 4, 95703 ROISSY CDG
Tel: +33 (0) 1 48 16 76 00

DHL Express

33, \$ 3 per kilo

Customer Service Center:

Address: Erbil, Ankawa, Khabat Street, Area 41

Tel: +964 (0) 750 423 7772, +964 (0) 770 461 7111, +964 (0) 66 225 1221

Email: @ Erbil.iq dhl.com

Sulaymaniyah:

Address: Main Street Jawahiri, sarchinar near Abo sana Shaswar Hotel Building Area 119

Tel: +964 (0) 770 461 8111, 964 (0) 533 194 355

Email: @ Sulaimania.iq dhl.com

UPS

Mohammed DLere

UPS Sales and Operations - Erbil

Tel: +964 (0) 750 314 0045

Email: dler.mohammed. Moveoneinc.com @

c. Registration and driver's license

The International Driving Permit is not accepted in the region of Kurdistan. You must go to the General Directorate of Traffic in Erbil (located on the road 60 meters, near New City)

How to obtain a valid driver's license

- 1 - Translate foreign driver's license. The translation must be done by a sworn translator,**
- 2 - Map of residence,**
- 3-2 photos**
- 4 - Go with all documents to the Directorate General of Traffic to obtain a local driver's license.**

d. Useful contacts

- Police Station:

Police emergencies: 144, 134, 124, 104

Directorate of Erbil Police: +964 66 22 23 2968

Sulaymaniyah Directorate of the Police: +964 53 312 3544

Directorate of Dohuk Police: +964 62 722 1707

- Directorate of firefighting

Erbil: +964 (0) 66 115

Sulaymaniyah: +964 (0) 53 312 6977

Duhok: 964 (0) 62 115

- Directorate of Traffic in Erbil:

Address: street of Kirkuk

Tel: +964 (0) 66 022 062 0598

- Directorate of Passports:

Sulaimany: Mahmoud Malek Street. Tel: +964 (0) 53 319 3815

Dohuk: Mahabat neighborhood. Tel: +964 (0) 750 450 9384

- Directorate of Tourism

Erbil: +964 (0) 66 257 7001

Sulaimany: +964 (0) 53 318 3880

Dohuk: +964 (0) 62 762 1210

e. Health contacts:

**List of doctors and hospitals reliable, and emergency number:
In Erbil**

Hospital emergencies: 122

Rizgary Hospital: +964 (0) 66 227 3883, 964 66 2233 882

Off Keznazan Street, Kaka Ziyadi Koya Int.

Private hospital Zheen: +964 (0) 66 223 21 44

**Hospital care Sardam: Street Newroz Street (near the German Technical Centre)
just after the road Makmour on 60 when we just Azadi**

Dr. Yousef Allah: +964 (0) 750 347 1801, +964 (0) 771 051 1609

Medya Diagnostic Centre: <http://www.medyadc.com/site/>

60 Metre Street, Next to New City

Phone:

General: +964 (0)66 223 6633

In Sulaymaniyah

Hospital emergency: +964 (0) 53 327 05 11

Sulaimaniyah General Hospital: +964 (0) 53 312 1498

Tawari General Hospital – TuMalik District

In Duhok

Hospital emergency: +964 (0) 62 761 2561

Azadi Hospital: +964 (0) 62 722 1737

Shelan Hospital: +964 (0) 62 722 0050

Zakho Hospital: + 964 (0) 627331707

Akre – General street/ Meidan

+964 (0) 626220944

3. The educational system

Ministry of Higher Education
Address: Route Kirkuk
Website: <http://www.mhe-krq.org/>

Schools:

French International School Danielle Mitterrand - Erbil
Address: District Gulan, Erbil.
Tel: +964 750 780 8085
Email: marcel.muller @ @ mlfmonde.org patricia.sandoval mlfmonde.org

French International School Danielle Mitterrand - Sulaymaniyah
Address: Rizagary Taza.
Tel: +964 771 021 6164
Email: salehagourari@yahoo.fr

Chouefait (SABIS) - Lebanese school
Address: Route de Massif, near Khanzada Area, Erbil
Tel: +964 (0) 750 416 4444, +964 (0) 66 253 9672, +964 (0) 750 416 4227
Website: <http://www.iscerbil-sabis.net/>

Universities:

Cihan University:
Address: 100-meter street, Erbil.
Tel: +964 (0) 750 738 1000
Website: <http://www.cihanuniversity.org/about.php?tab=tab1>

Koya University:
Tel: +964 (0) 748 012 6191
Email: info@koyauni.ac
Website: <http://www.koyauni.ac/>

Ishiki University - Turkish university
Address: street 60 meters, Erbil.
Tel: +964 (0) 66 252 9841, +964 (0) 750 705 0211
Website: <http://www.ishikuniversity.net/>
French Lebanese University in Erbil
Address: Azadi Street
+964 (0) 66 253 8004, +964 (0) 750 441 2721
Website: <http://www.lfu-bmu.net/>

Sabis University:
Address: Route Ainkawa, direction Salahaddin.
Tel: +964 (0) 750 716 9400
Email: sabisuniversity@sabis.net
Website: <http://www.sabisuniversity.net/>

Salahaddin University:
 Tel: +964 (0) 66 222 4122
 Website: <http://www.suh-edu.com/>

The American University of Iraq - Sulaymaniyah:
 Tel: +964 (0) 53 313 1191
 Email: info@auis.org
 Website: <http://www.auis.org/>

The University of Dohuk:
 Address: Route Zakho
 Tel: +964 (0) 62 722 4401
 Email: relations@uod.ac
 Website: <http://www.uod.ac/>

The University of Kurdistan Hewlêr (UKH)
 Address: Rue 30 meter Erbil,
 Tel: +964 (0) 750 440 7357 / +964 (0) 66 254 8743
 Website: <http://www.ukh.ac/>

4. Formalities for a Business

a. Business Cards

100 cards = 25, 000 ID, 200 cards = 40,000 ID

In Erbil:

Office Batel

Address: rue de Aras

Tel: +964 (0) 750 414 4205

In Dohuk

Hawar Printing press:

Tel: +964 (0) 62 722 1280

Khani Printing press:

Address: District Ashti

Tel +964 (0) 62 722 1479

In Sulaymaniyah

Gash Office: +964 (0) 770 156 0615

Akam Office: +964 (0) 770 141 1243

b. Translators

Mr. Haval

Tel: +964 (0) 750 467 1827

Email: www.havaldalo.net

Translator accredited by the Ministry of Justice

Served as translator for the young Madri Saeed Ayub

Tel: +964 (0) 750 445 6636

Email: baz_laow@yahoo.com

Recommended by Iman for military uniforms accompanied Amer

MAULDE

Tel: +964 (0) 750 445 9589, +964 (0) 750 453 9191

Yaqoob Saadallah

Born in Mosul, speaks Arabic, French and English.

Tel: +964 (0) 770 181 4001

Email: placeplume@yahoo.com

Translators Arabic / French:

Amira, professor of French at the University of Salahaddin

Tel: +964 (0) 750 4973091

Email: amira682003@yahoo.com

Moayad Dujail, head of the French department of Mosul

Email: mdujail@yahoo.fr

Dara Sinjari

Email: darasinjari@yahoo.com,

Omar Mohsen

Email: dr_mohsen_omar@yahoo.com,

Kais Farjo, former French professor in the Department of Mosul:

Email: placeplume@yahoo.com.

c. Security Companies

GardaWorld (Formerly Vance)

Address: 31 Old Burlington Street, London W1S 3AS

Iraq (excluding Erbil): +964 (0) 770 158 7939

Iraq (Erbil): +964 (0) 750 451 2588

London office: +44 (0) 20 7734 5361

Email: @oliver.westmacott@kept-world.com

Vigilance Security Company

Tel: +964 (0) 750 423 3824

Email: ops@vscsecurity.com

Ster Group

Tel: +32 48 445 6378

Reed Security

Tel.: +964 (0) 750 449 8294

Hart Security

Tel.: +44 (0) 20 7751 0771

Email: iraqcountrymanager@hartsecurity.com

Paratus Worldwide Protection

Email: myoung@paratusiraq.com

d. Calendar Holidays

National holidays and key dates in the Kurdistan Region's history

Key dates in the Kurdistan Region's history

21st March: Nawroz, Kurdish New Year celebrated on the spring equinox.

5th March 1991: Uprising against Saddam Hussein's regime, which began in the town of Rania.

14th March 1903: Birthday of Mustafa Barzani, leader of Kurdistan's national democratic movement.

16th March 1988: Halabja Day, commemoration of chemical weapons bombardment on the city of Halabja.

National holidays observed by KRG Council of Ministers in 2011

Ministries and government offices are closed. Businesses may also close.

Please note that if the national holiday falls at the weekend (Friday or Saturday), then the next working day is taken as the national holiday and government offices are closed.

1st January: New Year's Day

6th January: Army Day

15th Feb: Mouloud (Prophet Mohammad's Birthday) *

5th March : Uprising Day (Liberation of Ranya City)

11th March: Liberation of Erbil City

14th March: Mustafa Barzani's Birthday

21st - 23rd March: Nawroz Kurdish New Year (Spring equinox)

9th April: Baghdad Liberation Day (fall of Saddam Hussein's regime)

1st May: Labour Day

14th July: Republic Day

30th August to 1st September: Eid-al-Fitr Feast (End of Ramadan.

Estimated; according to lunar calendar) *

6th to 9th November: Eid al-Qurban Feast *

26th November: Muharram (Islamic New Year) *

5th December: Ashura *

Other important dates in 2011

These are working days at the KRG Council of Ministers, and businesses are open. Special events take place around the Region to mark these dates.

- 8th February: Ramadan Revolution Day
 10th February: Kurdish Authors Union Day
 18th February: Kurdish Students Union Day
 1st March: Commemoration of Mustafa Barzani's Death
 7th March : Liberation of Suleimaniah City
 8th March: Women's Day
 13th March: Liberation of Duhok City
 16th March: Halabja Day
 20th March: Liberation of Kirkuk City
 1st April: Assyrian New Year
 14th April: Commemoration of Anfal genocide against the Kurds
 16th April: Remembrance of Chemical Attack on Balisan and Sheikh Wasan
 17th April: FAO Day
 25th April: Anniversary of First Cabinet of Kurdish Government (1993)
 13th June: Suleimaniah City Fallen and Martyrs Day
 8th August: Ceasefire Day (end of Iran-Iraq War)
- 11th August: Start of Ramadan, month of fasting (estimated; according to lunar calendar) *
- 16th August: Establishment of the Kurdistan Democratic Party Day
 3rd October: Iraqi Independence Day (National Day)
 11th December: Establishment of Kurdish Women's Union

Follows the Muslim calendar, Islamic holiday dates are estimated only.

G. Leisure Activities

1. Restaurants

Kurdish Restaurants:

- Tarin Restaurant: Route Massif / Salahaddin,**
 - **Abu Shahab Restaurant: Rue Gula**
 - **Marina: Road Ankawa Baherba**
 - **Venus: Ankawa Road, near the Marina Restaurant.**
 - **Sapphira: Ainkawa Road, opposite the Abu Shahab Restaurant**
 - **B & M Street Shoresh**
 - **Restaurant Erbil: Ainkawa road. Tel: 225 15 33.**
 - **Restaurant Shahi Zhiyan: road from Kirkuk. Tel: 226 2035.**

Kurdish traditional restaurants grilled fish (Mazgouf):

- **Restaurant, Al-Bahar: Route 60 meters.**
- **Restaurant, Abu Nuass: Route 60 meters.**
- **Kaviar Restaurant: Route 60 meters.**

There are also many restaurants in the traditional Kurdish Iskan Street, near the

bazaar in Erbil.**International cuisine:****- Khanzada Hotel:**

Salahaddin road, 15km from the center - city of Erbil

- Erbil International Hotel Sheraton Gold: international cuisine (Asian, ...)

Salahaddin road. Tel: 223 44 71 / 223 44 70.

- Rotana Hotel: International cuisine, Italian and Lebanese.

Gulan Street.

- Bouba Restaurant: Lebanese cuisine.

A Ainkawa, before the former Directorate of Immigration.

- Restaurant Mille et Une Nuits: Iranian cuisine

Fast foods:

- Primarily in shopping malls (Mall Majidi, Family Mall, ...)

- Daddy Jones (pizza):

Gulan Road, near the English village.

- Restaurant Texas Chicken: road from Kirkuk.

- 2b2: road to Kirkuk.

- 007: Franco has cost the state Hariri

- Saj Al - Reef: Kurdish and Lebanese cuisine.

Road to Kirkuk, after the University of Salahaddin.

Cafes and Bars

- Costa Coffee:

Gulan Street, near the English village.

- Speed Center: Bar, restaurant and karting.

Near Saad Abdullah Hall, inside the Falcon Group

- T-bar: bar, restaurant

Ankawa, near the U.S. base.

- Beirut: bar, restaurant

Ankawa, near the T - Bar and the U.S. base.

- Mamounia Skybar: bar, restaurant

Located on the top floor of the Hotel Nobel, at the entrance of Ankawa.

- Bond Bar

Rotana Hotel, Gulan Street, near the English village.

2.Sport Centres

Blue sports center:

The center is open for women from 9 to 14 every day except Tuesday and Thursday, days reserved for universities.

The price is 60,000 ID per month.

The center is open for men from 15h to 20h daily. The price is de120.000 ID per month.

The center is closed on Fridays.

Address: Rue de Sulaymaniyah

Tel: +964 (0) 750 707 3355, +964 (0) 750 707 3366

Email: @ yahoo.com Bleu.center

Harvin sports center:

The center is open from 14h to 22h every day except Friday. The price is 100,000 ID for a month.

A swimming pool for women is also open from 14h to 20h.

Address: Ankawa, Erbil

Tel.: +964 (0) 66 254 4001, +964 (0) 66 254 4001
 Email: harveensc@yahoo.com

J & K Decathlon Women's Center
 Gym and beauty center.

The gym is open from 10 to 18 all week except Friday. The price is \$ 100 USD per month.

Address: Route Ainkawa.

Tel.: +964 (0) 750 428 4400, +964 (0) 750 420 4400, +964 (0) 66 256 6008

Email: info@jk-womencenter.com

AquaTarin Center:

Address: Route Salahaddin

Website: www.aquatarin.com

Sports Center of Sami Abdulrahman Park

Address: Sami Abdulrahman Park

Price: 100 USD. Only English Village residents between 7am and 9am

3. Entertainment

- Bowling center and games room: Majidi Mall
- Karting: Speed Center.
- Pool: Ainkawa.
- Rink: Family Fun.

4. Tourist Attractions

City of Erbil

- The Citadel of Arbil
- Sheikh Choli Minaret,
- Museum of Civilization in Erbil: road between Kirkuk roads of 30 meters and 60 meters, near the Sheraton and the Warka Bank.
- Bazaar
- Al Jalil Khayat Mosque.
- Mosque Sawwaf: street 30 meters, near the Central Bank of Kurdistan.
- Church of St Joseph's main road Ainkawa.
- Arts: Media Hall, Culture Hall, Palace of Arts.

Erbil Governorate

- Castle Khanzada: Road Shaqlawa.
- Castle Deween
- Shaqlawa Resort

Hotels to sleep on site:

Shaqlawa Palace Hotel: Tel: +964 (0) 66 252 1333, +964 (0) 750 445 4569

Media Palace Hotel: Tel: +964 (0) 66 252 0799, +964 (0) 750 453 7015

Jihan Restaurant: Tel: +964 (0) 750 445 7581

Safin Hotel: Tel: +964 (0) 66 252 0635, +964 (0) 750 252 1118

- Gully Ali Beg Resort 130km from the center of Erbil
 One of the most beautiful resorts in the Kurdish region, extending 12 km between the mountains and Bradost Korak.
- Bekhal Resort: 140 km from the center of Erbil governorate, east of Gully Ali B, and 10 km from the district of Rawanduz. Tourists can enjoy the great cataract of pure water down the mountain, as well as restaurants and entertainment.
- Jundyan Resort: 14 km from the center of Erbil, 5 km from the district of Soran. This site waterfalls is located in the foothills Hndreen. You can find a restaurant and entertainment venues.
- Haji Omaran Resort: 180 km north of the city of Erbil. Place rich in trees and water sources: the spa Shekha Ballakyan is used by the public and tourists for liver problems, or other skin diseases. The site has become known as a medicinal park for tourists.

- The monastery of the monk Rabban Beya: located in the valley of Beya, the monastery, dating from the 4th century AD, 1 hour of escalating public road, overlooking the sub - district Shaqlawa.
- Cave Shanider and Neanderthal: the cave of Shanidar is located in the mountains of Bradost., 2 km from the village of Shanidar at 2500 feet above sea level The cave overlooks the Upper Zab. We have found evidence confirming the presence of Neanderthal man in the region.
- Bestoon Cave: The cave is located 39km south west district of Soran. Can access via a road that goes connected to the south near the village of Hawdiyan. Then the road climbs to Mount Bradost, where we found two caves. The first is the cellar Diyan, and the second one Bestoon. In 1951, exploratory missions have found stone tools of the modern Stone Age. Of these two caves, there are stalactites, stalagmites and water.

Dohuk Governorate:

- Gali Duhok,
- Historical monuments in the mountains Shada in Duhok, the temple STIN 4 (4 columns)
- Sulava Resort
- Sarsenk,
- Mount Gara,
- Zawita,
- Inishkea,
- Amedia,
- Akreh,
- Zakho, the old bridge (Pera Dalal)
- Lalish: the center of the Yazidi religious community.

Sulaymaniyah Governorate

- Halabja: memorial of Halabja
- Dokan,
- Waterfalls Sarchinar,
- Highlands Goija.

5. Souvenirs

You can find traditional clothing, crafts, Kurdish and typical food products in Erbil Bazaar, and the Textile Museum Shop which is located in the Citadel.

6. Learn Kurdish

Kurdish language courses for beginners and conversation courses in Kurdish. Classes are held 2-3 times per week.

Rates language courses are \$ 100/month /

For more information, contact Ms. Irene Dulz, head of languages and training in information technology.

Tel.: +964 (0) 750 496 5288

Email: dlan@ikr.agef.net

Address: Askari Qr. Near the hospital Sardam, opposite the University Hawler Technical University, and near the Ministry of Municipalities Part 6.

Training Center in Ankawa:

They also offer courses in Kurdish.

Contact: +964 (0) 770 137 0202. Kurdish basic words (in Kurdish and phonetic), such as "I want to go to the hotel

Who?	Keya?	كَيِّية
What?	Chee?	ضِي

When?	Kay?	كەي
Where?	La kwya ?	لە كوێیە
Why?	Bo?	بۆ
How?	Chon?	ظۆن
What happened?	Chee boo?	ضیی بوو
How much?	Chanda?	خەندە
Pronouns	راناو	
I:	Min	من
You:	Tu	تۆ
He/She:	Aw (pronounced “oh”)	ئەو
We:	Ema	ئێمە
You:	Ewa	ئێو
They:	Awan	ئەوان
Other Please:	هي تر tkaaya (tkaiya)	تکایە
Thank you	Supas	سوئاس
Thank you very much:	Zor supas	زۆر سوئاس
You're welcome: ضاو	Sar chow (literal translation – with my eyes)	سەر
Ok:	Ba'sha	باشە
Excuse me / I'm sorry:	Biboora	ببۆرە
Yes: aa (informal);	Balé (formal)	بەلێ، نا
No: sound)نا	na (nah – barely “h” sound at end – very short	
Ok, no problem:	Ba'sha, mushkila'neeya	باشە موشمیلە نێە
No problem:	Kaysheneeya	کێشە نێە
I'm American:	Min Amerikima	من ئەمریکیم

Need:	pewista	بۆیستە
I need to go to:	Min pewista birom bo...	من ئیویستە برۆم بۆ
Apartment:	Shoqa (heavy emphasis on 'q')	شوقە
Shop:	Dokan or bazaar	بازار یان دوکان
I'm learning Kurdish:	Min fera kurdi booma	من فیری کوردی دەم
I can't think anymore:	Min natwanam bir'bekamawa	من ناتوانم بیر بکەمەو
I don't speak Kurdish:	Min kurdee nazanim	من کوردی نازانم
I don't understand:	Te nagam	تیناڵام
I'm tired:	Min mandooma	من ماندوومە
I'm hungry:	Min birseema	من برسیمە
Congratulations:	Pirozbet	تیرۆزە
Because:	Chonka	ضونکە
Greetings	سلاو کردن	
Good morning:	Bayanee bash	بەیانێ باش
Good afternoon:	Rozh bash	رۆژ باش
Good night:	Show bash	شەو باش
Goodbye:	Khwa hafeez (kh – as in Russian "x")	خوا حافیز
How are you?	Chonee?	ضۆنی؟
I'm fine thanks, and you? تۆ؟	Min bashim, supas, ay toh?	من باشم، سوئاس، ئەێ
My name is Michael:	Nawim Michael	ناوم میشیلە
What is your name?	Naawit cheeya?	ناوت ظییە؟
See you tomorrow: Good to see you: for the firsttime)	Bayani dat beenim Zor pekhoshal boom (useful also after meeting someone)	بەیانێ دەتبینمەو؟ زۆر ئیخۆش حال بووم

Directions		
Is it far?	Doora?	دوورة
Turn right:	Bisoré bo rast	بسوريوة بو راست
Turn left:	Bisoré bo chap	بسوريوة بو صةث
A little further:	Heshta	هيشتا
Time frames		
Yesterday:	Dowéné	دويني
Today:	Amro	نەمرؤ
Tomorrow:	Subayneh	سبەينى
Week:	Hafta	هەفتە
Month:	Mang	مانط
Year:	Sal	سال
Days of the Week	رۆڤەکانى هەفتە	
Sunday:	Yak Shamah	يەك شەممە
Monday:	Du Shamah	دوو سەممە
Tuesday:	Se Shamah	سەي شەممە
Wednesday:	Chwar Shamah	ظار شەممە
Thursday:	Penj Shamah	تەنج شەممە
Friday:	Jomah	جومە
Saturday:	Shameh	شەممە
Months of the Year	مانطەکانى سال	
January:	Mangi Yak	مانطى يەك
February:	Mangi Du	مانطى دوو
March:	Mangi Se	مانطى سەي
April:	Mangi Chwar	مانطى ظار
May:	Mangi Penj	مانطى تەنج
June:	Mangi Shesh	مانطى شەش

July:	Mangi Haft	مانطي حةفت
August:	Mangi Hasht	مانطي هةشت
September:	Mangi Noh (Naw)	مانطي نؤ
October:	Mangi Dah	مانطي دة
November:	Mangi Yazda	ماتي يازدة
December:	Mangi Duazda	مانطي دوازدة
Numbers :	ذمارةكان	
One:	Yek	يةك
Two:	Du	دوو
Three:	She	سي
Four:	Chwar	ضوار
Five:	Penj	تينج
Six:	Shesh شةش	
Seven:	Haft	حةفت
Eight:	Hasht	هةشت
Nine:	Naw	نؤ
Ten:	Dah	دة
Eleven:	Yazda	يازدة
Twelve:	Duazda	دوازدة
One hundred:	Saad	سةد
One thousand:	Hezar	هزار
Two thousand:	Du hezar	دوو هزار

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