

- The State Company for Tyres is seeking investment to rehabilitate its facilities for producing tyres for cars, trucks and tractors. The company also produces rubber pipes, hoses and other goods. According to the company, it already has some of the equipment needed for its rehabilitation plans but it has not yet been installed.
- The State Company for Rubber Industries located in Al-Diwaniya governorate produces tyres for

- road and agricultural vehicles. It is seeking private investment to rehabilitate and upgrade production facilities.
- The State Company for Batteries Industries produces batteries commonly used in motor vehicles as well as dry batteries used to power smaller electrical goods. It is looking for investment to rehabilitate plant and equipment, improve battery design and increase its capacity utilisation.



Mixed-sector companies

One way for a foreign investor to enter Iraq's industrial sector is by investing in a mixed-sector company (MSC). These are companies created by the Industrial Bank with their capital shared by the state, private institutions and individuals.

All mixed-sector companies (MSCs) are listed in the Iraqi stock exchange where non-Iraqis have the same rights to buy shares as Iraqis. The advantages of investing in a MSC include the relative ease with which an investor can enter the Iraqi market by purchasing shares.

When a foreign investor buys shares, the investor has the same rights as an Iraqi shareholder and could be elected to the board of directors. Most MSCs have land available for future expansion.

Further details on Iraq's MSCs can be found at www.industry.gov.iq/

Company Name	Public Share	Products
Light Industries Co.	38.1%	Heaters, cookers, refrigerators, freezers.
Electronic Industries Co.	51.6%	TV, radios, computers, telephones, PABX communication systems, power equipment.
Modern Paint Co.	58.0%	Paints and resins.
National Chemical & Plastic Co.	57.3%	Plastic sheets, industrial leather, plastic bags.
Hillal Industries Co.	53.2%	Air conditioning, air coolers, welding equipment
National Bicycle and Metal Tube Co.	27.8%	Metal tubes, bicycles, metal furniture
National Food Industries Co.	25.2%	Soft drinks
Iraqi Carton Co.	25.6%	Packaging
Modern Construction Material Co.	66.2%	Construction materials
Khazer Construction Material Co.	29.5%	Concrete blocks
Kende for Medicine and Vaccines	25.0%	Vaccines
National Furniture Co.	51.0%	Office and home furniture
Iraqi Engineering Co.	37.0%	Clutch and brake materials
Baghdad Salam Food Industries	25.2%	Soft drinks
Ready Made Wear Co.	68.3%	Suits, shirts and other clothing
Fallujah for Construction Material	28.0%	Concrete blocks
Kirkuk Construction Material Co.	29.3%	Concrete blocks

Contacts: For general information about investment opportunities in Iraq or the investment process, please visit the Iraqi National Investment Commission website at www.investpromo.gov.iq or email at info@investpromo.gov.iq.

For information about specific sectors and opportunities, or to arrange a visit, please contact the National Investment Commission through one of the contacts below.

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Sector Brief Manufacturing & Industry



Ground floor opportunities with substantial upside potential

Opportunities are available for investors in Iraq's industrial and manufacturing sectors, historically dominated by Iraq's state-owned enterprises (SOEs). Starved of investment due to war and sanctions and no longer competitive, they will have to fight to win back domestic markets, currently supplied by imported products. The oil industry is a key customer for many firms. Big spending is also anticipated in the electricity, water, health, agricultural, transportation and telecommunications sectors.

Engineering Sector

Heavy industries could tap into lucrative domestic markets in the oil and gas, power, water, agricultural, construction and transportation sectors. Current engineering and manufacturing capabilities range from production of large structures for oil installations and utilities infrastructure and machinery for food processing to air conditioning units, motor vehicles and household appliances.



"Iraq has eighteen factories and companies in engineering industries. Their main customers are the oil, electricity and agricultural sectors – but they are not able to provide these potential customers with what they want," according to Acting Director General for Engineering Services, Taha Hussein Ali. "The current market demand for steel bars and sections exceeds 3 million tons per year for the reconstruction programme of Iraq with current local production of less than 100,000 tons per year," he adds.

Light industry

Iraq has manufacturing capabilities for carpets and rugs, clothing, shoes and leather goods, as well as semi-finished products for the textile and clothing sectors.

Specialist textile companies could have significant export potential, particularly producing higher value goods. According to Chairman of the National Investment Commission, Sami Raouf Taqi Al-Araji, textile enterprises could draw on the unique aspects of Iraq's Babylonian and Sumerian cultural heritage.

"Production in the textiles sector is sufficient to meet only 10% to 20% of local demand" says Director General for Textiles Industries, Abdulghani Fakri Al Jafer.

Chemical and Petrochemical Sector

With supplies of sulphur, natural gas, phosphates, sodium salt, high silicate sands, kaolin and limestone all available, the upside potential in Iraq's chemical petrochemical sectors is very substantial. Basra, home of the Middle East's first petrochemical complex, is ideally located for exporting fertiliser while opportunities elsewhere include the manufacture of PVC and battery acid.

"Local production of drugs covers only 15% of demand. There is no production of medical appliances – the factory was destroyed in 1991. Local production does not meet 20% of current food demand and Iraqi production of dairy products meets just 5% of demand," according to Director General for Food & Pharmaceutical Industries, Hamoudi Abbas Hameed. He says Iraq's requirement for pharmaceuticals exceeds £671 million per year.

Food and Pharmaceutical Sector

Considerable scope exists to expand factories producing drugs, detergents, cosmetics and foodstuffs from dairy products to dates. Iraqi companies meet only a small proportion of domestic demand for food and drugs, which means there is substantial potential for business growth by capturing home markets.



"There used to be a big complex producing petrochemicals for export at Basra that is now only producing enough for local farmers," according to Director General for Petrochemical Industries, Faris Taha Abdulhameed.

Investors seize opportunities in many sectors

Industry was one of the cornerstones of Iraq's non-oil economy but according to Minister of Industry and Minerals, Fawzi Franso Hariri, it was "completely destroyed by war and economic sanctions."

"Now industry needs job creation and the transfer of skills and technologies as Iraq transitions from a centrally controlled to a liberal free market economy," Hariri told a recent forum on industrial investment opportunities in Iraq, attended by representatives of some of the world's leading industrial organisations.

Improvements in Iraq's security have inspired a significant increase in investment projects. Iraqis are starting hundreds of smaller businesses each month. The General Department for Industrial Development approved 336 projects in September 2008 alone, according to the Ministry of Industry and Minerals, laying the foundations of an indigenous

business sector and underlining local confidence in the country's stability.

Projects in the metal industries proved the most popular sector for new enterprises with 96 permits issued. Projects in the foodstuff industry proved popular too, with 82 authorisations.

Now it is time for larger investors to come forward, because the risk-reward equation appears to have tilted in favour of investment, as major companies from Britain, China, Sweden and the US have already noted by committing to major new projects.

Investors are beginning to turn up in the industrial sector:

Swedish heavy-vehicle maker Scania has signed a £33 million agreement to assemble trucks and buses with the government of Iraq. The contract includes an initial delivery of 500 vehicles.

Operations will take place under the aegis of Iraq's State Company for Automotive Industry.

The governorate of Kerbala announced last October that it had attracted over £333 million of private sector investment across six projects. An Iraqi-British investor has proposed a £17 million development of new factories.

Other projects include a £24 million date palm factory in the desert, a £67 million plastic fibres factory and a £33 million specialist hospital for digestive problems.

In Babel province, south of Baghdad, memorandums of understanding have been signed with several Chinese companies to carry out six investment projects.

Projects include the establishment of a mineral water factory, a date packing factory and a clothing factory.

Rebuilding the industrial heartland

Revitalising Iraq's SOEs by partnering them with global industrial companies is a priority for Iraq. Partnerships would unlock the country's industrial potential. Expertise from global companies would add value to Iraq's stock of industrial firms and enable private investors to secure key – and potentially very lucrative – positions as suppliers to Iraq's burgeoning oil and power sectors as well as non-oil growth sectors such as the construction, food processing, textiles, pharmaceuticals and chemical industries.

Iraq has focused on attracting private sector investment by promoting partnerships between international firms and its ample stock of 200 SOEs. Partnerships may be joint ventures and production-sharing agreements

to encourage the rehabilitation and modernisation of key industries. Under the joint ventures, investors would acquire production output from Iraq's factories in return for their investments of capital, skills and technologies.

Potential for productivity gains is immense. The State Company for Vehicle Manufacturing (SCVM) for example has a design capacity for producing around 1,500 buses each year but even in its most productive year, it turned out just 151 buses. Similar, sometimes poorer, rates of capacity utilisation can be found across Iraq's industrial sector.

Greenfield industrial enterprises are also needed in areas such as control systems and software, which could be established in



planned industrial areas or free zones at Basra, Nineveh, Sulaymaniyah and Al-Qayim.

Partnership and joint venture opportunities

Existing industrial SOEs that in 2008 expressed an interest in attracting private sector business partners include:

- Diala State Company for Electrical Industries, which makes electrical transformers and other electrical products including electric fans, steam irons, spark plugs and fibre optic cable. It is a leading supplier to Iraq's power sector with ambitions to rehabilitate its plant and upgrade existing and develop new products.
- Nassr State Company for Mechanical Industries operates out of four major factories – machine tool room, steel foundry, steel structures plant and central service plant – from which it turns out production tools, castings, steel structures and electric lighting poles.
- The Al-Sumood State Company for Steel Industries produces a variety of heavy steel products including electrodes, bridge cranes, lighting poles, steel structures and towers. The company is looking for investors to rehabilitate and upgrade its heavy castings, heavy forgings and die forging facilities.
- With market positions in Iraq's oil, power, cement and industrial sectors, Al-Tahaddi State Company produces high voltage electrical equipment.
- Ibn Majid State Company for Heavy Engineering and Marine Industries operates out of four main factories producing boats, pressure vessels, heat exchangers, steel structures and storage tanks.
- The State Company for Electrical Industries produces air conditioning units, electrical motors, street lighting, electric fans, water heaters and water-pumps. The company also provides electrical maintenance services.
- Al-Zawraa Company makes a range of electrical equipment including low and medium voltage electrical distribution systems, battery chargers and control systems for machine tools.
- State Company for Heavy Engineering Equipment manufactures a wide range of plant and equipment, from steam boilers and pressure vessels to steel bridges, boats and even small oil refineries of up to 10,000 barrels a day. Customers include several ministries and state utility companies.
- Al-Faris State Company makes heavy steel plate and sheets, engineering equipment and water treatment units. Customers include several government ministries.
- The State Company for Mechanical Industries assembles tractors and agricultural equipment including irrigation pumps and systems. The company, which is currently looking for investment to rehabilitate its five plants, also has its own foundry and manufactures nuts and bolts.
- The State Company for Iron and Steel makes rebars and steel sections likely to be in big demand during Iraq's extensive reconstruction boom. The company is looking for investment to rehabilitate plants and manage and operate the business.



- Ur State Company for Engineering Industries operates in two areas, producing manufacturing cables and aluminium products, including profiles, strips and sheets.
- Al-Ikaa State Company operates out of four machine rooms. The company is seeking investment to build a new plant for producing gas cylinders and valves.
- Al-Mansour State Company produces gases – nitrogen, oxygen, hydrogen and argon – as well as deionised water and solar cell modules.
- The Specialised Institute for Engineering Industries provides consulting and technical services such as laboratory testing, quality assurance, product design and ISO9000 accreditation for ministries and private sector companies.
- Al-Shaheed State Company manufactures copper and alloy products including copper pipes and wire rods for cable production. It is looking for investment to improve its production processes.
- Al-Fidaa State Company specialises in hydraulic and pneumatic systems, manufacturing a range of products from bespoke hydraulic systems for cement facilities to automobile shock absorbers and specialist vehicles. Investment is needed in its hydraulic cylinder and vehicle manufacturing operations and to assist in developing products and services for the waste disposal sector.

Chemical industries investment opportunities

Petrochemical complex in South/ Basra	Petrochemical complex in Kirkuk
Urea plant in south for export	Urea plant in north for export
Phosphate fertiliser complex in west	Urea plant in west
Soda ash plant	Chlorine and caustic soda plant
Aluminium plant	Hydrogen peroxide
Melamine from urea	Magnesium oxide

Source: Ministry of Industry and Minerals