



Ministry of Industry and Minerals



THE REPUBLIC OF IRAQ



Time
To Invest In Iraq's
Industry

Tokyo 10th July 2009



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Security Situation

- Security Situation is improving. The government is confident of the continued progress in all parts of Iraq. The country has entered a new positive phase.
- The environment for trade and investment has drastically improved due to the notable improvements in the regulations of the business environment.
- Figures show that more and more investors have been putting their money into Iraq projects and business. The year on year investment is increasing.



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Investing in Iraq's Industry

- Industry is one of the important economic sectors under the supervision of Ministry of Industry and Minerals (MIM).
- MIM's aim is to work through its transition from direct management and operation of (SOE's) toward policy formulation, monitoring, and investment promotion for the whole industry private, mixed and public to participate significantly in the (GDP).
- The Iraqi government owns an estimated (192) SOE's (MIM) own (67) SOE's running about (270) plants distributed geographically all over Iraq categorized in the following sectors:
 - Chemical Industry
 - Food and Pharmaceutical Industries
 - Engineering Industries
 - Construction and Mining
 - Textile Industries
 - Industrial Services



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MIM took the task of development and promotion of all sectors of Iraqi Industry by adopting a comprehensive economic reform on the following basis:

First: Rehabilitation and Upgrading some of the plants under Partnership basis by establishment of Joint Ventures and Production Sharing agreements between foreign companies, businessmen and Iraqi public sector to increase the design production capacity to meet market needs.

The concept is that investors shall pay for the rehabilitation work, operate and manage the plant & the people, pay their salaries, all of this for a major share in the production for a period of period (15-20) years.

Complete Investment Files are available for each plant & S.O.E.



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Advantages Enjoyed by the Investors for Partnership deals:

- Well trained, experienced labour force.
- Availability of major raw materials.
- Reduced time to market due to the availability of markets and high local demands.
- No Real Estate Expenses.
- Clear cost advantage over imports.
- Fast return on investment.
- Full support of the Government of Iraq Investors are insured that their interests are in parallel to the government's interests. Both parties will have the incentive to rehabilitate and operate the factory to its greatest potential. The Ministry of Industry and Minerals will serve as an effective interlocutor between the investor's need and the government's requirement.



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Second: Transforming some of the SOE's to share holding companies giving the big share of about 45% of the capital to a strategic partner through transparent evaluation process.

Third: Investing in new Industrial plants in accordance with Investment Law No (13) 2006.

Fourth: Investing in new Green Field Cement plants utilizing available raw materials (Lime Stone) at several locations in Iraq owing to of the high local demand for construction materials needed for rebuilding Iraq.

Fifth: Investing in new strategic large scale Industrial plants on Joint Venture basis (Petrochemicals, Fertilizer, Phosphate, Sulphur Plants).



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Legal Frame work:

1. Law No. 22/ 1997 for Organizing State Owned Companies work on partnership basis.
- Article No. 15 Para.3 (*State Companies have the right to share or participate with other foreign Companies to implement work within its activities inside Iraq*).
2. Law No. (91)/ 1988 and its amendments organize investment in Mining and other natural resources.
3. Investment Law No: 13/2006 supports the process of establishing investment projects in Iraq.

New Laws on the way to be Issued:

New Laws are expected to be issued soon that may encourage investors to invest in Iraq and ensure the availability of high local markets:-

1. Law to protect the national product by duties and taxes increasing on imported products.
2. Law for consumer protection to ensure production in accordance to the International specification.
3. Arbitration Law which is suppose to have a link with the International Arbitration



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List of Plants and Projects announced for Rehabilitation and Investment selected with the interest of Japan Firms, in mind:

1.A Downstream industries depending on natural gas as a major raw material are the best investment opportunities:

- Fertilizers
- Petrochemicals
- Iron and Steel
- Aluminum Production

1.B A strong point to the Fertilizers Industry is that Fertilizers Production may not be affected by the International Economy Crisis as Agriculture Promotion shall be always needed and demand shall continue



Petrochemical Plant



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2. Pharmaceutical Industries/ Nainava and Samara State Company
3. Al Mishraq Sulphur Plant
4. Food Industries
5. Automotive Industries/ Bus, Vehicle Assembly
6. Mechanical Industries (Agriculture Equip.)





-Brief Information about some of the Plants

- State Co. for Abu Al- Khasib Fertilizer Plant
Implemented by Mitsubishi Co.

| | |
|-----------------------------------|--|
| Location of company | Basra/ Abu Al- Khasib/ south of Iraq. The site is situated at Abu Floos port at Shaat Al Arab |
| No. of plants. | Plant no.1 completely damaged during the war 1980 - 1988. Plant no.2 heavily damaged during the war and rehabilitation work was performed during the period 1993-2002 (rehabilitation % about 60%) |
| Rehabilitation work needed | Either to rehabilitate the existing plant to 420000 t/y capacity or add new facilities for one million tons production |
| Investment required | \$150M.US or \$600M.US the investment required depends on the decision of investor whether to rehab. The plant to 420000 T/Y capacities or to set up new facilities of one million tons capacity & upgrade the corresponding facilities. |
| Capacity to be achieved | 100% on Implementing new plant of 1 million T. capacity |

- State Co. for Petrochemical Industries / Basrah

| | |
|-----------------------------|---|
| •Location of company | Basrah- Khor Al_Zubair |
| •No. of plants. | 7 |
| •Rehabilitation work needed | Rehabilitation of water treatment and boilers. Maintenance of Ethylene plant (Low & High) Supply new rewinding system for Ethylene sheet plant. Built new plant for chlorine and caustic soda. Civil Engineering for all production & utilities building. |
| •Investment required | \$100M USD Depending on target to be achieved. To reach design capacity in addition to expansion |



Strategic Opportunities to Implement New Industrial Projects Plants

1. Petrochemical Industries project No.2:

Site of the Plant: It is suggested that the Investor shall construct his plant at Basrah, Thi-Qar or Babylon Governorate.

Design Capacity: 1 million ton /year Petrochemical Products.

Raw Materials: The main raw material is Natural Gas which is available. Locally.

Estimated Cost: \$ (3000) million.

2. Fertilizer Industries projects

Site of the Plant: It is suggested that the Investor shall construct his plant at Basrah, Nineveh and Al-Anbar Governorate.

Design Capacity :(0.5- 1) million Ton Urea Fertilizer /year (each plant)

Raw Materials: The main raw material is Natural Gas which is available locally.

Estimated Costs: \$ (800-900) million (each plant).



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3. Sulphur Mining Project:

Investment through partnership with the state in sulphur mining and treatment of Al-Mishraq Sulphur Mines.

Part of the mine is already utilized, for the Sulphur extraction concentration and treatment other parts of the mine are the subject of this investment opportunity (Investigation Extraction and Treatment).

4. New Iron and Steel Plant:

Investment to implement a new Iron and Steel Plant, utilizing Natural Gas, and large quantities of scrap metal. Suggested Site: Basrah- South of Iraq.

5. Concentration of Raw Phosphate Project:

Abundant phosphate deposits reserve is available at the western desert – Iraq. It is nowadays partially utilized in phosphate fertilizer industry. Investors are invited to invest in extraction and concentration of phosphate deposits near through existing Akashat mines on partnership with the state companies.

Site: 15-20 Km North- East of Akashat Mines – Area 40 Km².

Raw materials: Medium grade Phosphate of 20- 22% P₂O₅ concentration 40% impurities mostly Calcite.



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6. Longitudinally Welded Pipes Plant Erw Plant

Site of the Plant: Basrah. City / Khor- Alzubair.

Product & Design Capacity: Erw-HFI Pipes. The suggested total productivity of the plant is assumed to be 350000ton/ year of longitudinally welded pipes as follows: 300000 ton/ year line pipes, 50000 ton/ year casing pipes.

Raw Materials: The main material used for production is the Hot Rolled Coils (HRC) and coating materials to be imported from abroad with definite specifications.

Estimated Cost: \$ 300 Million.

Customer: Ministry of Oil for New Pipeline Network

7. New Float Glass Plant :

Site of the Plant: Al-Anbar Governorate.

Design Capacity: 100000 ton /year capacity.

Raw Materials: Silica sand, Sodium carbonate, Limestone, Sodium Sulfate, Alumina oxide. The main material (Sand) is available at certain sites west of Iraq.

Estimated Cost: \$ (150) million.

Customer: Local Market, supply the huge demand for rebuilding Iraq



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Investment in Mining Sector

State company for Geological Survey and Mining (SCGSM) is under supervision of (MIM).

Iraq contains varied riches of raw Minerals and Industrial Rocks upon which many industries had been established.

Investors are invited to invest in the following opportunities to implement new projects:

1. Sodium Sulphate
2. Bentonite
3. Silica sand deposit for glass and thermostone industries
4. Kaoline deposit in Western Desert
5. Red Kaoline Muds for tiles and bricks tiles
6. Feldspar deposits
7. Dolomite deposits for Industrial purpose
8. Phosphate deposits in the Hirri Valley/ Western Desert near Ukashat Mine
9. Phosphate deposits in Swab Valley/ Western Desert in Iraq



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Industrial Services

- State Industrial Design and Construction Company
- State Company for Heavy Engineering Industries.
- Nasser State Company for Mechanical Industries.
- Al- Sumood State Co. for Steel Industries.
- Al- Faris State Company/ Heavy Eng. Equip.
- Ibn- Majid Company / Basrah.

All above Companies have good experience in Engineering Industries and local manufacturing equipment required for the huge projects (storage Tanks – Steel Structures Steam Boilers- Water Treatment Plants.... etc).



Local Manufacturing ensures good quality Low price and short production period.



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Logistic Support and Assistance

Ministry of Industry and Minerals/ Investment department is your guide to the Industrial Investment opportunities in all sectors. It can provide you with all available data, provide information on your inquiries, arrange Entry Visa and visits to plant sites for your technical team to collect field data and information.

The department will also serve as mediator between the investor and other government parties.

The investment department took the task of preparing "investments files" for almost all SOE's plants aiming to attract investors to rehabilitate these plants, in addition to invest in new projects.

Conclusion:

In general an investor's typical approach to any prospective investment is primarily dictated by its attitude to risk. However current economic indicators, legal developments and gradual security improvement now offer investors more cause for optimism. Many Successful investment deals, has been signed. Ministry of Industry and Minerals awarded contracts to consortium to rehabilitate State Owned Cement Plants, Electrical Plant and Fertilizer Plant on partnership basis in production and management.

Marubini Corporation will act as the contractor to provide the project management and consulting services in the Baiji Fertilizer and Kubaisa Cement Plant.

Looking forward to welcoming you to Iraq to build a long term bilateral partnership with Japan.