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Contents

Iraq targets hydrocarbon progress and economic diversification	1
Editorial	3
Back to the top: Reforming higher education	4
Recovery of tourism sector accelerates	5
Oil industry targets 3.7m bpd	6
The Iraqi health system: continuously improving	8
European Union and Iraq to establish energy centre in Baghdad	9
Spotlight Maysan Province: well on track	10
Iraq tackles housing challenge	11
Historic high for Iraq's 2014 budget	12
Iraq aims for WTO-membership by 2016	12
Cooperation tightened between Iran and Iraq	13
Silk Road project aims to connect Iraq from south to north	13
KDP winner in fourth Iraqi Kurdistan Parliament elections	14
Iraqi government to improve water and sewage treatment with billions of USD	15
Positive balance after a decade of development	18
Agricultural sector with record production	19
New industrial city in Kirkuk	19
Iraq's future plans for energy supply	20
International companies deal with renewed security challenges	21
News	22
Tenders	24
One Stop Shops easing procedures for investors	24
Business enquiries	25
Fairs 2014 Registering Companies in Iraq, Public Holidays in Iraq and Germany	27
NUMOV Services	28
Application form for membership	28
Useful links	29
Imprint	30
Board of NUMOV	30

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Iraq targets hydrocarbon progress and economic diversification

by David Gibson



Stacks of freight containers at Umm Qasr port in Basra:
 Iraq's economy is expected to expand by 10.6% in 2013 and 9.2% in 2014

A brand new USD 357bn five-year investment programme of development projects has been devised by the Iraqi government, aiming to lessen the burden on the oil industry and develop the industrial sector in a country heavily reliant on hydrocarbon revenues. The scheme, announced in September, runs from 2013 until 2017, foreseeing an investment focus on five specific sectors: building & services, agriculture, education, transport & communications, and energy. 79% of the proposed investment is to be provided by the government, while the remaining 21% will emanate from the private sector.

Under these ambitious plans, oil revenues are planned to reach USD 662bn over the same period, with production forecast to triple from 3.2m barrels per day (bpd) in 2012 to 9.5m bpd in 2017, crude exports to increase from 2.6m to 6m bpd, and crude oil export storage capacity

to rise from 11 to 30m barrels. To supply the appropriate perspective for the enormous scale of the new plans, non-oil revenue should amount to under USD 40bn in this same time frame.

At first glance, Iraq's economy is already performing well. Growth hovers around the 9% mark, inflation has halved to 3.6% in the last two years, GDP per capita is rising, foreign reserves at the central bank amount to a healthy USD 70bn, and a 4% GDP fiscal surplus in 2012 demonstrates the strength of oil exports in the nation with the fourth-largest conventional oil reserves in the world. Moreover, foreign debt is now largely non-existent, having been written off in 2004 by the sovereign debtors of the multinational Paris Club.

Globally, Iraq is set to lead the rankings as the world's fastest growing economy ahead of

continued on page 16