

Some pointers to doing business in Iraq



How to apply for a business visa

Applications for business visas should be made at the Iraqi Consulate prior to departure. Consular officials at the Iraqi Embassy in London say that visa approval can take two to six weeks from the date of submission.

Visas are issued to business people provided that they have official invitations from Iraqi authorities or are introduced as such by their respective Ministries of Foreign Affairs and are supplied with letters from the Chamber of Commerce. Applicants should also submit a letter of request from their own company stating the reason for their travel

Consular Section
Embassy of the Republic of Iraq
3 Elvaston Place
London SW7 5QH
E-mail: lonemb@iraqmofamail.net
Telephone: +44 207 5909 220
Fax: +44 207 5847 909

How to travel to Iraq

There are an increasing number of flights to Iraq's main cities operated by commercial airlines.

From Baghdad International Airport, Iraqi Airways flies to Stockholm via Athens three times per week. It also has thrice weekly flights to Damascus, Istanbul and Tehran. It has six Dubai and Amman flights per week and flies to Cairo and Beirut every other day. Royal Jordanian Airlines has daily flights from Amman to Baghdad. Turkish Airlines flies from Istanbul to Baghdad every day but Tuesday and Sunday.

Erbil International and Sulemaniyah airports are well connected. Iraqi Airways operates connecting flights with Baghdad as well as weekly flights to Beirut, Amman and Athens. Turkey's Atlas Jet International flies to both airports from Istanbul and

Austrian Airways flies to Amman four times per week. Royal Jordanian flies to Erbil daily and to Sulemaniyah twice weekly.

Basra International Airport has two Royal Jordanian flights a week to Basra. Iraqi Airways also flies direct to Dubai, Amman and Damascus.

From Najaf International Airport, Iraqi Airways operates three flights a week to Tehran, two to Dubai and the Iranian holy city of Mashad, and one to Beirut.

Iraqi Airways
<http://www.iq-airways.com/>
(Arabic only)
Turkish Airlines
<http://www.thy.com/>
Royal Jordanian
<http://www.rj.com/>
Austrian Airways
<http://www.aa.com/>
Atlas Jet International
<http://www.atlasjet.com/>

Security and insurance solutions

All travellers to Iraq should seek professional security advice and to arrange security for their visits. Caution should be observed at all times. Information about private security companies operating in the country can be obtained from the Private Security Company Association of Iraq (PSCAI) a not-for-profit organisation with more than 40 members. <http://www.pscai.org>

The official advice of both the US State Department and the UK Foreign and Commonwealth Office warns against travel to some or all of Iraq's provinces. The British Embassy in Baghdad says it can only offer limited consular assistance for the foreseeable future. There are no consular facilities in Basra or Erbil. The UK Foreign Office, strongly encourages visitors to register their presence in Iraq. This can be done in the UK

before departure, using its LOCATE service. <http://www.ukiniraq.fco.gov.uk>

Some regular travel insurance does not include Iraq. Comprehensive travel and medical insurance is available from a number of specialist providers, including:

THB Clowes
<http://www.thbgroup.com>
Anglo Arab Insurance Brokers Limited
<http://anglo-arabins.com>
Anderson Lloyd International
<http://www.andersonlloydintl.com/>
Clements International
<http://www.clements.com>
TFG Global Insurance Solutions Ltd
<http://www.tfgglobal.com/specialrisks.htm>

Places to stay in and outside the Green Zone

The most popular hotels in Baghdad are mostly located near the River Tigris. It is no longer essential to stay in the International "Green" Zone, when you are in Baghdad. Some visitors stay at villas run by private security companies.

Hotels inside the International Zone include the 400-room Al-Rasheed hotel, which was recently refurbished. It is located opposite the Conference Palace The Al-Mansour Hotel is also located in the zone on the banks of the river.

The Green Zone is located on the western side of the river, known as Al-Karkh. There are several popular hotels in the Al-Rasafa district on the eastern side of the river. These include the Ishtar Hotel, which is near the trade market overlooking the Tigris and the Palestine Hotel which is close by.

For business people who prefer to stay outside the city, Baghdad International Airport Hotel opened in November 2008.
<http://www.biaphotel-iraq.com/>

Communications

Zain, Asiacell and Korek provide mobile telephone services. Internet connections are available and speeds are picking up. IT systems in the ministries are generally outdated, so responses to emails will sometimes be slow. You should not be surprised to communicate with senior ministry officials using 'Hotmail' or 'Yahoo' type email addresses.

Setting up a presence in Iraq

The National Investment Commission's 'Investor Road Map' advises the following five basic steps for establishing an operation in Iraq:

1. Designate local officials (NIC can help with this)
2. Register your company
3. Establish your office
4. Secure the appropriate visa
5. Find a place to live.

First contacts for Iraqi government tenders

The National Investment Commission can help with finding the appropriate local officials for initial contacts.

Many Iraqi ministries will only issue tender documents to companies which provide a 'letter of authority' from a Chamber of Commerce or from an Iraqi Embassy. Potential bidders should check with the ministry they are dealing with for precise details of this requirement. The Iraqi Embassy in London can be of assistance.

The standard route for obtaining such a letter would include the following steps:

- A. Authentication of the required letter by the Arab British Chambers of Commerce, London (Tel: 0207 2354363)
- B. Legalisation of the document at the FCO Legalisation Office, Milton Keynes (Tel: 01908 295 111)
- C. Presentation of the document to the Consular Section of the Iraqi Embassy, London (0207 5909 220)

Legal registration

The Companies Code and CPA Public Notice 9 June 2003 allows Iraqi entities to establish direct trading agencies with foreign companies. There is no requirement for sponsorship if companies wish to open a branch office in Iraq. Foreign companies are free to open branch

offices, however they are required to register their office with the Ministry of Trade (www.motiraq.org) and to obtain a Business ID number.

Taxation

In 2004 the Coalition Provisional Authority introduced a flat tax of 15 per cent on all income earned by Iraqi & foreign companies. Income derived from foreign governments/sources, international organisations and NGOs are not taxable. A flat sales tax of 10 per cent is applied to 'excellent and first class' hotel and restaurant accommodations.

Tax Incentives

The manufacturing sector has a five-year exemption from income taxes and other company taxes. Foreign tax credits are supplied to foreign companies to alleviate the effect of double taxation.

Currency

Iraqi Dinar (ID). The exchange rate in April 2009 was £1: ID1,750. The Central Bank of Iraq has a policy of managed depreciation of the dinar. In April 2008, the exchange rate was £1: ID2,432.

The most widely recognised foreign currency is the US dollar. Credit cards are not widely used, and there are very few ATMs.

Basic data

Time zone: GMT + 3 hours (GMT + 4 hours during daylight savings time, April – October)
Business hours: 0800 - 1600.
Government hours: 0800 – 0100/ 0200
Working week: Sunday to Thursday. Friday is an Islamic holy day.
Public Holidays: New Year (January 1); Iraqi Army Day (January 6); Festival of Spring (March 21); Labour Day (May 1); Republic Day (July 14); Peace Day (August 8).
Islamic holidays: Eid Al-Adha (Festival of Sacrifice); 1st of Muharram (Islamic New Year); Ashura; Mawlid Al-Nabi (Prophet's Birthday); Start of Ramadan; Eid Al-Fitr (end of Ramadan)
International dialing code: 964
Electricity: 220 volts; AC 50Hz
Languages: Arabic, Kurdish, Assyrian, Armenian, Turkmeni
Climate: Cool winters, extremely hot summers, with cold winter conditions in the north.

Cultural pointers for initial meetings

Appointments are not always necessary but they are desirable. Punctuality is important.

The initial appointment is generally considered to be an informal, yet polite, introductory meeting, where associates take time to get to know one another and establish trust as opposed to immediately discussing business matters

When greeting your Iraqi business colleagues, it is customary to shake hands on both arrival and departure. Offer a firm but gentle handshake, always with the right hand. One should not attempt to shake hands with a female associate unless she initiates the gesture.

It is common practice for senior-level business associates to exchange business cards at initial meetings. Ensure you have one side of your card translated into Arabic or Kurdish and include your company position and title, since rank and social standing are vital in Iraqi business culture. When exchanging cards, present your card so that the translated side faces the recipient. It is also advisable to use a translator and to present brochures and letters both in Arabic and English.

Status and respect for others is a fundamental element of Iraqi culture, therefore it is necessary to address your Iraqi counterpart by the appropriate title, for example "Doctor", followed by their surname, or for example "Abo Ahmad", which means "Father of Ahmad". However, first names are only used between close friends and family, therefore you should wait to be invited before you address someone in this way.

Respect over-rides most other societal rules and is imperative for successful business relationships. Therefore, you should show respect for elder business associates by greeting them first.

Decisions are taken either by the most senior figure of authority in a company or a small council. This strict hierarchical culture means there is a marked distance between senior management and subordinates.

The National Investment Commission can help with finding the appropriate local officials for initial contacts.