

An eye on alluring leaders, emerging sectors, leading companies and rising trends shaping the future of the Kurdistan Region of Iraq.

THE REVIEW KURDISTAN

REGION OF IRAQ

September 2013

Exclusive

Nechirvan Barzani

Prime Minister Nechirvan Barzani on political stability, major structural reforms, and economic growth



EXCLUSIVE ANALYSIS
by Dr. Fuad Hussein

Minister Yasin Sheikh
Abu Bakir Mawati

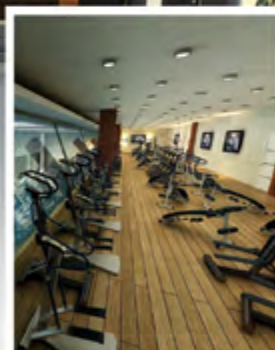


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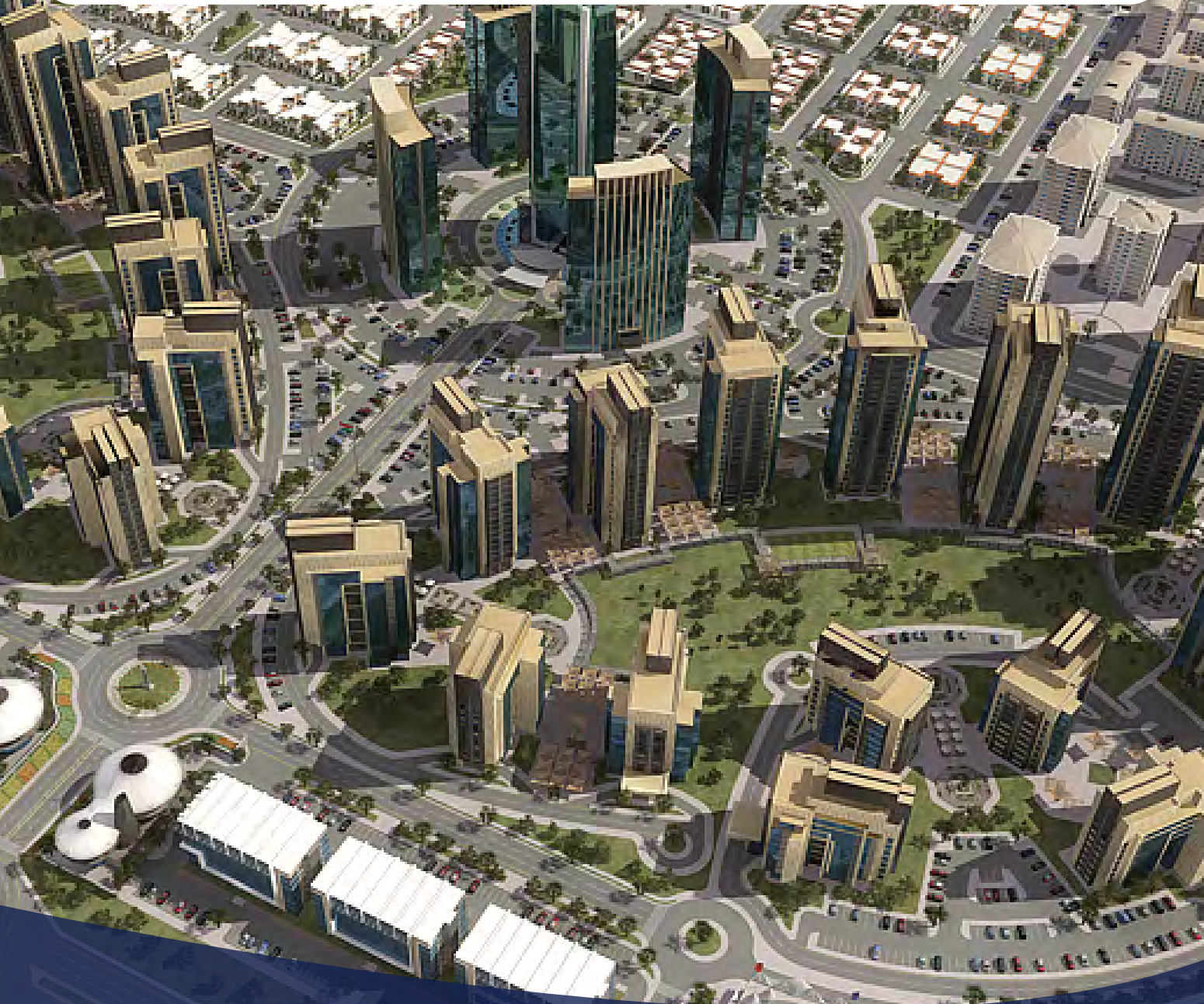


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"The Kurdistan Region is a success story, not only in comparison to the rest of the country but to the rest of the region as well."

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"I believe that in 3-5 years, Erbil will continue to expand, with significant growth in all sectors."

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"We want to demonstrate that the private sector is capable of raising the standard of an industry and provide a model for others to follow."

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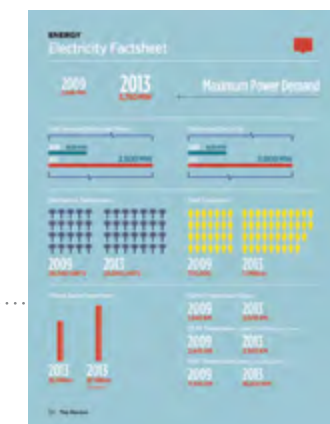
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"We have a plan to export power to the surrounding regions by 2015."

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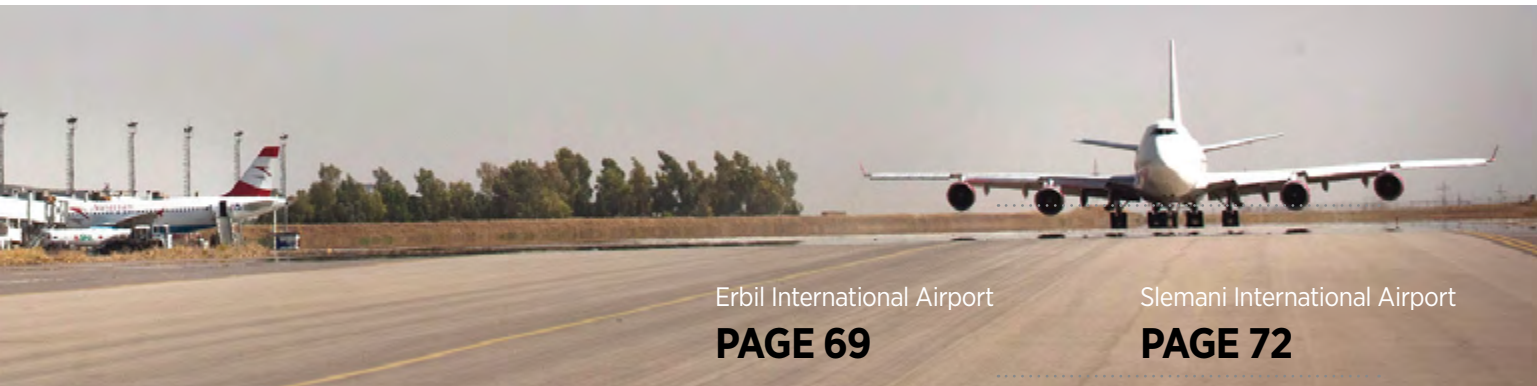
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Erbil Style
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The Review Kurdistan Region of Iraq

An update on alluring leaders, emerging sectors, leading companies and rising trends shaping the future of the Kurdistan Region of Iraq.

While there is significant turmoil in the Middle East, the Kurdistan Region has distinguished itself via its dedication to political stability, democratic governance, economic development, and national cohesion.

The KRG has fully committed to implementing ambitious reforms with an eye towards further establishing the Region as a major destination for both the regional and global business communities. The favorable Investment Law and stable business environment have enabled the Region to advance its economy across a wide variety of sectors. This development has, in turn, contributed to the Kurdistan Region's rapidly growing reputation as a premier global business and investment destination.

The sustainable growth that is readily apparent throughout key economic sectors can be directly traced to the good governance policies of the KRG, as well as to measurable long-term strategic planning and a strong commitment to the overall development of the Kurdistan Region.

IIG met with the Prime Minister Nechirvan Barzani to explore the primary forces driving the rapid development of the Region and to assess how the Region has managed to develop into a center of attraction in a relatively short period of time. Amongst other topics, PM Barzani also provided insight into the main pillars of the development policy of the KRG, the importance of the Human Capacity Development Program, the major structural reforms that the government has instituted in recent years, and the strategic projects that will serve to diversify investment within the three governorates of the Kurdistan Region.

In this issue, we keep an eye on the recent developments and achievements relating to investment and business opportunities in the energy, transport, insurance, tourism, health, and education sectors. The Review also highlights the projects, policies, and success stories of the leading economic entities within the Region.

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Kurdistan Regional Government (KRG)

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BRIEFING



DIPLOMACY & POLITICS

President Barzani Meets with French President Hollande

President Masoud Barzani recently met with French President François Hollande as part of an official visit to the French capital. During President Barzani's time in Paris, the two discussed growing economic and cultural ties between France and the Kurdistan Region, as well as the effect the civil war raging in Syria is having on regional relations and the Kurdish community within Syria. President Barzani also signaled that, in the wake of recent disputes, a process of rapprochement between Erbil and Baghdad was underway following Iraq Prime Minister Nouri al-Maliki's recent visit to the Kurdistan Region.

DIPLOMACY & POLITICS

President Barzani Meets Russian FM Lavrov

President Masoud Barzani met with Russia's Foreign Minister Sergey Lavrov during an international economic forum in St. Petersburg. The two discussed Russia's expanding involvement in the energy sector in the Kurdistan Region and expressed hope that reconciliation between Erbil and Baghdad would settle ongoing disputes over resources.

President Barzani also met with top executives from the Russian energy giant Gazprom, which has invested heavily in the Kurdistan Region of late. Gazprom officials expressed their continued interest in the development of the Kurdistan Region's oil and gas sectors. On the heels of a meeting between the President Masoud Barzani and Gazprom Chairman Alexei Miller, the company stated its desire to continue work in exploration and operation of oil and gas fields. Gazprom has existing operations in Garmian and Shakal blocks in the southern reaches of the Kurdistan Region.



The KRG delegation headed by President Masoud Barzani in a meeting with the Russian Foreign Minister Sergey Lavrov and senior officials in St. Petersburg.

BRIEFING

DIPLOMACY & POLITICS

New Turkish Consul General for the Kurdistan Region

The Turkish Republic has named Mr. Mehmet Akif Inam, former counselor to the Turkish Embassy in Washington, DC, as its latest Consul General in Erbil. Kurdistan Regional Government officials welcomed Mr. Inam's appointment, underlining their commitment to the "strategic relationship" between Kurdistan and Turkey and their desire to increase cooperation on political, social, and economic issues. Mr. Inam, for his part, reaffirmed Turkey's commitment to increase assistance in the visa process and brought attention to the great contribution Turkish companies are making to the Region's economic growth. Recently, President Barzani met with Turkish Energy and Natural Resources Minister Taner



Yıldız at the international economic forum in St. Petersburg. President Barzani and Minister Yıldız signaled their approval for strengthening economic ties between Turkey and the Kurdistan Region.

Turkish companies operating in the Region
1148 (2012)
Turkey-Kurdistan Region trade volume
\$8 billion (2012)

DIPLOMACY & POLITICS

Canada Set to Open Diplomatic Representation in Erbil

Departing Canadian Ambassador Mark Gwozdecky announced plans to establish a Canadian diplomatic representation in the Kurdistan Region, joining 27 other countries that have already done so. Ambassador Gwozdecky expressed Canada's continuing support for the Kurdistan Region and pledged to share experiences from its federal system in hopes of contributing to the democratic development of Iraq. Kurdistan Regional Government leaders, for their part, called for Canada's assistance in the process of building democratic institutions and strengthening rule of law in the Kurdistan Region.

ENERGY

Oil Export Pipeline to Turkey Nearing Completion

Minister of Natural Resources, Dr. Ashti Hawrami, predicts that the Region will begin exporting crude oil in the near future upon the completion of a pipeline to the Turkish border by the end of September. While it is unknown whether the KRG will make use of already existing Iraqi government export facilities or build its own at the Turkish border, officials from the regional government state that the pipeline will reach a capacity of one million bpd by 2015. Oil exports from the Region have been curtailed of late as a result of pipeline closures stemming from disputes over oil revenues between Erbil and Baghdad.



ENERGY

Erbil Power Plant

Following a push by the Kurdistan Regional government to increase the efficiency and capacity of its energy infrastructure, Mass Global Investment Company has contracted GE to supply two steam turbines that will augment output at the Erbil Power Plant by 500 MW. The project will also increase thermal efficiency to over 48%. This should supply enough additional electricity to power 100,000 Iraqi residences and will make Erbil one of the most efficient power plants in all of Iraq. Turkey's ENKA Construction & Industry Company will build the new combined-cycle plant, scheduled to begin commercial service in the latter half of 2014.



DIPLOMACY & POLITICS

PM Barzani visits Turkey

In late July, KRG Prime Minister Nechirvan Barzani met with Turkish Prime Minister Tayyip Erdogan to discuss recent developments in the Middle East, bilateral relations, the situation in Syria, developments in Iraq, and the preparations for the Kurdish national congress. Both sides emphasized the importance of strengthening both economic and trade relations, as well as increasing coordination in the energy sector. The current political and security situation in Iraq was also discussed, with PM Erdogan reiterating his support for improved relations between Erbil and Baghdad, as well as for continued mutual visits to find negotiated solutions.



"Today's agreement reflects GE's continuing commitment to support energy infrastructure growth in Iraqi Kurdistan and throughout the country. It builds on our growing relationship with Mass Global, supporting its efforts to enable a reliable and efficient supply of electricity needed to fuel the growth and development of the Kurdistan Region. This agreement also reflects GE's ongoing commitment to support Iraq in boosting its power generation and infrastructure growth."

Joseph Anis, GE Energy's President & CEO for the Middle East

"Converting our Erbil facility to combined-cycle service supports the Kurdistan Regional Government's policy to increase the thermal efficiency of its power generation facilities. This new agreement builds on our growing relationship with GE Energy whose proven and reliable advanced energy technology has been employed in our gas power facilities since 2006."

Ahmad Ismail Saleh, Chairman of Mass Group Holding

BRIEFING

ENERGY

KRG Gives Blessing to Gulf Keystone Development Plan for Shaikan Field

Gulf Keystone Petroleum, a pioneer in the Kurdistan Region's burgeoning energy sector, has announced the Kurdistan Regional Government's approval of its development plan for the Shaikan oil field. This will allow Gulf Keystone to begin production, commencing at around 20,000 bpd, rising to 40,000 bpd shortly thereafter. In three years, the company plans to be producing 150,000 bpd, rising to 250,000 bpd by 2018. Production at this large field is a key component in the Region's plan to achieve export levels of one million bpd by 2015 and two million bpd by the end of the decade.

Following approval by the KRG, Gulf Keystone has begun developmental drilling at the Shaikan oilfield, with production to commence shortly. The company's first development well, Shaikan-10, will be tied to the second of two newly built production facilities on the site that should allow it to achieve a short-term production target of 40,000 bpd. Over the next nine months, Gulf Keystone plans to probe untested depths of its major discovery at the Shaikan oil field. The company hopes to find major reservoirs below the furthest reaches of the Shaikan field that have been drilled to date. This entails drilling a vertical well to depths below 4500m over a period of nine months. Any potential discovery would bolster what is already known to be one of the world's largest conventional onshore oil and gas fields.



Shaikan

Discovered by GKP in 2009, the field represents the largest on-shore oil discoveries in the world not currently being operated by one of the global super majors.

Operators: Gulf Keystone [75%], MOL [20%]
Reserves: 14 billion barrels of oil
Production capacity: 40,000 bpd (2013)
Target: 150,000 bpd in 2016, 250,000 bpd in 2018
Producing wells: 12

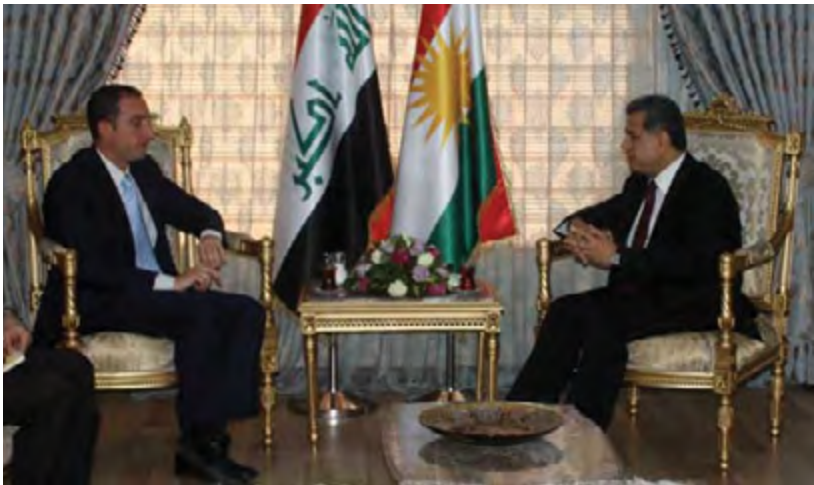
ENERGY

Chevron Strikes Oil Exploration Deal with KRG

Chevron has reached an agreement with the Kurdistan Regional Government to acquire an oil license that will give the company an interest in the Qara Dagħ field, as well as operationship of the site. This agreement follows Chevron's purchase last year of two existing oil licenses that had been operated by India's Reliance Industries.

DIPLOMACY & POLITICS

Italy Expands its Diplomatic Presence in the Kurdistan Region



Italy will soon upgrade its diplomatic presence in Erbil, reflecting growing ties with the Kurdistan Region. It will convert its already existing Consular Office in Erbil to a Consulate by the end of the year; the facility will be headed by recently arrived Consul General Dr. Carmelo Ficarra.

Minister Falah Mustafa welcomed the move while hosting an Italian delegation to collaborate on the establishment of a national park in Rawanduz. Both Italian and KRG officials acknowledged the great possibilities for cooperation in areas of tourism, resource management, and environmental preservation.

Corporate Social Responsibility
Genel Energy Makes Large Donation to AUIS

Anglo-Turkish firm Genel Energy recently announced a \$20 million USD donation to the American University of Iraq, Sulaymaniah (AUIS) for the purpose of furthering the university's mission of high-quality, student-focused education based on the American model. The donation, to be used in meeting the university's operating costs, also serves Genel's aim of enhancing infrastructure in the Kurdistan Region.

ENERGY

Oryx Petroleum to Expand Operations

Canadian oil exploration company Oryx Petroleum is set to begin drilling operations at its site in the Banan Oil field in the Kurdistan Region. The site holds great potential, as it may form part of the same structure as the company's discovery at Demir Dagħ, which possesses 164 million barrels of proved and probable reserves, and 200 million of contingent resources. The company expects to produce 30,000 barrels of oil per day in 2014 and aims to reach a production level of 100,000 barrels per day in 2016.

ENERGY

Genel Confident on Region's Energy Outlook

Genel Energy expressed confidence in the future of the Kurdistan Region's oil and gas sector. Especially significant is the Region's development of an independent export infrastructure for its oil, which should be in place soon with the completion of Region's own oil export pipeline by the end of the year. Genel CEO Tony Hayward predicted the company's production levels would remain at 45,000-55,000 bpd, with revenues of \$300-400 million for the year.

TELECOM

Korek Telecom to Upgrade Network in Southern Iraq

Korek Telecom, the largest telecom operator in the Kurdistan Region, will soon extend high-speed mobile broadband, improved voice services, and better coverage to its customers in southern Iraq with the help of Nokia Siemens Networks. Nokia Siemens will provide Korek with systems that make network planning easier, lower costs, ensure more reliable access, and reduces data transmission delays. As part of the deal, Nokia Siemens will supply full turnkey and other professional services to ensure a well-coordinated rollout.



Oryx in the Region

Hawler

Interest [65%]
Field: Demir Dagħ
Reserve: 164 MMbbl proved, 200 MMbbl contingent
Risked: 107 MMbbl
Production: 30,000 bpd 2014
Target: 100,000 bpd 2016
Wells: 2. Planned to spud additional 3 exploration wells and 2 appraisal well to be drilled in 2013/2014

Sindi Amedi

Interest [45%]
Reserve: 110 MMbbl
Risked: 8 MMbbl
Well: Planned spud Q4 2013, Q1 2014



"The fact that it looks like it could be a joined-up structure is that much more exciting and could mean we have one of the most significant structures in the Kurdistan Region... We go after a large accumulation of reserves in one location. That is what does attract big players who can pay big checks."

Michael Ebsary, CEO of Oryx Petroleum



DIPLOMACY & POLITICS

New US Consul General Arrives in Kurdistan Region

Joseph Pennington, newly appointed American Consul General in Erbil, arrived recently for talks with top officials in the Kurdistan Regional Government. Minister Falah Mustafa welcomed Mr. Pennington's arrival and the two discussed ways of further expanding political, social, and economic ties. The Consulate General in Erbil recently started issuing visas for business, travel, work, and study abroad in a move that promises to strengthen links between the United States and the Kurdistan Region.

New US Consul General Mr. Pennington, a career member of the senior Foreign Service, previously served in Moscow, Turkey, Czech Republic, Bosnia, and Armenia. He earned an M.A. from Columbia University.

BRIEFING

DIPLOMACY & POLITICS

Hungary to Establish
Diplomatic Mission in
Kurdistan Region



During a recent visit to Erbil, Hungary's new ambassador to Iraq, Mr. Tibor Tamari, stated his country's interest in establishing a consulate in the city. Ambassador Tamari praised the remarkable progress the Region had made in the political and economic fields over such a short period of time. The Ambassador also discussed possible cooperation in the agriculture, health, education, and tourism sectors.

ENERGY

ABB Wins \$30m Order
to Upgrade Kurdistan
Region's Power Grid

Zagros Energy recently awarded ABB with the responsibility of expanding and reinforcing the Kurdistan Region's power grid. Rapidly increasing demand has led to the threat of blackouts, and, in the short term, the KRG hopes to expand capacity to 4,000 MW to counter this. The government also established a long term goal of reaching a capacity 10,000 MW. Regional leaders hope to eventually produce enough energy to begin exporting power to neighboring countries.

ENERGY

DNO Thrilled with
Results from Oilfield
in Kurdistan Region

Norway's DNO, an early entrant into the Kurdistan Region's energy sector, has heralded production levels at its newest well, a horizontal installation that is soon to be followed by two others of the same variety. The firm's horizontal well at the Tawke field is producing 100,000 bpd, more than doubling totals at its next most productive well. DNO's success underlines the potential of the Kurdistan Region as a whole, which sits atop over 45 billion barrels of oil.



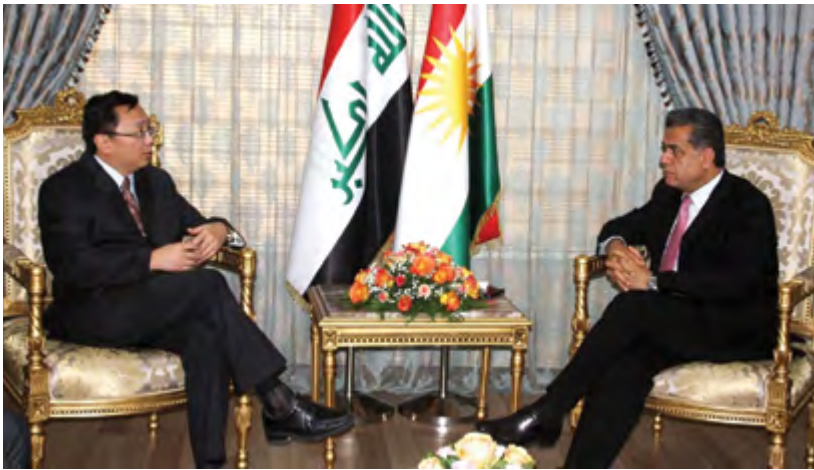
Tawke

Discovered by DNO
in 2006

Operators: DNO (55%)
Genel Energy (25%)
Reserves: 771 Mmbbls
Target: 200,000 bpd
by 2014
Producing wells: 17

DIPLOMACY & POLITICS

People's Republic of China
to open consulate in Erbil



The People's Republic of China is expected to open its first diplomatic mission in the Kurdistan Region by the end of this year. During a meeting with Minister Falah Mustafa Bakir, China's Ambassador to Iraq, Mr Ni Jian, announced the decision to open a consulate-general. According to a statement issued by the KRG, "The Chinese ambassador reaffirmed his country's interest in establishing a strong diplomatic presence in the Kurdistan Region to promote political, economic, and cultural ties." Ambassador Jian also noted, "The number of visas we have issued in Baghdad shows more and more people from Iraq and the Kurdistan Region want to visit China to promote business ties."

DIPLOMACY & POLITICS

Dutch Delegation's Visit
Reflects Strengthening Ties
between Kurdistan Region
and Netherlands



Fed Teeven, Dutch Minister for Migration and State Secretary of Security and Justice, recently met with top officials from the Kurdistan Regional Government to discuss contributions the Netherlands can make in efforts to bolster rule of law, human rights, and transparency in the Kurdistan Region. In the wake of talks, Minister Falah Mustafa called for the creation of an official European Union diplomatic representation in Erbil to ensure the Region's priorities are communicated to EU officials.

EXHIBITION

British Trade Groups
Show Great Interest in
Kurdistan Region

The UK's Middle East Association [MEA] has partnered with UK Trade & Investment [UKTI] and the KRG to organize a trade delegation to the Kurdistan Region this September during the 9th Erbil International Trade Fair. MEA has orchestrated fourteen visits to the Region, and 107 British companies are already registered there. The Erbil Trade Fair is the largest of its kind in Iraq and recent years have racked up record numbers of visitors and exhibitors, reflecting the impressive economic performance and open investment environment of the Kurdistan Region.

ENERGY

Miran and Bina Bawi
hold a combined 8-18 TCF

Genel Energy is likely to significantly raise its estimate of the amount of gas it has discovered in the Kurdistan Region. The company now believes that its gasfields at Miran and Bina Bawi hold a combined 8-18 trillion cubic feet of gas, a figure that represents more than twice its previous estimate of gas resources. These developments come amidst important progress on a comprehensive energy-export agreement between the KRG and Turkey that would see 20-25 percent of Turkey's annual gas consumption [10bn cubic meters] supplied by pipelines from the Kurdistan Region.

EXHIBITION

Erbil Oil and Gas Exhibition
to Take Place in September

The 3rd annual Erbil International Oil and Gas Exhibition, one of the most important events in the energy sector in Iraq, will take place September 2-5, 2013 at the Erbil International Fairground. The exhibition will underline the opportunities awaiting investors in the Kurdistan Region's oil sector thanks to great potential reserves and progressive economic and investment policies on the part of the regional government. This year's exhibition seeks to build upon the success of last year's event, which attracted 51 exhibitors and nearly 5000 visitors.

DIPLOMACY & POLITICS

Catherine Ashton Visits Kurdistan Region

Catherine Ashton, EU High Representative for Foreign Affairs, made her first visit to the Kurdistan Region for talks with President Masoud Barzani and Prime Minister Nechirvan Barzani over the instability gripping Southern Iraq and the Kurdistan Region's ongoing dialogue with Iraq's central government in Baghdad. During their meeting, the pair assured Representative Ashton that the KRG's energy policies follow Iraq's Constitution and highlighted the insufficient international response to the refugee crisis affecting the Kurdistan Region as Syria's civil war continues to rage.

TOURISM

Wyndam Hotels in Slemani

Wyndam Hotel Group, the world's largest hotel chain, has entered the Iraqi market with the recently opened Ramada in Slemani. The Ramada Sulaymaniyah Salim Street boasts 71 rooms, including 13 suites, as well as a theatre-style ballroom with space for up to 700 people and a range of high quality dining options. Guests are also treated to a full-range spa with amenities including an indoor pool and a Turkish bath.

ENERGY

New Petrol Distribution Regulations

The KRG's MNR and Erbil Governorate authorities recently introduced new rules designed to better regulate the sale of petrol from private fuel stations. Effective on August 25, privately-owned petrol stations in the Erbil Governorate will be authorized to only sell the same standard petrol at a uniform price. Standard fuel is known as "Beiji", and is named after the refinery to the north of Baghdad that initially produced it. According to the statement issued by the MNR, "After a comprehensive investigation, the Ministry found that other types of petrol, such as that marketed as 'Super', were usually sold at higher prices than Beiji fuel but were of the same or often worse quality, and contained unnecessary and even harmful additives." The decision is expected to have added benefits for consumers, as fuel can now be purchased from both public and private petrol stations at a uniform price of 500 IQD per liter; previously, Beiji fuel was sold at some private stations for as much as 950 IQD per liter. The move means that the KRG will be the sole supplier of petrol to the Erbil Governorate. It is expected that similar regulations will be passed for Duhok and Slemani in the future.

DIPLOMACY & POLITICS

Germany Pledges to Support Syrian Refugees in the Kurdistan Region



During a meeting with Minister Falah Mustafa Bakir, the head of the KRG's Department of Foreign Relations, Germany's Ambassador to Iraq, Ms. Brita Wagener, noted that the German government has pledged an additional 15 million Euros for Syrian refugees, via UNICEF and the World Food Programme, with a significant amount earmarked for the refugees based in the Kurdistan Region. This decision by the German government comes on the heels of a visit to the Kurdistan Region by Germany's Federal Minister for Economic Cooperation and Development, Mr. Dirk Niebel. During his visit, Minister Niebel met with senior KRG officials and visited the refugee camps to gain a better understanding of the situation. The KRG itself has already pledged \$20 million dollars to provide humanitarian assistance and basic services. Until Germany's pledge to increase its support, the Region had received little aid from the international community and no assistance from the Iraqi federal government. More than 160,000 refugees now live inside the Kurdistan Region as a result of the ongoing chaos in Syria. With no end to that conflict in site, those numbers are expected to continue to rise.

EDUCATION

AUIS to Partner with American Universities

The American University of Iraq, Sulaymaniyah (AUIS) has announced the formation of institutional partnerships with the State University of New York at Albany (SUNY-Albany) and Miami University of Ohio. The partnerships will foster exchange opportunities of AUIS students and allow for new curriculum options, with particular attention paid to developing human capital in the public health, public administration, and water resource management sectors.

The AUIS awarded baccalaureate degrees in Business Administration, Information Technology, and International Studies to 54 students; an additional 29 students received Masters Degrees in Business Administration in 2013. The graduation ceremony was presided over by Chairman of the Board of Trustees Dr. Barham Salih and then-AUIS President Dr. Athanasios Moulakis. Featured speakers at the commencement included Prime Minister Nechirvan Barzani, Mr. Douglas Silliman (Chargé d'Affaires of the United States Embassy in Baghdad), and KRG Minister of Higher Education Dr. Ali Saeed.



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About

1966 — Born in Barzan
1989 — Elected to the leadership of the Kurdistan Democratic Party (KDP)
1996 — Appointed as the Deputy PM of the KRG
1999-2009 — Served as the PM in two successive cabinets
2010 — Elected as Vice President of the KDP
2012 — Formed the 7th cabinet of the KRG
Speaks Kurdish, Persian, English, and Arabic

Shaping the Future of the Kurdistan Region

Prime Minister Nechirvan Barzani provides IIG with exclusive insight into the main pillars of the KRG's policy regarding development in the Kurdistan Region, the importance of the Human Capacity Development Program, the major structural reforms that the government has achieved, and the key projects allowing for diversified investment.

“ We have invested in training civil servants, published the KRG's oil contracts, participated in internationally-recognised transparency initiatives and created a specific department within the Council of Ministers to promote and implement meaningful measures to fight corruption and promote transparency. ”

IIG: Kurdistan Region has achieved remarkable political and economic progress in a very short period of time. What are the main pillars of the KRG's policy that will allow the region to continue the momentum that it has gained in recent years?

NB: There are three key elements to our success. First, we have provided a stable and secure environment for our people and for our businesses to develop. Without this, and without the support and cooperation of our people with our security forces, what you see today in the Kurdistan Region would not have been possible.

Second, we are trying to use our limited resources to develop the infrastructure – both physical and human – to allow our economy to grow and our people to enjoy the benefits of this growth.

Finally, we have taken bold and creative steps in the area of energy development and foreign investment to ensure that international companies, including blue-chips, establish a presence here and help us to develop our energy resources.

IIG: The KRG has attached particular importance to the Human Capacity Development Program. Can you tell us about the overall goals for this scholarship programme and how it will impact the development of the Kurdistan Region?

NB: The future that we aspire to requires us to have the knowledge and know-how

to carry this region forward. Developing human capacity is key to achieving that goal. This programme is an investment in our people, designed to equip our bright students and civil servants with the experience and education they need to build Region's success.

We have so far awarded over 4,300 scholarships and we have postgraduate students across the world studying various subjects, building networks and friendships and making international universities aware of the Kurdistan Region.

Having a well-educated society is important to every nation, but perhaps more so in this Region since many of our people had their education disrupted through conflict and displacement and most couldn't travel abroad. We can't change the past but we can do something about the future and that's what this programme and our other education and training policies are aimed at.

IIG: Major administrative reforms have played a vital role in eliminating bureaucratic obstacles and attracting the attention of the international business community. What structural improvements has the KRG achieved in terms of reforming the administrative system?

NB: Our administrative system has evolved a great deal since the early 1990s when we began from scratch, but we still have far to go.

It is important to note that in 1991, after the establishment of the safe haven and no-fly zone, Saddam Hussein withdrew not only his troops but the entire administration and public services in the Kurdistan Region. Overnight, we had to step in and take over schools, hospitals and the running of a region that had been devastated by genocide, chemical bombardment and the destruction of thousands of villages. I'm proud that our people stepped up to this challenge and we were able to cope, despite the shortcomings and sacrifices people had to make, for example, there were times when there weren't sufficient funds to pay teachers' salaries but they con-

“The KRG supports investors by offering incentives for strategic projects, especially those in line with the needs of our people and government.”

tinued to work because they didn't want the next generation's education to suffer as theirs had.

In the two decades since then, we have been able to improve in many areas. We took a significant step forward in 2006 when the Erbil and Slemani administrations were unified. We have adopted laws that promote accountability and transparency. We have invested in training civil servants, published the KRG's oil contracts, participated in internationally-recognised transparency initiatives and created a specific department within the Council of Ministers to promote and implement meaningful measures to fight corruption and promote transparency.

The KRG is works closely with the UK National School of Government to build and improve human capacity and further develop our public services. We have also signed a long-term agreement with PricewaterhouseCoopers (PwC) to develop and implement our good-governance and transparency strategy. These important initiatives are also strongly supported and promoted by the KRG Department of Foreign Relations and KRG Board of Investment as both work closely in conveying our messages and needs to the

international community.

We have made substantial progress and the public has high expectations of its government, so we will continue to try to minimise bureaucracy and promote transparency.

IIG: The KRG has laid the cornerstones for several projects in Duhok and the surrounding districts. However, Erbil and Slemani have been the focus of the majority of the development in the Kurdistan Region. How important is it for your government to diversify this investment to facilitate growth across all geographical areas?

NB: It's important to underline that the level of investment in Duhok and Slemani has grown consistently year on year since the creation of the KRG Board of Investment in 2006, but it is true that Erbil, as the capital, has attracted more businesses. We have, however, encouraged more businesses and inves-

tors alike to strongly consider Duhok and Slemani over the past several years. This is an ongoing policy and something that my government is committed to and is promoting through legislation and other incentives. The KRG Board of Investment now has directorates in each province with the authority to award investment licenses to companies, independently from the board's headquarters in Erbil. This is a good step towards encouraging foreign

“Our rich and vibrant region can be used as a platform for doing business in all of Iraq. This Region is not just a market for 5 million people, but has access to a market for 30 million people.”

direct investment into both Duhok and Slemani, and is part of our policy of devolving power to the governorates.

IIG: Considering its political stability, major structural reforms, and rapid economic growth, Kurdistan Region is emerging as a new regional centre of attraction for businesses. What policies

will the KRG pursue in order to strengthen the financial sector in particular so as to support this progress?

NB: We lack a modern and productive financial system. Access to credit, to trade financing, and the development of a consumer and corporate credit market are essential to further the Region's economic development. This is a problem that affects all of Iraq. We have seen some small steps, but there is much work to be done.

We are planning legislation to promote the financial sector, such as insurance, and we plan to create institutions such as the Erbil Stock Exchange to give a platform for local companies to raise funds.


Several international banks have a presence here but we need more of them and we need them to offer more services, particularly to businesses. We also need a banking system that offers mortgages so that housing can become more affordable for those on lower incomes.

We have seen several small steps from international banks here, and we anticipate more in the future.

IIG: What is your key message to the globally engaged business and investment community?

NB: My message is that Kurdistan Region is open for business and there are many opportunities here for those who wish to be part of this Region's historic turnaround from being an oppressed, neglected part of the world to being a democratic society with a dynamic, investor-friendly economy.

The KRG supports investors by offering incentives for strategic projects, especially those in line with the needs of our people and government.

Our rich and vibrant region can be used as a platform for doing business in all of Iraq. This Region is not just a market for 5 million people, but has access to a market for 30 million people. 



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Dr. Fuad Hussein
Chief of Staff to the President of the Kurdistan Region

Dr. Fuad Hussein provides IIG with exclusive analysis of the recent political developments in Erbil, the perceptions of Kurdistan abroad, and the future of the Region's relations with Baghdad.

“We are committed to the federal constitution, and we are of the opinion that the establishment of a strong democratic, federal system in Iraq would benefit all parties involved.”

IIG: How do you think the Kurdistan Region has been able to establish such prolonged political stability, especially given recent events in the surrounding region?

FH: I think there are two reasons that the Region has had such stability. Firstly, there was never any gap in terms of leadership. When the previous regime collapsed, the Kurds already had their own government, Parliament, political leadership, and political parties. Moreover, our political parties have their roots in the people. The Kurds have been in resistance for many years, so they also have concrete ideas about how best to secure their own futures. Secondly, as part of that resistance, we had military forces [the peshmerga] in place. As a result,

those forces became a part of the political parties. So, we had our own Peshmerga forces, our own security services, our own political groups, our own government, and our own leaders. This created a feeling of strong unity, which then facilitated stability.

IIG: Political stability aside, the forces you mentioned have also excelled in promoting the overall security [and therefore stability] of the Region.

FH: I think the entire population of the Region is particularly sensitive when it comes to the security of the Kurds and the Kurdistan Region. So, they cooperate with the security services, the police, and the government on a consistent basis. If they see something suspicious or that they feel could be dangerous, they inform the relevant organization. In the past, terrorists were able to penetrate these defenses. Thankfully, that was a long time ago, and we have been able to guarantee the security of our people, as well as anyone else living within our boundaries.



IIG: With all of that in mind, do you think it's fair to categorize the Kurdistan Region as a success story in terms of pro-

viding security both for its own people and for the foreign individuals or companies living here?

FH: The Kurdistan Region is a success story, not only in comparison to the rest of the country but to the rest of the region as well. Certainly, it is a success story in terms of security, but also economic development, social openness, religious tolerance, and the implementation of a democratic system. I also think that our leadership has played an important role. Our population has known our leaders for a very long time, so with that familiarity comes loyalty. These leaders struggled for the freedom of the people, and today we can see the fruits of that labor. For these and many other reasons, when compared to the rest of the country as well as the rest of the region, the Kurdistan Region is clearly a success story.

IIG: Regarding the leadership of the Kurdistan Region, when President Barzani attended the World Economic Forum in Davos, he did so for the first time while functioning as a head of state. What do you think this distinction meant

in terms of defining the Region's standing and prestige on an international level?

FH: I do believe that this recognition owes to our people, their struggle, their quest for freedom, and the fact that they successfully built our country from nothing. However, when we meet with different groups, we can see that people interact with the President as though they are interacting with a head of state. I think this indicates two different things. Firstly, it shows that people are recognizing the Kurdistan Region as an important economic power in the region and as an economic power for the future. Secondly, and perhaps more obviously, it means that people are therefore recognizing the leadership of the Kurdistan Region as being integral in that success. So, they invite the Kurdistan Region to these meetings and engage in meaningful dialogue with our leaders because they recognize it as a state. Of course, we are politically, geographically, and economically a part of Iraq. We are committed to the federal constitution, and we are of the opinion that the establishment of a strong democratic, federal system in Iraq would benefit all parties involved. Nevertheless, I feel that people do approach us in a manner that reflects their view that we are an independent state in a period of economic boom.

IIG: You mentioned that the Kurdistan Region remains committed to the federal government in Baghdad. Recently, Prime Minister Nouri al-Maliki visited Erbil and held several high level meetings. How do you feel those meetings went and do you think the Prime Minister's visit could help resolve the differences that presently exist?

FH: Prime Minister al-Maliki came to Erbil after almost three years of no contact and no discussions between himself and my President. The relationship during this period was very tense. However, I considered the visit a positive step towards normalization of the relationship between Erbil and Baghdad. Still, with only one

“The Kurdistan Region is a success story, not only in comparison to the rest of the country but to the rest of the region as well. Certainly, it is a success story in terms of security, but also economic development, social openness, religious tolerance, and the implementation of a democratic system.”

visit, it is impossible to solve all of the problems that currently exist. As a result, we formed a high committee comprised of members from both sides. The committee from the Iraqi side will be headed by Prime Minister al-Maliki and two of his assistants. On our side, the committee will be headed by Prime Minister Barzani, his deputy, and myself. So, the High Committee had its inaugural meeting, and then President Barzani met Prime Minister al-Maliki separately. The High Committee met to discuss how best to resolve multiple outstanding problems, specifically issues relating to the Constitution, security and military forces, budget allocations, and the hydrocarbon law. We formed subcommittees for all of these issues; these groups will then meet in order to reach agreements on each individual item. Once an agreement is reached, it was agreed that the High Committee would then implement it. So, I firmly believe that the visit of Prime Minister al-Maliki was a significant positive step. ⑥



Nawzad Hadi
Governor of the Erbil Province

Nawzad Hadi explains the expansion of the capital city according to the Erbil Strategic Master Plan and the upcoming projects that will alleviate infrastructure deficiencies.

IIG: Can you give us some background regarding the Erbil Strategic Master Plan (ESMP) and what you expect it to provide for the city?

NH: In 2004, we started with a new master plan for the city. Before that time, things were very different. Officially, the Iraqi Constitution did not recognize our region. As a result, we did not have our own percentage of the budget, so the people of the Region had limited income and the government wasn't able to allocate funds to develop and implement proper plans. This all changed with the liberation in 2003. After that time, the Kurdistan Region was officially recognized in the Iraqi Constitution. So, with that recognition in place, we began to work on plans to develop the city of Erbil as the capital of the Region. We utilized highly skilled individuals from both within Iraq and abroad in order to make this become a possibility. The initial plans detailed how to expand the airport and the oil sector, as

“From 2004 to 2012, we spent \$7 billion on infrastructure improvements in the Kurdistan Region. In that same period of time, we had over \$16 billion of private sector investment. So, obviously, private sector investment has played a significant part in the growth of the city.”

well as increase power generation in the energy sector. We also devised a system for dividing responsibilities, and we appointed directors to handle individual areas such

as tourism, industry, housing, and trade. We are still following the ESMP, and you can see the effect it has had on the city. The airport is now modern and appropriate in size. Numerous facilities for higher education [universities, institutions, and colleges of art] are located along Kirkuk Road. The road system itself has expanded, particularly toward Salahaddin Road. So, it is clear that the city is expanding, but on a scheduled, fixed plan.

IIG: Speaking of the roads in Erbil, for those who are unfamiliar, can you explain how the road network is laid out? What are the plans for future expansion in this area?

NH: The Citadel, which is estimated to be 8,000 years old, was the original settlement in Erbil. The Citadel itself is circular in shape. When the city expanded, it did so by branching out from the center, which would be the Citadel. So, the major roads around the city [40 Meter Street, 60 Meter Street, and 100 Meter Street] are now circular as well. The 120 and 150 Meter Streets are currently under construction, and will obviously expand the city limits even further.

IIG: How far along is the work on the 150 Meter Street project? When do you expect it to be completed?

NH: Construction on 150 Meter Street is currently underway. Half of this project [approximately 40 kilometers] is being handled by a Turkish company and the other half is being done by a local compa-

To date, we have 90,000 units under construction.

ny. As of now, we have only been able to open 100 Meter Street with certain expansions. Our goal, of course, is to make 150 Meter Street accessible as soon as possible. However, we have been working on a limited budget; essentially, our capability to implement a project always exceeds our budget. From 2004 to 2012, we spent \$7 billion on infrastructure improvements in the Kurdistan Region. In that same period of time, we had over \$16 billion of private sector investment. So, obviously, private

sector investment has played a significant part in the growth of the city.

IIG: Are there areas in which you personally would like to additional foreign direct investment?

NH: Right now, the investment policy of the KRG focuses on industry, agriculture, and tourism. Since the Kurdistan Region has become such an important area for all of Iraq, the policy also focuses on hospitals and medical issues. Patients from all the provinces of Iraq are coming to Erbil because it is safer and more reliable. This is good for us, but also good for the Iraqi people. In addition to the health sector, we are focusing on housing. To date, we have 90,000 units under construction. In the future, I think the focus will specifically turn to agriculture and water. We have plentiful water resources here in the Kurdistan Region. However, we haven't always implemented good management practices for those resources. So, I expect the KRG to focus on infrastructural improvements, such as dams and irrigation systems, to alleviate some of the problems we are now facing. As I said, we have excellent water resources in the Region, but we need to implement better organization and planning to utilize those assets fully.

IIG: What is your view of the future of Erbil? What do you expect in terms of growth and opportunities within the city and the governorate?

NH: I think the future of the city is bright. We have excellent oil and gas resources, and many companies are now active here as a result. I fully expect oil revenues to increase in the near future, thanks in large part to the entry of major companies like Exxon, Total, Chevron, and Gazprom Neft. With such important players on the ground, exports will increase; this will then mean a greater budget for both Iraq as a whole and Erbil itself. I do think there are still major issues to confront. As I said, our water management must improve. In addition, we are importing a significant number of products from Turkey, Iran, and Syria. This is not sustainable, in my opinion. So, we will need to create more green areas and industrial sectors to balance our production. Most importantly, we have the freedom and the opportunity to

grow. In Syria and the rest of Iraq, the situations aren't allowing for the private sector to develop. Here, it can. As a result, a significant amount of the investment capital has been implemented here. So, because of that investment, I believe that in 3-5 years, Erbil will continue to expand, with significant growth in all sectors.

“I believe that in 3-5 years, Erbil will continue to expand, with significant growth in all sectors.”

Reaffirming the UK’s long-term commitment



Hugh Evans
British Consul General, Kurdistan Region

Hugh Evans talks to IIG regarding the current bilateral relations between the UK and the Kurdistan Region, the UK’s priorities in the Region, the major accomplishments in recent years in terms of bilateral relations, and why the Kurdistan Region so attractive for the British business community.

About
Hugh Evans has been working in the Foreign Service in 28 years. He previously served in Washington, Kenya, Khartoum and Moscow. He was appointed his current post in 2012.

IIG: How do you assess the current bilateral relations between the UK and the Kurdistan Region?
HE: We opened our office here in 2007. The rapid development and political stability of the Region dictate that if a foreign government wants to operate effectively here, it needs to have a presence on the ground. This was the case for us. Last year, our Foreign Secretary declared that we are going to maintain a long-term diplomatic presence in the Region. So, we are building a new consulate facility here, which will be in operating in 2015. I believe this fact serves as an indicator of our long-term commitment to the Region. I am also quite pleased with and proud of the growth of our commercial branch. We have placed emphasis on building our relationships with the wider British community. British business involvement here is huge, and we are very proud to be playing a role in its continued

presence. From a political standpoint, we have developed very warm relations with the KRG; we aim to provide assistance to the Region as it develops its democratic identity. A number of public sector companies have helped with the Region’s internal administrative capacity building programs, and our office is providing everything it can to assist the government’s development agenda. The KRG has prioritized tourism, light industry, and agriculture, and we are keen to develop and support these three sectors. To that end, there are over 100 British companies active here in the Region and we are eager to have further commercial involvement. So, our main advice to British companies is that they should see their involvement here as a long-term relationship. If they commit to working here, they will be successful. I feel that, during my time here, more and more British companies have become willing to take the chance.

IIG: What are Britain’s priorities in the Kurdistan Region? Which areas have you prioritized in terms of bilateral relations?
HE: Our overarching objective in the Kurdistan Region is for the UK to become a partner of choice for the KRG. So, we support activities across the whole spectrum of bilateral relations. As I indicated earlier, our commercial connections represent key components of this support. We are very keen to develop and expand these relations in whatever ways possible. The warm political relations we currently enjoy with the KRG and Iraq as a whole also positively impact the work being done here. Lastly, cultural connections have become increasingly important. As a result of the large number of Kurdish students attend-

“Our overarching objective in the Kurdistan Region is for the UK to become a partner of choice for the KRG. So, we support activities across the whole spectrum of bilateral relations.”

ing British universities, we have established thriving educational relations. In fact, an increased number of British universities have formed partnerships with their counterparts here in the Kurdistan Region. The British Council has played a significant role in expanding educational opportunities by providing English language examination (IELTS) training for local students. Then, of course, there is the British Film Festival, which has become very popular. This annual event is only possible due to the support of a wide range of sponsors, including the British Council, who are working to develop the event for next year. They have appointed a new director specifically for the Kurdistan Region, which will mark the first time the organization will have a Senior Manager based in the Region. Political and economic relations are central to our work here, but we feel it is

extremely important to have a broad-based relationship wherever possible. Therefore, we expect cultural relations to continue to be incredibly important in our overall efforts.

IIG: What makes the Kurdistan Region so attractive to the British business community?
HE: It is quite obvious that the economy in the Kurdistan Region is growing very rapidly. I believe the growth rates in recent years vary between 9-11 percent. So, there are huge opportunities here. The oil and gas sector is at the center of this economic expansion and dramatic growth. So, the readily available economic opportunities are one aspect of the attractiveness. Secondly, there is a growing awareness that the security situation in the Kurdistan Region is much better than in the other parts of Iraq. Given its oil and gas reserves, Iraq has enormous potential. If a company wishes to gain a foothold in the Iraqi market, the Kurdistan Region is an obvious gateway. I believe this “gateway role” is becoming increasingly important since companies have begun to recognize this potential. In time, the Kurdistan Region could become an engine for driving economic development for all Iraq. For example, British companies such as Land Rover have identified the Kurdistan Region as a good base for regional operations.

IIG: What role do you think the prominent Kurdish population in Britain has played in facilitating some of these connections?
HE: I believe the Kurdish community in Britain plays a crucial role in improving UK-Kurdistan Region business ties. Moreover, the Kurdish diaspora living in the UK gives us further insight and deeper knowledge of the market. In fact, quite a significant portion of the business activities I mentioned earlier have been driven by people who are dual nationals or have strong links to Britain. So, I think it’s fair to say that the diaspora dimension has also been a very important factor in promoting commercial engagement. The KRG office

in London has also played a major role in fostering these relationships. Another positive factor is our current travel advisory for the Kurdistan Region. Around three years ago, we essentially lifted the warnings against traveling here except for certain limited border areas. We make a clear distinction between British visitors traveling to the Region and the policy we have regarding travel elsewhere in the country.

IIG: How important do you think it is for British companies to establish commercial relationships with local or regional companies?
HE: I believe that British companies are increasingly pursuing such opportunities; collaborating with regional companies to enter the Kurdistan Region market via a joint venture is a logical way for our companies to facilitate the development of the Region. For example, in the last 2 years, there have been a number of meetings that brought together British and Turkish companies in Istanbul. We may pursue similar opportunities with UAE companies, and we plan to have significant representation at the Erbil International Fair in September. We also hope to bring a large trade mission to Kurdistan Region later in the year. We feel that the experience and regional familiarity of British companies makes them attractive partners for international companies examining the Kurdistan Region market. We feel that all of these factors give us even more leverage to be able to identify the commercial opportunities available.

IIG: Is there any misconception among the British business community regarding the security situation in the Kurdistan Region?
HE: Unfortunately, there is. The popular image of Iraq is not very positive and the security situation outside of the Kurdistan Region also affects perception about this Region. However, as already mentioned, our travel advice regarding the Kurdistan Region is very clear; we consistently encourage people to come to the Region, regardless of whether they’re coming for business or tourism. In our experience, every company that comes here to see the situation inevitably comes back once they see firsthand the stability and strength of the Kurdistan Region. ☺

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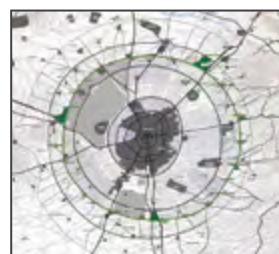
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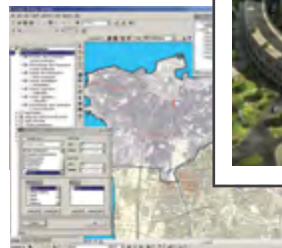
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Jeroen Kelderhuis
*Head of the Dutch Embassy
Liaison Office*

Jeroen Kelderhuis discusses the establishment of the Dutch Embassy Liaison Office in Erbil, the history of relations between the Kurdistan Region and the Netherlands, and the potential economic sectors that could most benefit from Dutch experience.

IIG: There's a fairly large population of Kurds in the Netherlands. How would you define their role in your relations with the Kurdistan Region?

JK: We have between 30,000 and 40,000 people from the Region currently living in the Netherlands. They came as refugees during the 1970s, 80s, and 90s. They adapted quite well. Then, of course, you also see people returning to the Region after living for many years in the Netherlands. They have identified opportunities here. This makes the relationship that much more special, and significantly furthers our relations in terms of culture, economics, and politics. There are Kurds from the Netherlands active in politics here, and there are Kurds also active in Dutch politics locally, provincially, or even nationally.

IIG: The Dutch Liaison Office in Erbil is still relatively new in comparison to some other diplomatic representations

About

Jeroen Kelderhuis has served in the Dutch Foreign Ministry since 2000, and has worked in locations including Serbia and Montenegro, Iran, Burundi, and was seconded to the African Development Bank in Tunis and the Dutch Ministry of Economic Affairs. Prior to working for the Foreign Ministry, Mr. Kelderhuis worked at the Dutch Parliament.

here. Can you give us some background regarding the establishment of the office?

JK: I am a new-style diplomat in the Netherlands; they call me a laptop diplomat. The idea is to send a diplomat for a few years to see what's going on and identify if there's enough interest for us to be there. Basically, different places where we think we are not yet ready to set up a whole structure, but are instead making a step-by-step analysis of what's going on. Here,

the embassy in Baghdad received a lot of questions and many activities regarding Iraq were focused on this Region. Part of that interest was due to the Kurdish community in the Netherlands, but also just because of general business interests. It is much easier to be here on location than to do it from Baghdad, as we used to do. So, although we are having major budget cuts in our ministry, they made an exception for the Kurdistan Region and created a new position here that is part of the Embassy in Baghdad.

IIG: Are there specific sectors that you think Dutch companies could most benefit by being involved in the Kurdistan Region?

JK: I believe there are opportunities in all sectors. There is a need for everything here, and there's a market for everything as well. There is, of course, a lot of competition. In all honesty, I don't think Dutch companies can be as competitive across all sectors because of their prices. Moreover, some people have stated that we are too late in

“We have seen Kurdish consumers become increasingly aware of quality and of what they are actually paying for. As a result, they have become increasingly demanding and are more willing to pay a little bit more for better quality.”

our involvement. However, I don't believe that this is the case. I would argue that we have seen Kurdish consumers become increasingly aware of quality and of what they are actually paying for. As a result,

they have become increasingly demanding and are more willing to pay a little bit more for better quality. I think that the Netherlands has that type of quality across all sectors. However, in terms of specific sectors in which we think there are good potential matches, there is, of course, the energy sector. I don't necessarily mean oil exploration, but rather the services surrounding it [the technical equipment, the services, and consulting opportunities].

Secondly, there are numerous opportunities in the agricultural sector. The Netherlands is the second largest exporter of agricultural products worldwide, and we are number one in horticulture. So, we have a lot to offer in these areas, and we are already active, to some extent.

Water is another critical sector, which is of course related to agriculture. However, as it relates to the establishment of a modern sewage system and sustainable treatment facilities, water is also critical.

Lastly, we feel that the developing infrastructure of the Kurdistan Region, specifically road creation and sustainable construction, could significantly benefit from Dutch expertise. It might cost a bit more than the buildings or structures that are currently in place here, but I think that the people here are starting to see why it is worthwhile to invest in sustainable materials. It increases the likelihood that the buildings will last longer and allow people to be more satisfied living or working there.

IIG: What's the best way for Dutch companies to demonstrate that superior quality? As you noted, some think you are too late and that other construction companies have already established themselves. So, how can Dutch companies get a necessary foothold?

JK: I think in Holland, there's very little knowledge about Iraq in general and the Kurdistan Region in particular. I think people don't know this market, and instead have an image of insecurity. So, firstly, we have to convince people which it's safe here, which there are many opportunities, and that it's

a great place for investment. Secondly, you have to allow people from different background to meet each other. So, we have trade missions and people participating in fairs. I have tried to convince people in the Netherlands by being present in the media. We are now making a movie about economic opportunities in the Kurdistan Region. This will be distributed to Dutch companies contemplating getting involved here. So, the sharing of information is key. Thirdly, it is not just helpful to bring people here, but to bring people from the Kurdistan Region to the Netherlands. We want people from the government to come to the Netherlands and give presentations there regarding the opportunities that exist here. We have invited the Minister of Agriculture and Water Resources to come to the Netherlands to give a presentation to the Dutch business community and other interested parties, so that he can share his Ministry's plans and see whether those groups can participate. We have some companies that are already active here, particular in the construction sector. These are companies that will be able to build major projects and then demonstrate what we have on offer to the Kurdish community. I believe this will then attract further attention from Dutch companies, and entice them to come here to investigate opportunities. It certainly helps to have concrete projects that will solidify the brand.

IIG: How have you seen the Kurdistan Region grow and evolve since you first arrived a year ago?

JK: The amount of economic progress in the last few years is impressive. If they turn their oil and gas resources into dollars, then they will be a very prosperous Region. There are numerous opportunities here. Every day, you have new hotels, new buildings, and new projects. Sometimes people forget that this is a post-conflict country. I've worked in other post-conflict countries and I can say that the Kurdistan Region is quite impressive. This is partly because of the oil revenues, but also because there is good governance. This is partly because of the oil revenues, but also because there are people in place both in the public and private sector that have vision and know the direction that the Region needs to head. ☞

Staffing Kurdistan

MSELECT is a locally established recruitment and staffing agency, operating with international standards. We work with many of the multinational corporations operating in our region. As the leading staffing specialists in Kurdistan, our teams are continuously on-the-ground and working for assignments throughout the area.

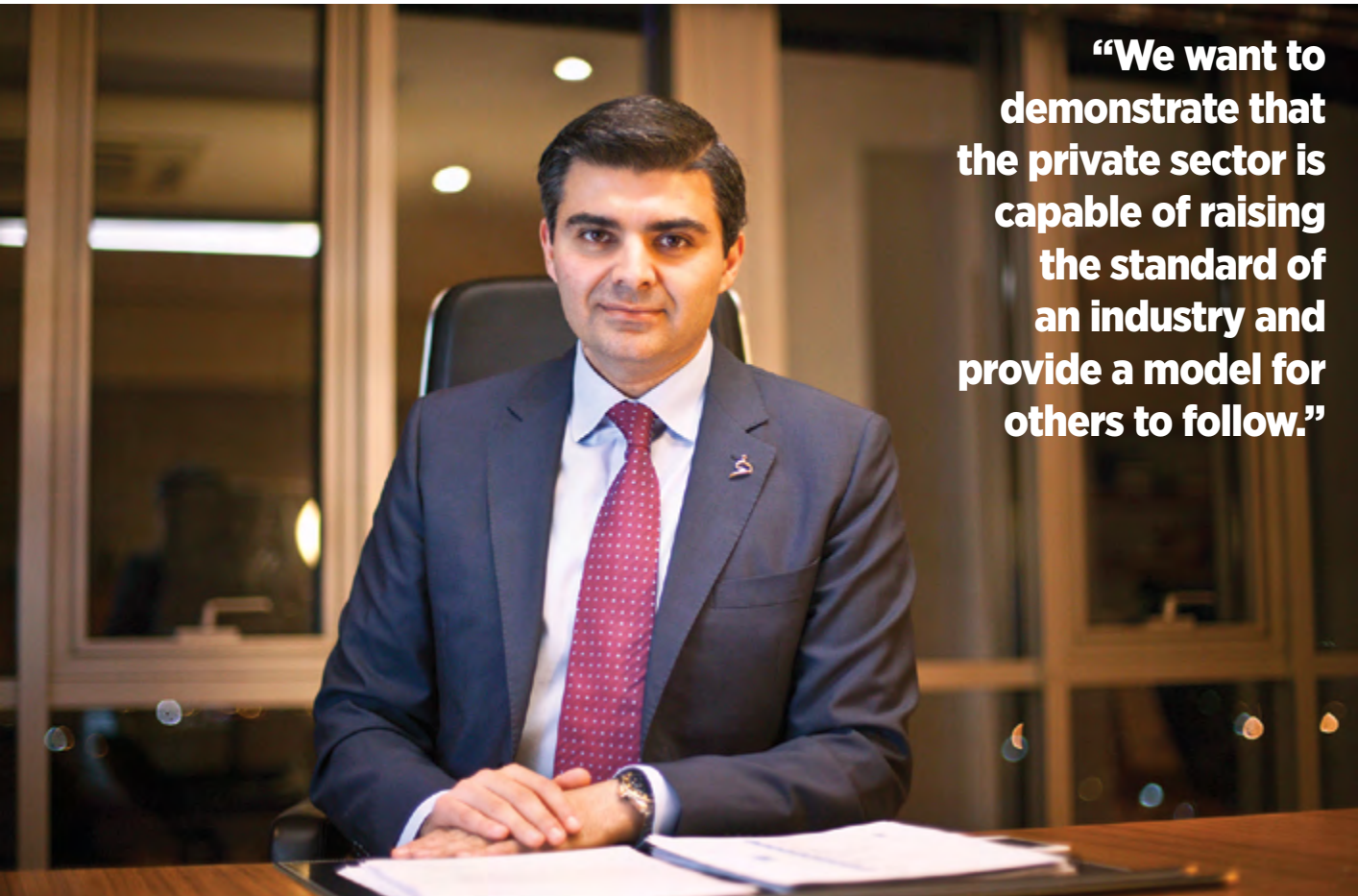
We earned our reputation by offering a reliable, high-quality and customer-focused service and by working with consistency, integrity and attention to detail. As local Labour Law experts, we simplify the process of employment for both candidates and employers. To that end, we have a state-of-the-art website, and also offer full staffing solutions including Recruitment, Contractor Management, Training & Development, and HR Advisory.

Having the right people on board in a new market is essential to a company's success. Let **MSELECT**, the local experts build your talent force.

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“We want to demonstrate that the private sector is capable of raising the standard of an industry and provide a model for others to follow.”

Hawre Daro Noori
CEO, Faruk Group Holding

Hawre Daro Noori discusses the rapid growth of Faruk Group Holding, the development of the private and public sectors in the Kurdistan Region, and the economic areas in the Region that have been prioritized for future involvement.

IIG: Faruk Group Holding (FGH) has expanded quite dramatically in the last few years. How does the company identify potential business opportunities?

HDN: The way we do business at FGH is basically to analyze and understand the market completely before we pursue opportunities. We know that there are deficiencies, and therefore opportunities, in every sector. So, the question becomes which do we target first? The telecom sector is of critical importance for the country. In the past, there was limited infrastructure that was needed for the sector to develop. This was even the case for landlines. Another element, which may seem fairly basic but was actually quite important, was cement. The whole country was ready to build. However, you can't start building without the necessary materials. Of course, there are other raw materials that are also in need of importance, but the two

About

Hawre Daro Noori has served as CEO of FGH since March 2009. Prior to that time, he worked as CEO of Xendan, the most visited news website in Iraq. Mr. Noori graduated with a degree in Finance and Entrepreneurial Studies from Hawaii Pacific University and earned his MBA in Management from the American University in Iraq – Slemani in 2009.

elements I mentioned represent the typical type of project that we choose to pursue.

IIG: Are there specific industries here in the Kurdistan Region that you feel require further development or investment?

HDN: From an industrial standpoint, few currently exist on a large scale. In comparison to the rest of the countries in the region, Iraq used to be very industrialized.

However, the many years of war, sanctions, and tyranny took their toll and, gradually, everything disappeared. Now, I think there are opportunities for these industries to reemerge. The petrochemical industry is obviously quite important, but I think there are opportunities for investment across the entire oil and gas sector. I believe that this is where most of the investment [particularly foreign investment] will go. Another area that I think will become increasingly significant is the mining sector. Iraq is very rich in natural resources. So, I think there is significant potential in the mining sector, if the right companies were to become involved.

IIG: Can you tell us about the goal that the company has established, and how you're going about establishing it?

HDN: I think every company feels comfortable working in an environment that it's been working in for a very long time. We've been able to prosper in and help build up the economy of Slemani, and the city has been very good to us as well. In terms of our overall operations, Slemani has become a stepping-stone for the rest of Iraq. That is, as a result of the stability and opportunities present here, we have been able to establish a presence and then expand that presence throughout the rest of Iraq.

Moreover, it's much easier to hire an international employee to work in Slemani than it is to work in other parts of Iraq. So, despite having our headquarters here, we have been able to reach every corner of Iraq. The market is large in the middle and southern portions of Iraq. Hence, across a wide variety of economic sectors, these are the areas that we target, be it telecom, cement, or any other industry, we use Slemani as a hub to reach other, more widespread markets.

We are from Slemani and, if you look at our operations as a whole, I think it's clear that we love the city very much. We want to further facilitate its development. I think you can see this desire manifested in a variety of ways, perhaps most notably in the fact that, aside from the government, we are the largest employer in the governorate at the moment.

We see numerous opportunities here, as

we believe that we can be successful across any number of sectors. We believe that the success we had with our cement plants can

We created what is now the largest private hospital in Iraq: the Faruk Medical City. It is a 180-bed, state-of-the-art hospital with connections to world-class consultants and hospitals around the world.

be replicated across any area in which we apply ourselves. With that in mind, it is our full expectation that, in the next 5 years, FGH will be much more invested in the large-scale industrial sectors of the Kurdistan Region's economy.

IIG: What other areas of the economy has FGH attempted to provide definitive solutions?

HDN: We have seen this deficiency in the health sector as well. We have many Iraqis traveling abroad to Turkey, Jordan, the UAE, Iran, and India because the healthcare industry here is so limited. So, FGH decided to invest in a very large, ultra-modern hospital. We felt it was our obligation to give back to the community and allow the people of this country to get the right services within their own borders. So we created what is now the largest private hospital in Iraq: the Faruk Medical City. It is a 180-bed, state-of-the-art hospital with connections to world-class consultants and hospitals around the world. We are now able to provide them with something that has never before been available in this country.

Of course, our goal is not to privatize the entire healthcare system, as we do not feel this would be a positive development for the country. Likewise, we don't want the Kurdistan Region to feature only private hospitals. However, we want to demonstrate that the private sector is capable of raising the standard of an industry and provide a model for others to follow.

IIG: What can be done to better utilize the small-scaled economic areas?

HDN: Everything depends on governmental support, regulation, and stable decision-making. Prime Minister Barzani is a visionary leader who understands how the country needs to progress, and he has surrounded himself with capable, forward-thinking individuals. However, we have a huge government sector, which I believe is not as productive or efficient as it should be. In contrast, we have a very small private sector, which is very productive.

The government provides its employees with salaries, benefits, and very short working hours, we still cannot attract lots of people from the public sector. However, I believe that this situation is gradually changing. The top people in the government understand that things need to change in order to attract further investment, be it local or foreign direct investment. So, I am very optimistic regarding the direction in which we're headed. ☺

“As a result of the stability and opportunities present in Slemani, we have been able to establish a presence and then expand that presence throughout the rest of Iraq.”

Faruk Group Holding —



FGH is comprised of 27 operating companies in 12 sectors: Telecom and IT, the Cement Industry, the Light Industry, Insurance, Medical Services, Construction, Hospitality, Trade & Commercial Agencies, Energy, Agriculture, Real Estate, and Project Management. FGH is incorporated as a holding company, with the controlling shares and branch companies owned by the Chairman of the Board, Mr. Faruk Mustafa Rasool. FGH has always been at the forefront of Iraq's development and has constantly aligned business opportunities with the objective of helping the companies of greater Iraq. This approach remains engraved in the company's culture to this day, and it is Iraq's largest and most respected private company, employing over 12,000 people.

Asia Insurance

Asia Insurance Company is the Insurance Arm of FGH. Asia insurance Company is working to restore and modernize the Iraqi Insurance market with the hopes of it becoming one of the largest in the region. As a market leader, Asia Insurance is committed to adding value to all of its clients' activities. The company places particular emphasis on building long term relationships with clients and associates based on exclusivity, mutual trust, transparency, and quality of service.



Cement

The Bazian Cement and Tasluja plants [approximately 30 kilometers apart] enable the group to respond to the strong demand for building materials in the Iraqi market, a country undergoing massive reconstruction. The demand for cement grows 15% per year. FGH seeks to provide for this increasing need by supplying quality materials for the construction of housing and infrastructure. One out of every four tons of cement in Iraq today comes from either Bazian or Tasluja plants.



Azady Industries

Azady Industries' primary business areas are Galvanization and Steel Structure. Azady is quality driven and client oriented company located in Slemani. The company is managed by highly experienced and dedicated professionals who are fully committed to achieving ultimate customer satisfaction. All of Azady's plants are ISO 9001-2008 certified, and emphasize continual improvement. Azady possesses the largest galvanization pool (13x1.5x2.5m) in the Region, with all necessary pre- and post- treating baths. A quality assurance lab is also integrated into the same area.

Faruk Medical City

Faruk Medical City is located in Slemani and will provide a wide range of diagnostic and therapeutic procedures ranging in size and complexity. Faruk Medical City (FMC) is committed to improving the healthcare options of the Kurdistan Region, and is outfitted with the latest technology. The facility is staffed by the highest caliber of experienced medical personnel. FMC has taken considerable steps to gain accreditation at both the national and international level, and aims to cover every possible need of the Iraqi community. Faruk Mustafa Rasool hopes that FMC will help end the need of the people of the Kurdistan Region to travel abroad for healthcare and basic procedures.



Zarya

Zarya Construction Company is a full-service general construction firm, and is one of the industry's most reputable companies. It specializes in construction, management, design, and building services, as well as transportation, general trading (import and export), communication infrastructure services, and project modification. Zarya also provides all cement services such as quarrying, blasting, engineering, solutions (including design and installation), re-factory maintenance services, and supply of all cement materials and heavy equipment.



Asiacell

Asiacell is a leading provider of quality mobile telecommunications services in Iraq, with over 10 million subscribers. Asiacell was the first mobile telecommunications provider in Iraq to achieve nationwide coverage, offering its services across all of Iraq's 18 governorates including the national capital Baghdad and all other major Iraqi cities. Asiacell's network covers 97% of the Iraqi population, making the company's national coverage the most extensive of any Iraqi mobile telecommunications operator. Asiacell's network is heralded as one of the most ground breaking accomplishments in the history of Iraq.



Grand Millennium Sulaimani

Situated in the heart of Slemani, the Grand Millennium enjoys a breathtaking view of the city. The 39-story, five-star hotel consists of 191 guest rooms, 55 luxury suites, 7 executive suites, a presidential suite, and an executive lounge. Additionally, the hotel features three restaurants to accommodate all dining needs, including Lebanese, an all-day international dining lounge, and a luxurious revolving restaurant at the top of the tower. Located next to the tower is a 350-seat auditorium, a ballroom with seating for up to 1,200 people, eight additional meeting rooms of varied sizes, and a parking space for 400 hotel guests and visitors. The Grand Millennium also includes a state-of-the-art health club, complete with on-hand personal trainers and luxury spa services. Recreation facilities include indoor and outdoor Olympic-sized swimming pool, tennis courts, squash courts, and a 1,200m jogging trail.



Rasan Pharmaceutical

Rasan Pharmaceutical is the first company of its kind in Iraq. The manufacturing of IV solutions is critical to the well being of the Iraqi people. With that in mind, Rasan was designed to meet top-quality international standards, an approach that is fundamental in guaranteeing the highest-quality production, manufacturing, and technology. The primary product line of the plant is standard, large-volume IV solution, which contains purified water (to facilitate injections) and then concentrations of different solutions, including dextrose, sodium chloride, ringer lactate, ringer solution, and sodium chloride/dextrose.



Goran Net

Goran Net ISP Internet and Broadcast Services was the first company to launch a DSL service in the Slemani region, and is one of the major Internet service providers. Since its inception in 2004, Goran Net has striven to be a leader in its field, which can be seen in the fact that the company has the majority market share for fixed-line Internet users. Goran Net seeks to provide its users with the highest Internet speed available in the country, and the company believes in utilizing and developing local staff and knowledge in order to ensure that the country has first-class individuals capable of undertaking the most complex of communication projects.



Niva

Established in 2007, NIVA is the exclusive dealer/distributor for Ford and Lincoln vehicles in Iraq. NIVA has currently three main distribution centers, which are located in Baghdad, Erbil, and Slemani. All centers are fully equipped with state-of-the-art facilities providing maintenance according to international standards. More centers are planned to be opened in the short and medium terms to cover further Iraqi governorates. Vehicles sold by NIVA carry a three-year or 60,000 km warranty and free service with original spare parts, as applicable.





Farman Gharib Sa'eed
*General Director, Slemani Branch,
Board of Investment (BOI),
Kurdistan Board of Investment*

Farman Gharib Sa'eed explains the evolution of the Board of Investment in Slemani, the priority areas and opportunities for investment, and the overall plans for expanding the burgeoning tourism industry.

IIG: Can you give us a bit of background regarding the Slemani Branch of the BOI and how it has evolved over time?

FGS: Prior to October 2011, everything in terms of investment licensing was managed via Erbil. Based on a proposal by Minister Herish Muharam [the Chairman of the BOI], after that date, licensing authorization was delegated to the General Directorate's across the three governorates. Upon approval of that proposal by Dr. Barham Salih, who was then the Prime Minister, we received the full authorization to issue licenses for the Slemani governorate. As a result of this decentralization and increased authority given to the local administrations, there has been better competition and better investment management. The individual cities or governorates are more aware of their needs. So, rather than having things decided for them via a centralized perspective, they are now free to pursue specific objectives. Since this decision was made, we have authorized more than 60 different

investment licenses with a total investment capital of over \$2 billion.

IIG: Do the changes you mentioned impact overall BOI investment policy? For example, at the BOI central office, the priority sectors are agriculture, industry, and tourism. Are those also the priority sectors here?

FGS: The government plan for investment is the same as our plan for investment. Thus, for the past six months, there are the areas have been prioritized. We have begun to see the effects of this strategy in terms of the infrastructure that has been developed and the projects that have been pursued.

IIG: The areas that have had the most investment in Slemani are the housing and trading sectors. Why do you think those three sectors have been so active in comparison to others?

FGS: Regarding the housing sector, I should note that the licensing process

“Slemani is an open gate for people to come invest in the tourism sector. We believe that it will become the main hub for tourism in the Kurdistan Region, and there are signs of this development already.”

for new projects has been stopped for almost a year and a half. So, that data has changed significantly. I believe people pursued opportunities in the housing sector for three reasons: there was a demand for houses, there was minimal risk, and there was a very fast return on investment. Prior to the suspension of those licenses, people could buy and sell very easily, and there were no restrictions on transactions in the housing market. Those mistakes will not happen again. So, we are working to ensure that reforms are in place to correct these past issues.

In regards to the trading sector, the reasons for investment are the same as those of the housing sector. Again, there's a fast return on investment and minimal risk. As a result, we will most likely review this sector as well, and add additional restrictions if necessary. We tried not to have a large amount of restriction on trading projects on a sub-district level, specifically in regards to the smaller towns. In these areas, we want to facilitate construction as much as possible so that the people there can have an easy way to exchange goods and services.

IIG: So, are the majority of licenses currently being awarded by your office going to those three priority sectors?

FGS: Generally speaking, industry and tourism are currently the most active sectors in Slemani, because they are the areas

that need the most investment. However, in the city, where there is more modernization, our primary goal has been the promotion of the industrial sector. We feel it is impossible to make significant progress without the development of this key sector.

IIG: From the statistics that we've seen, only about 28% of all licensed projects were for Slemani. However, it seems that Slemani and Duhok are getting more focus now, whereas Erbil was perhaps emphasized early on. Do you expect the number of licensed projects in Slemani to increase over the next few years?

FGS: Investment licensing will increase, particularly in the tourism sector. In Slemani, because of the nature of the people, the climate, and the overall environment, things are more suited for tourism. We believe that Slemani will see a huge surge in this sector, and there are signs of this development already.

If you look at the hospitality industry, we have seven large brand names actively involved in the city, the majority of whom are constructing multiple hotels. Millenium is working on three hotels, Sheraton is working on two hotels, Hilton is working on two hotels, and Highcrest is working on two hotels. Ramada, Rotana, and Titanic are all building hotels. Radisson Blu has requested permission to begin working on one as well.

All of this development demonstrates that Slemani is an open gate for people to come invest in the tourism sector. If you look at opportunities for shopping, we know the Slemani Majidi Mall and the Slemani Family Mall will be larger than their Erbil counterparts. This is primarily because, in terms of purchasing power, people in Slemani are willing to spend more money on entertainment. Chavi Amusement Park, which is one of the largest such parks in the region, is an excellent example of this idea. There's another 2,760,000 square meters park currently under construction, which will be one of the largest in the country. Faruk Group Holding and Dubai-based Emaar Properties are cooperating to build a 2,760,000 square meters park project near the Dukkan area. All of these facts make it clear that Slemani will become the main hub for tourism in the Region. ☞

Licensed Projects
567 Total
158 in Slemani

Agriculture: **2**
Communication: **3**
Education: **4**
Health: **2**
Housing: **45**
Industry: **35**
Service: **2**
Sports: **10**
Tourism: **12**
Trading: **43**

Investment by Sector

Agriculture: **\$10.6 Million**
Communication: **\$92.9 Million**
Education: **\$459.1 Million**
Health: **\$102.5 Million**
Housing: **\$2.248 Billion**
Industry: **\$3.273 Billion**
Service: **\$36.5 Million**
Sports: **\$18.3 Million**
Tourism: **\$733.1 Million**
Trading: **\$437.3 Million**

\$7.4 Billion
Grand Total



Jamal Asfour
CEO, Asia Insurance

Jamal Asfour explains the importance of international partnerships for the growth of Asia Insurance, the role the KRG should play in promoting the development of the insurance industry, and his outlook for the future of the sector.

IIG: Asia Insurance has managed to forge strong partnerships with the giant insurance companies in a very brief time. Can you tell us about some of the work the company has done in that regard?
JA: Faruk Group Holding [FGH], our majority shareholder, has a vision of developing the infrastructure of Iraq to provide the country with all the services that it requires. So, FGH has pursued opportunities to invest in a variety of areas, including cement, telecom, construction, hospitality, healthcare, and insurance. Whenever FGH pursues new opportunities, it always seeks to do so according to international standards. This was also the case with Asia Insurance, as we were able to manage to partner with multiple majors of the insurance industry. We signed an agreement with Munich Health, which is wholly owned by Munich RE, the world’s largest reinsurer. They provide us

About
Jamal Asfour holds an Accounting and Finance honors degree from the UK. Mr. Asfour worked for a Jordanian insurance company for 6 years, where he was the project manager for the business plan of Asia Insurance. He participated in multiple technical insurance training programs in Germany, UK, Jordan, UAE, and Bahrain.

Munich RE awarded him with a prestigious scholarship, and selected him as one of the most promising candidates in the MENA region. The MENA Insurance Review chose him as one of the most powerful 50 people in the insurance industry in the MENA region.

with reinsurance, as well as technical and administrative health insurance support. Together, we established MedNet Iraq, the first administrative company for health insurance in the country. We also have a partnership with Swiss RE, the second largest reinsurance company in the world. They support us in all our non-health insurance lines, including property, engineering, and casualty. We were also chosen by Zurich Insurance Group, the 4th largest insurance company in the world, to be their preferred partner in Iraq; Asia Insurance is also on the verge of signing an agreement with AIG [American Insurance Group]. . I think it is important to note that we have done all this in a very short period of time, as we were only established last July. These partnerships have given us a huge edge above other local players, and have elevated our reputation significantly.

IIG: What can be done further develop the insurance sector in the Kurdistan Region and create a better insurance culture among the public?
JA: For the past 25 years, the Kurdistan Region of Iraq has not had insurance. So, we have to counter that fact with utmost patience and a variety of initiatives. Prior to beginning our operations, we organized a marketing campaign called “Know Insurance”, in which we demonstrated the

benefits of having different types of insurance. We believe that personal selling (face-to-face) is the best approach to spreading our message regarding the fundamental importance of insurance. However, succeeding in this field requires diligence and significant staff training. So, we worked on building a core team. We managed to hire talented individuals with significant experience in regional markets. Generally, these staff members had intensive training from the aforementioned Munich RE and Swiss RE, as well as from Allianz. We also procured state of the art Insurance IT software to ensure that we had the proper set-up in place. It is part of our overriding vision to facilitate the development of local talents by transferring considerable knowledge and know-how for redefining insurance here in the Region. To that end, we have conducted or participated in a significant number of programs, including in-house training, job rotation shifts, and overseas training in major companies in Europe and the MENA region. Continuously conducting such programs will support our goal of establishing a culture in which the local community understands why insurance is crucial. Our work is still in its infancy, so there is much to be done. Our message is clear: you cannot sustain a strong economy without a stable insurance industry. If Iraq wants to compete with the other countries in this region, it needs to develop a strong insurance industry.

IIG: What are the major challenges the insurance sector is facing and what role should the KRG play in supporting the growth of the industry?
JA: The major challenges we are facing while operating in the Kurdistan Region and in Iraq as a whole relate to regulation. If you look at the other companies operating in the MENA region, you can observe how the insurance industry there has developed over the last 20 years, how the public recognized the benefits of insurance, and how enforcement of regulations and compulsory insurance were key in boosting insurance awareness. In the Region, however, standard compulsory insurance (such as Motor Third Party Liability and Workman’s Compensation) are not yet enforced. We also do not have a suitable Insurance Law in place. So, we at Asia Insurance are

consulting with the government to overcome the current market state. We believe that it is critical to do so in order to ensure the success of both the industry and the foreign companies investing in the Kurdistan Region. Such companies tend to buy insurance from outside of the country, which has an obvious adverse effect on the local sector. This is a very critical issue. According to the Investment Law, any foreign company that applies for an investment license is permitted to insure abroad. So, if the local insurance industry is to develop, we need the support of the government. We need laws to be amended so that foreign investors will be compelled to utilize local insurance companies. Another example of leakage of premium is Marine Insurance (Land, Sea, or Air Shipments). A majority of the imports to Iraq are on CIF/ CIP (Cost Insurance Freight/Paid) which most countries in the MENA region made initiatives to limit it. This is because they want to protect the insurance industry from the leakage of premium to other countries’ companies. If you look at the figures of the insurance industry in our surrounding region, you can see the value of the sector. In Saudi Arabia, the insurance industry is worth around \$5.5 billion. In Jordan, it is around \$700 million. Iraq is one of the fastest growing economies in the world; we believe that the event that will spark the growth of the insurance sector is imminent as Insurance is normally a direct follower to economic growth. If the government were to support local insurance companies, automatic insurance premium will be created that will allow our insurance sector to compete with major markets in the MENA region. This is our vision and our overarching goal at Asia Insurance. We feel that if the KRG and the central government support the development of the insurance industry, a new era will be created. We could then establish new standards for other countries to follow. ➤

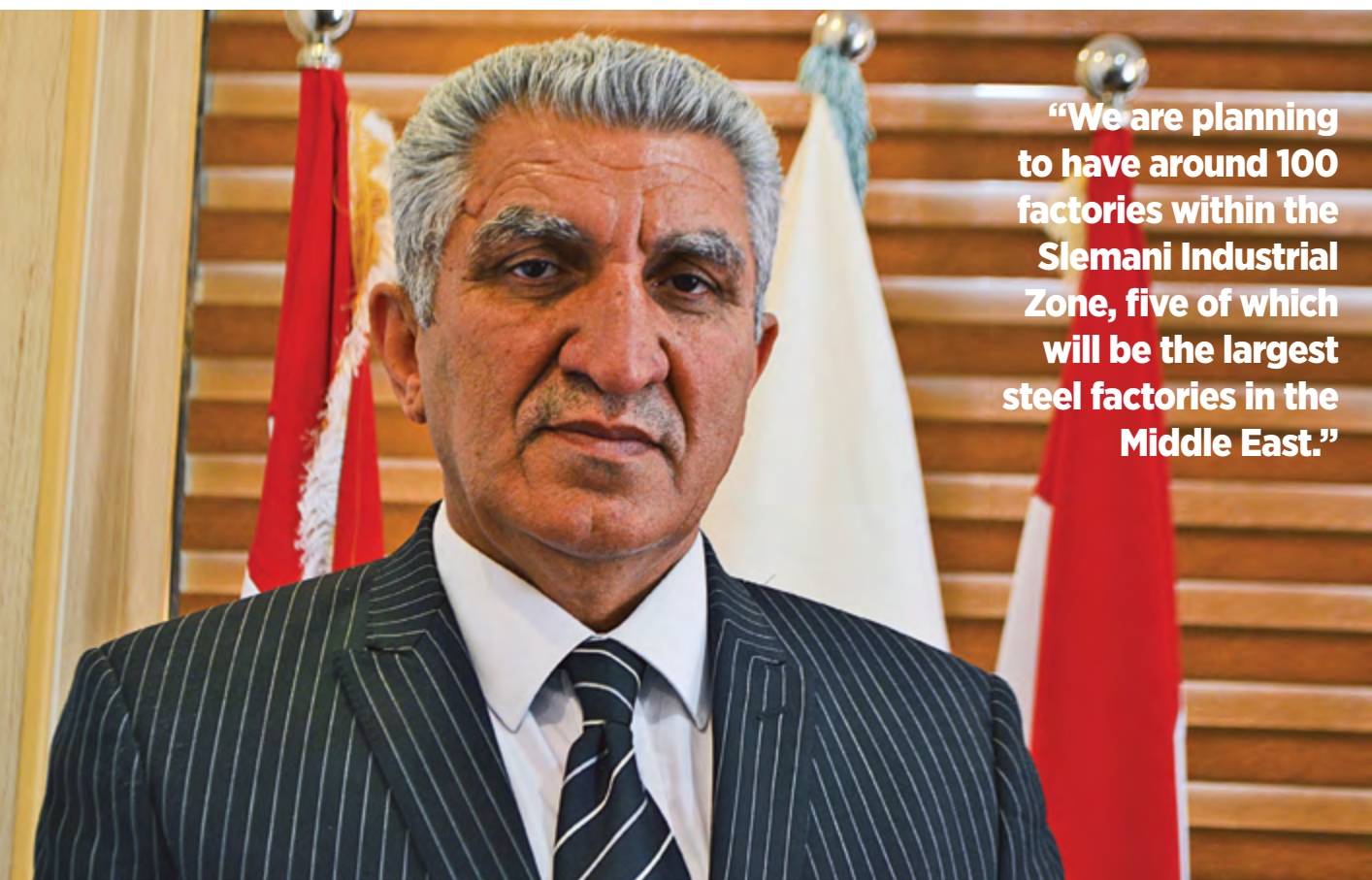
“If you look at the figures of the insurance industry in our surrounding region, you can see the value of the sector. In Saudi Arabia, the insurance industry is worth around \$5.5 billion. In Jordan, it is around \$700 million. Iraq is one of the highest growing economies in the world; we believe that the event that will spark the growth of the insurance sector is imminent as Insurance is normally a direct follower to economic growth. If the government were to support local insurance companies, automatic insurance premium will be created that will allow our insurance sector to compete with major markets in the MENA region. ”

Asia Insurance	
Founded	2012
Chairman	Omar H. Ahmad
CEO	Jamal Asfour
Branches	Slemani, Erbil

Lines of Business
Property, General Accidents, Engineering, Energy, Aviation, Marine & Inland transit, Motor, Health Insurance, Travel

Services
Insurance Consultations
Identifying Clients Needs
Risk Management
Claims Management
HealthCare Claims Management
Motor Claims Center

Major Business Partners
Swiss Re, Munich RE, Hannover Re, Zurich, AIG



“We are planning to have around 100 factories within the Slemani Industrial Zone, five of which will be the largest steel factories in the Middle East.”

Serwan M. Mahmood
Chairman, Slemani Chamber of Commerce and Industry (SCCI)

Serwan M. Mahmood provides insight into the regular operations of the SCCI, the economic sectors that have been identified as crucial for the overall development of the governorate, and the planned petrochemical facility to be constructed in the near future.

IIG: The SCCI was established in 1967, and has undergone many changes in its history. Can you give us some information regarding its current operations?
SM: We currently have approximately 48,000 members covering all economic sectors. We are a part of the Federal Union of the Chambers of Commerce, which also includes the Erbil and Duhok branches. That organization meets once a month to discuss specific industries or economic activities in the Region, as well as to make recommendations for how best to improve them. The primary responsibility of the SCCI is to organize and cooperate with the industrial and commercial entities in the city, and refer them to the relevant governmental bodies. Basically, we are doing everything we can to advise the government and ensure that the economy moves in the right direction. So, we have provided consultation regarding amending old or outdated laws to ensure that the legal

framework stays in place, but that it also reflects the modern state of our economy. We also push, whenever possible, for local production or training rather than simply relying on foreign imports. So, we encourage foreign companies to become active participants and invest in the Region. The Board of Investment and the Investment Law have been quite successful in encouraging this, but we have been very active as well.

IIG: Would you say that, thus far, you all have been successful in these endeavors?
SM: We have been highly successful across a wide variety of areas, although I am particularly proud of the work we have done to establish the industrial sector in Slemani. We have facilitated the construction of multiple factories that can now provide for the needs of both the Kurdistan Region and Iraq in general. For example, the Slemani Cement Factory, which is operated by Mass Group, produces 20,000 tons per day.

We are working to establish three more plants in the near future that will be capable of producing similar numbers. For that reason, the federal government elected not to import cement from abroad; we have become self-sufficient in this area. We have seven brick factories that were established fairly recently, but now supply 100% of the market need for the Region and 30% for

17 different areas that are in need of development, reform, or further investment.

the whole country. With further growth and investment, we aim to be able to satisfy 100% of the Iraqi market. We are working to promote similar development in the water sector, specifically relating to bottling. To ensure that our economy continues to grow in the right direction, the KRG has set aside certain areas to further enhance our industrial capacities. There will be four such industrial zones [one each in the three main governorates and then one in the Garmian Region as well]. The government has provided the land and will also help finance some of the facilities that will be located there. Many companies have applied for space within the Slemani Industrial Zone, and we are excited to see how the opportunities there progress. We are planning to have around 100 factories there, five of which will be the largest steel factories in the Middle East.

IIG: One project that seems to be of particular importance is the planned petrochemical facility that will be constructed in Slemani. How did that project come to be and what are your expectations for it?
SM: Since that project is considered strategically significant, it was placed under the responsibility of the Ministry of Natural Resources [MNR]. We pushed through a proposal for the facility and then, once it was accepted, the MNR took over. We have not decided how the project itself will be financed. Our proposal called for it to be 50% public sector and 50% private sector. So, essentially, a public-private joint venture. Of course, in an ideal scenario, it would be a 100% private sector undertaking from which the government would receive taxes. As of now, there are approximately 10 foreign companies interested in participating. We expect that tendering via special invitation will be utilized to determine who wins the contract.

IIG: What other opportunities have you identified as critical or in need of further improvement?
SM: We have identified 17 different areas that are in need of development, reform, or further investment. These areas range in terms of size and specificity. So, we need to turn our attention to further promoting domestic production inside the Region. To name just a few, there has also been a push from the SCCI to improve the environment.

“We have seven brick factories that were established fairly recently, but now supply 100% of the market need for the Region and 30% for the whole country. With further growth and investment, we aim to be able to satisfy 100% of the Iraqi market.”

We have two large dams in place, but our water, generally speaking, is either being wasted or is not clean. Because we are not fully utilizing our water resources, we are creating a serious environmental issue. We are pushing the government to identify immediate solutions for this issue. Then we are also looking to promote better urban planning and better recycling programs. All of these programs are aimed to improve the quality of life of our people while at the same time promote the economic evolution of the Kurdistan Region.

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Haller Dleir Miran
CEO and Founder, MSelect

MSelect is the premier recruitment and staffing provider for Iraq, including the Kurdistan Region. Haller Dleir Miran discusses the challenges of staffing a frontier market at its development stage, the impact of cultural and religious beliefs in the hiring process, and the work that is required to modernize and train the local workforce.

IIG: Do international companies demand a set standard of knowledge for potential employees to have or do they prefer to train new hires according to that company’s specific operating policies?
HDM: Above all, I believe international companies are looking for locals that show potential capability and the willingness to learn quickly. They want to see dedicated candidates that are not afraid to work hard. Obviously, some jobs do require a certain skillset. However, in general, most, if not all, employers are willing to train according to their own standards. That said, I believe we should also encourage companies to bring in expertise from outside the Kurdistan Region in order to transfer knowledge to local employees. This is especially important because it will ensure the success of a variety of projects. If we are going to consider the Region as a business hub, we need to have access to the very best people in business, regardless of where they are from.

IIG: Are there certain jobs or positions

that are especially difficult to fill or find qualified personnel for?
HDM: There are certainly positions, such as oil and gas technicians or engineers, which are hard to fill with local employees. We lack the necessary industry certifications, which are essential for satisfying the health and safety requirements of international companies. We recently polled our clients to determine the skills that are most in demand. The majority of the responses related to vocational certifications for employees such as, certified forklift drivers, welders, and crane operators etc. In terms of administrative roles, I was pleased to learn that we have been successful in terms of filling these vacancies. However, there are other factors that impact the hiring process, specifically relating to culture.

IIG: Would one of those cultural influences relate to women in the workplace? Specifically, have you all seen the role of women in the workforce change over time?
HDM: It is still taboo in our culture for

women to work in many roles . To give an example, we recently had a woman accept a Personal Assistant role. We later received a call from her brother telling us that “This is not appropriate for our family”. She was happy, but they weren’t. The women of the Kurdistan Region want to work; they want to liberate themselves and be independent. However, on certain occasions, the community or family may not necessarily allow for that. As a result, I think the hardest job that we have to fill is that of a receptionist. Very few people are interested in that work because there’s a stigma attached to it. Similarly, you would be hard pressed to find a Kurdish woman working in a hotel. So, if you look at the international hotels that are here, even though they offer good prospects and respectable jobs, they end up having to hire foreigners. Additionally, we don’t have hospitality here as a trade. It’s not taught in universities. We all hear about the upcoming tourism boom, but I’m not certain how we as a region plan to cater to that. However, I believe that this attitude regarding women in the workforce will change as private sector employment becomes more desirable and such roles become more recognized trades.

IIG: For what positions do you think it is currently culturally acceptable for women to apply?
HDM: Without trying to generalize, it’s office work that seems to be the most appealing. A typical mother of two, however, would go for an office administrator position, which accommodates working from 9 to 4. We’ve been looking for a PA to the CEO for a client of ours for a while now. It should be such an easy spot to fill, but it isn’t. We do get some applications, but we know there are better ones out there. There are more qualified people who are not applying. So, at the moment, we have to adapt. Sometimes we have to advise a client to change a title to suit local understanding. But we are seeing the market advance, since we began operating, things have changed.

IIG: Going back to your earlier point regarding particular skill sets or certifications, what can be done to rectify what appears to be a fairly widespread issue?
HDM: At the moment, workers with the

appropriate certification are the most in-demand personnel. Many of our clients are looking for particular technicians. They also require that these technicians have the proper certification. Ideally, we would utilize local labor to staff these positions. However, locals with certification are few and far between. This will probably continue to be the case until we are able to set up the necessary training institutions and facilities. That isn’t even particularly challenging. However, the issue then becomes finding a certified instructor who can teach these international courses in Kurdish. The positions I mentioned are lower level, so

About
Haller Dleir Miran was born in Erbil and grew up in the UK. Prior to founding MSelect, he worked for Reed as a graduate, the largest recruitment firm in the UK. Mr. Miran also has a strong business background, given his significant experience in investment banking and investment management.



Participants who completed an IOSH
Managing Safety course

“Many of the international companies are asking for drivers, welders, electricians, and machinists. They also require that these potential hires have the proper recognized certification. Ideally, we would utilize local labor to staff these positions. However, locals with certification are few and far between.”

the people applying for them tend not to be able to speak English. Most of the instructors we’ve contacted only teach in English or Arabic. Currently, the work around for such staff is to learn English. A person who speaks English and is certified in the required field is highly in demand here in the Kurdistan Region. ①

An eye on Integrity, Political & Security Risks



Harry Bucknall
Regional Manager, Control Risks

Harry Bucknall provides IIG with exclusive analysis of the major sources of stability and strength in terms of development in the Kurdistan Region, and the services offered by Control Risks relating to integrity, political, and security risks in the Region.

IIG: Control Risks established a permanent presence in the Kurdistan Region in 2006. Why did the company begin operating here at that time and what was the situation like on the ground?

HB: Kurdistan Region, like the whole of Iraq, was still under the control of US and Coalition forces in 2006 and conditions on the ground were challenging to say the least. Although the security situation has always been markedly better in the Kurdistan Region than Federal Iraq, the Region was still nevertheless suffering from the aftermath of the conflict. The lack of infrastructure, in particular, was a real problem. Looking back from the relative peace and quiet of 2013, a perfect example is the airport. In 2006, access to the Kurdistan Region was difficult. Indeed, just getting a plane to Erbil was fraught with problems. Today, Erbil has a modern, state of the art airport. A number of international carriers already fly to Erbil and more are keen to open up the route.

It was clear back in 2006 that the Kurdistan Region had enormous investment potential, and that is one of the reasons why Control Risks decided to have a permanent presence and establish an

About

Harry Bucknall was educated in the UK and earned a Bachelor’s degree in English Literature and a Master’s degree in Russian and Czech Language and Literature. After living in both Russia and Czechoslovakia he went to work for the British Foreign and Commonwealth Office (FCO). He has been in the private sector for the past twelve years, specializing in risk management and consultancy. He spent four years in Baghdad and Basra, and has been with Control Risks in Erbil since the beginning of 2013.

office here. It understandably took time for the infrastructure to catch up, but now it is a critical enabler helping to realize the Region’s potential.

IIG: Control Risks offers analysis relating to Integrity, Political, and Security risks. Can you tell us about those services and what exactly each entails?

HB: Control Risks is an independent, global risk consultancy specializing in helping organisations manage risk, which we divide into three main categories: integrity, political, and security.

Integrity is vital to any organisation and

To date, we have not seen any significant effect on the security situation created by the influx of refugees from the Syrian crisis.

once damaged it is almost impossible to restore. Integrity can be compromised in a number of ways. It could be via inappropriate relationships with suppliers or because of employees who break international laws relating to bribery and corruption. We have an expert team of consultants with backgrounds in the legal profession, law

enforcement, journalism, investment banking, and government services who specialize in gathering and analyzing business critical intelligence. In addition, we have a highly sophisticated eDiscovery and computer forensic expertise.

It is vital for any organisation investing in a country to understand the political dynamics of that country, which, as the events in the Middle East over the last two years prove, can change rapidly and dramatically. We have a team of over fifty analysts with country and global issue expertise that follows trends in political risk, and analyze what these mean to our clients.

People are the most important asset for any company, and securing your people is clearly critical. Loss of life can have a devastating impact on a business. Control Risks works with businesses to provide them robust market entry plans, to help prevent events that could threaten operations, and to develop crisis and resilience plans in the event of extreme situations.

IIG: From what you have observed, what have been the major sources of stability and strength in terms of development in the Kurdistan Region? Has Control Risks identified any factors contributing or relating to regional instability?

HB: There are two main keys to the stability enjoyed in the Region. First, the Kurdistan Region does not suffer from the same sectarian fault lines as the rest of Iraq. Secondly, the Kurdish security forces are extremely professional and have been very successful at ensuring terrorists and insurgents cannot infiltrate the border.

In terms of factors that could potentially create instability, it is worth noting that terrorist and insurgent groups, most notably linked to Al Qaeda, maintain an active presence in cities like Mosul and Kirkuk. The threat is real and unlikely to recede in the short to medium term. That is precisely why it is so important that the Kurdish security forces continue to maintain the integrity of the Region’s borders.


To date, we have not seen any significant effect on the security situation created by the influx of refugees from the Syrian crisis. However, the Kurdistan Region, like other countries surrounding Syria, has taken in a large number of refugees. This number

continues to grow and the space and facilities provided at the Domiz refugee camp are limited.

IIG: How does the Kurdistan Region measure up in terms of your “country risk” rating?

HB: Our country risk rating methodology is a complex system comprised of numerous elements. For example, we don’t simply use the expertise of our in-house analysts, but rather we also interview security experts across the global business community. What was clear from our surveys is that most security directors believe the world is becoming more complex and dangerous, with risks such as financial instability, geopolitical instability, and cyber terrorism featuring high among their major concerns. Respondents also stated that the number of security incidents is increasing and that security functions are coming under closer senior management scrutiny. However, the good news is that most security directors now perceive they have greater ability to influence their organization and make a difference.

“In terms of the Kurdistan Region and our country risk rating I would say that we view Region as an open business environment with significant investment potential. Indeed, we are very enthusiastic about the Kurdistan Region and would like to see many more international businesses establish a presence here.”

In terms of the Kurdistan Region and our country risk rating, I would say that we view the Region as an open business environment with significant investment potential. Indeed, we are very enthusiastic about the Kurdistan Region and would like to see many more international businesses establish a presence here. Since the Kurdistan Region is part of Iraq, it is too easy for those without experience of the Region to believe the Kurdistan Region suffers from all the same issues as Federal Iraq. That is clearly not the case and the message that the Kurdistan Region is a thriving business environment is one that we actively promote. 

CONTROL RISKS

Control Risks is an independent, global risks consultancy specializing in political, integrity, and security risks. The company helps some of the most influential organizations in the world to understand and manage the risks and opportunities of operating in complex environments.

Chairman	Crawford Gillies
CEO	Richard Fenning
Headquarters	London
Establishment	1975
Number of employees	3000
Global presence	34 countries

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Yasin Sheikh Abu Bakir
Muhammad Mawati
*Minister of Electricity,
Kurdistan Regional Government*

Minister Yasin Sheikh Abu Bakir Muhammad Mawati provides IIG with exclusive analysis of power generation, distribution, and transmission in the Kurdistan Region, and outlines the strategic projects that will further facilitate the export of electricity to neighboring countries.

IIG: There has been considerable growth in terms of power generation, distribution, and transmission in the Kurdistan Region. This development has obviously required a significant amount of investment from both the public and private sectors. Can you provide us with updated figures relating to overall investment in electricity production here in the Region?

YSABMM: In terms of private sector investment, the majority of investment has been focused on power generation. This figure is around \$5 billion. However, we expect that number to increase to \$7 billion by 2016. So, that's for the private sector. Governmental investment or expenditure is a little more complicated, as it's divided into three distinct sectors. Firstly, there is the money spent on fuel, which is used for power generation. Secondly, there are the costs for the general infrastructure of the electricity sector, including transmission, distribution, and multiple other departments. Lastly, there is the operational budget, which includes salaries and other operational activities. If you analyze these three elements as a whole, it becomes clear that we need an increase in our overall governmental budget.

IIG: What areas would most benefit from

an increase in the governmental budget allocation for the Ministry of Electricity?

YSABMM: We need to upgrade our transmission and distribution capabilities in preparation for our next growth period. Currently, we have a number of ongoing projects relating to the transmission sector. The budget for these is around \$1 billion. This is an excellent first step. However, we have targeted a growth rate of 15% in order to provide stable power for our community. To achieve this target, we need further funding. Our estimates indicate that, by 2016, our investment projects alone will need to be able to generate around 1,700 MW. To clarify, this is not just for generation, but for the electricity networks as well. This is obviously a significant challenge, particularly when the governmental budget remains somewhat limited.

IIG: Are there still plans in place to begin exporting power to neighboring countries and regions, or is the focus more so on domestic production for internal usage?

YSABMM: We have a plan to export power to the surrounding regions by 2015. However, we have already taken steps in that direction. We recently exported approximately 400 MW to the Kurdish areas located outside of the Kurdistan



About

Yasin Sheikh Abu Bakir Mawati was appointed Minister of Electricity in December 2009 and has served in the position since that time. Minister Mawati has worked in the Ministry of Electricity since 1995, serving in a variety of positions. Prior to his ministerial appointment, he was appointed by President Masoud Barzani to serve as an advisor to the Minister of Electricity. Minister Mawati has a background in electrical engineering, with a specialization in power engineering.

Region, such as Kirkuk and Mosul. These areas are supposed to be managed and administered by the Central Government in Baghdad. The Central Government should also take the lead in allocating adequate power to these areas. At least, those responsibilities are provided for in their budget. However, because there have been deficiencies in that area, we have done what we can to help. With that in mind, there is an important date that I would like to mention. On June 22, 2010, the Iraqi Government disconnected all transmission lines and power supplies that were coming to the Kurdistan Region. One year later, on that same exact date, we provided Kirkuk with 200 MW of power for the first time. This date was purely coincidental, but it reflects the great strides the Kurdistan Region and the Ministry of Electricity have made in a short period of time.

IIG: Why do you think the Kurdistan Region has been able to develop its power generation, distribution, and transmission capabilities so quickly, whereas the rest of Iraq has had only limited success?

YSABMM: The KRG truly wants to serve its people, so it has aggressively pursued opportunities to improve its infrastructure and local capabilities. I believe that another

key difference relates to the involvement of the private sector, specifically in terms of how active it has been in the power generation sector. Here in the Kurdistan Region, private sector companies that have pursued opportunities have, for the most part, been successful. In other parts of Iraq, however, the private sector was not necessarily incorporated into the development process. Instead, the government tended to prefer to rely on its own resources or public sector capabilities. I firmly believe that the decisions made by the Central Government in Baghdad will never resolve the issues that the country is presently facing. Since 2003, the budget allocated for the Ministry of Electricity in Baghdad was approximately \$40 billion. Despite that massive amount of expenditure, even today, there are still parts of Iraq that have only an average of 4 hours of electricity per day. In the summer of 2013! Even in the best cases, they may only have 8 hours of electricity per day. So, in the Kurdistan Region, we rely on ourselves and our own power generation and distribution. Moreover, we have faith in our development plan and trust that we will continue to grow exponentially. Of course, we are always ready and willing to assist the Central Government in whatever ways possible, if they were to want our help. ☺

“The KRG truly wants to serve its people, so it has aggressively pursued opportunities to improve its infrastructure and local capabilities. I believe that another key difference relates to the involvement of the private sector, specifically in terms of how active it has been in the power generation sector.”

Sector At a Glance

15% annual

Targeted growth rate

1,700 MW by 2016

Power generation Power generation by the Private Sector

\$1 billion

Budget for ongoing projects relating to the transmission sector

Power generation investment

\$5

billion

by 2013

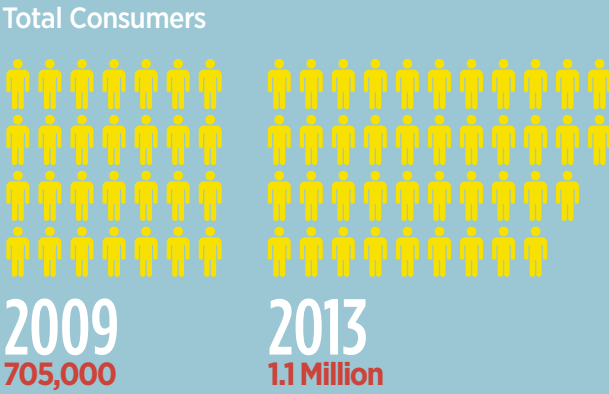
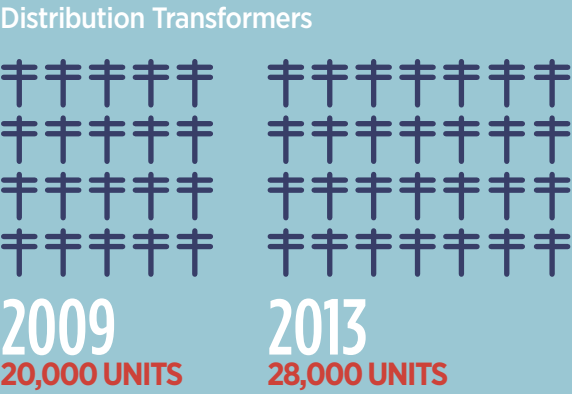
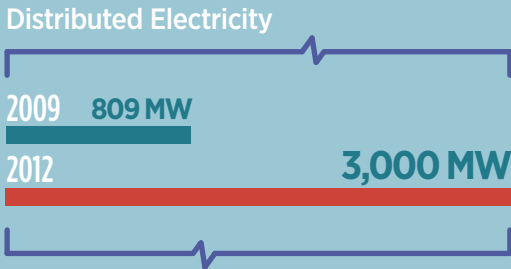
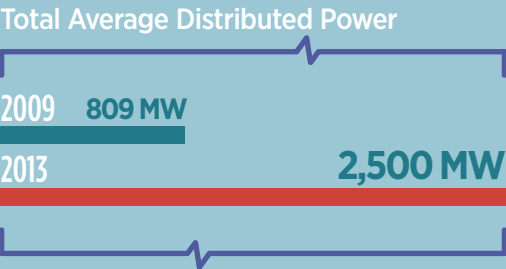
\$7

billion

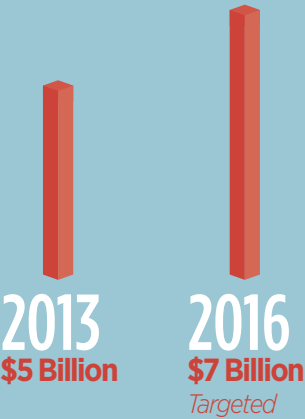
by 2016

ENERGY

Electricity in Numbers



Private Sector Investment



132 KV Transmission Lines



33 KV Transmission Lines (Distribution Power)



11 KV Transmission Lines (Local Supply)



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Shakir Wajid Shakir
Country Manager, Dana Gas

Shakir Wajid Shakir discusses the role Dana Gas has played in facilitating the evolution of electricity production, the significance of natural gas in limiting environmental impact, and his forecast for energy demands in the Kurdistan Region.

IIG: How critical do you think gas production will be for the Kurdistan Region?
SWS: Imagine, for a moment, that natural gas were not available. The KRG would need to buy approximately \$2.5-3 billion of diesel fuel every year in order to replace the gas that it currently utilizes. In other words, Dana Gas and Crescent Petroleum are returning roughly \$2.5-3 billion to the government’s budget every year. These figures alone demonstrate the importance of natural gas, especially in terms of ensuring the long-term energy stability of the government of the Kurdistan Region.

Then there is the fact that natural gas is friendlier in terms of its environmental impact. Today, when countries are considering signing contracts with private companies, a major consideration is the environmental friendliness of the project

“We have exceeded \$1 billion of investment in the Kurdistan Region.”

being proposed. If we compare burning gas with burning diesel, you can see that there is a significant environmental difference. Gas is a clean energy source, whereas burning diesel will have a significant negative environmental impact.

There are numerous other advantages to utilizing gas as opposed to other products. For example, gas can be easily transported via pipeline. Diesel, however, requires trucks and roads. This then means that you have to take into consideration road depreciation, the logistics of transportation, and the fluctuating cost of diesel fuel. Even within the power stations, difficulties

exist when diesel is utilized. Here in the Kurdistan Region, they tend to feel more comfortable burning gas than they do burning the diesel. Generally speaking, it presents fewer complications. So, all of that said, natural gas has more value to the KRG. Then you add in the \$2.5-3 billion in savings, and natural gas is the clear option.

IIG: \$3 billion is a pretty significant figure. The other big number is that Dana Gas has the highest private sector investment in the oil and gas sector of any company currently operating in the Kurdistan Region.

SWS: We have exceeded \$1 billion of investment in the Kurdistan Region. When we first entered the market back in 2007, there were only a few companies that were willing to take such a risk. There were even fewer who were willing to invest \$1 billion into the Region. However, we felt that it was the right decision to make. As you can see, the giant companies have come and they are now operating here. However, we were one of the first companies to identify the potential of the Region, enter the market, and begin operating in the Kurdistan Region. More importantly, the wisdom and the sharp long term strategic vision of the KRG leadership gave us confidence to invest and plan to have long term activities in the Kurdistan Region.

“Currently, we are producing roughly 330 million cubic feet of natural gas per day. However, this amount will not be sufficient to meet future demand. So, we are currently in discussions with the government to double our production. We have to have another package of investment, which means between \$500 and \$700 million for the Kurdistan Region alone.”


IIG: Clearly, the company has already invested a considerable amount in the Region. However, Dana Gas has expressed a willingness to increase their level of involvement here in the Kurdistan Region. Can you tell us about any plans for future expansion or involvement in other areas?
SWS: What is currently happening in the Region represents a major revolution in terms of the development of the economy. If you examine the cities in the Region and how they are growing, you will see that there are countless infrastructure and development projects. All of these projects will need electricity. The Kurdistan Region, as it exists today, cannot be satisfied with the generation of 1,000 MW or 2,000 MW, because those figures do not meet the non-stop demand for electricity. Moreover, this demand is increasing on a daily basis, and is doing so at an incredibly fast rate. So, this increased demand puts greater responsibility on the shoulders of Dana Gas and Crescent Petroleum. It means that we have to double and triple our current rates of production.

Currently, we are producing roughly 330 million cubic feet of natural gas per day. However, this amount will not be sufficient to meet future demand. So, we are currently in discussions with the government to double our production. Doubling our production requires doubling everything else as well. We have to have another package of investment, which means between \$500 and \$700 million for the Kurdistan Region alone. This is what must happen, because we know that there will be a definite increase in demand. So, we are preparing for it. To put it in another way, the power plants of the Kurdistan Region are thirsty for more gas. The new plants that are under construction or have been planned will all need more natural gas.

The government also has a strong desire to export gas outside the country, which will further increase the demand. As Minister Dr. Ashti Hawrami noted, by 2016, the Kurdistan Region plans to be able to export its natural gas to Turkey. This means that doubling the current numbers may still not be enough to satisfy future energy needs. So, we hope to be able to do everything in our power to help satisfy the growing market. ☺

About
Shakir Wajid Shakir has worked for Dana Gas since 2007, and has served as Country Manager in Erbil since 2008. Prior to joining Dana Gas, he served as a Project Manager for the UN Food and Agriculture Organization and as a Development Specialist with USAID. Mr. Shakir graduated with a BSC in Physics from Al-Mustansiriyah University in Baghdad.

DANA GAS



Dr. Adel Khalid Al-Sabeeh

Chairman

Established	2005
Headquarters	Sharjah
Operations	Egypt, UAE, Kurdistan Region
Net Profit Growth	20% (2012)
Gross Revenues	2.3B AED (2012)
Cash Balance	605M AED (2012)

Kor Mor Block

Interest	Dana Gas (40%), Crescent Petroleum (40%)
Reserve	1.8 TCG
Production (2007-2012)	79 Million Barrels of Oil
Production (2013)	88,000 bpd, 340 mmcf, 15,000 bpd of condensate liquids

Chemchemical Block

Interest	Dana Gas (20%), Crescent Petroleum (40%)
Reserve	2.7 TCG

Developing to be a Major



Umur Eminkahyagil
Country Manager, Gulf Keystone Petroleum International (GKP)

Umur Eminkahyagil discusses the role GKP has played in leading the search for the Kurdistan Region’s significant oil and gas reserves, the company’s plans for the development of its massive discovery of the Shaikan field made in 2009, and his expectations for a regional pipeline development.

IIG: GKP’s Field Development Plan (FDP) for the Shaikan field was recently approved by the Ministry of Natural Resources (MNR). Can you give our readers some background regarding the FDP itself?
UE: The FDP itself is composed of several distinct sections and is predicated on everything that we have learned thus far from the field itself. So, it captures the information we garnered during the exploration and appraisal phases. It also talks about our understanding of the geology of the subsurface structure of the reservoirs that we encountered in the field. From there, it details our future plans. Lastly, there is the development plan itself, which explains how we plan to develop the Shaikan field to its full potential. The fact of the matter is that the field is massive in size. During the extended well testing stage, which was part of the Shaikan appraisal program, we produced one million barrels of oil. That number does not even reach 1/10,000th of the field’s gross oil-in-place volumes. So, we still have quite a bit to learn about the reservoir and how it will react in production.

“During the extended well testing stage at the Shaikan field, we produced one million barrels. That number does not even reach 1/10,000th of the field’s gross oil-in-place volumes. So, we still have quite a bit to learn about the reservoir and how it will react in production.”

IIG: What are GKP’s overall production targets for the Shaikan Field and do you expect them to be achieved?
UE: Our initial production capacity has already begun following the commissioning of our first purpose built Production Facility (Shaikan PF-1), and will steadily increase to 20,000 barrels of oil per day (bopd). Our production capacity will then quickly progress to 40,000 bpd upon the completion of the second production facility (Shaikan PF-2) later in 2013. Construction work at Shaikan PF-2 is progressing well and we are excited about our future growth potential. Going back to

Shaikan is the first giant oilfield that was, from scratch, discovered, appraised, and brought to the development plan approval stage in the last four years.

the field development plan for a moment, Shaikan’s production capacity in the first phase will be 40,000 bopd, increasing to 150,000 bopd in the next three years and 250,000 bpd by 2018.

IIG: What was the timeline for the FDP’s creation, submission, and approval?
UE: We declared Shaikan as a commercial discovery as of August 1, 2012. From that date, it took us approximately 6 months to complete the work the plan, which began in the summer 2011 while we were still appraising the field. The FDP was submitted to the MNR at the end of January 2013, and then we reviewed it together. This is because the MNR is not just a regulatory body, but also our partner in the development. Based on the MNR’s recommendations and some of our own findings, we made some changes to the plan and then submitted an addendum. The approval that was granted by the MNR represents a significant milestone, not only for GKP but also for all the Kurdistan Region fields as well. Regarding the work that went into this process, there is one other thing I would like to emphasize. There are two companies who seem to be ahead of us in terms of production and development: DNO

at the Tawke Field and TTOPCO at Taq Taq. I want to emphasize that both Tawke and Taq Taq were discovered decades ago. Shaikan is the first giant oilfield that was, from scratch, discovered, appraised, and brought to the development plan approval stage in the last four years.

IIG: Regarding the production capacity, how do you plan to go from 40,000 to 150,000 bpd?
UE: The nameplate capacity for each facility is 20,000 bpd. One of the primary reasons why we are so determined to establish continuous production is because we want to see how these facilities operate and how the reservoir behaves. Speaking from my professional experience, I believe we can debottleneck these facilities in order to allow them to produce 25,000 bpd each. So, with that in mind and provided that there is continuous production, Shaikan PF-1 and PF-2 would be able to produce 50,000

bpd. Of course, there is still a significant difference between 50,000 and our target of 100-150,000 bpd. Therefore, our plan calls for us to order new facilities that will allow us to increase our production capacity to 100-150,000 bpd.

IIG: Do you envision any challenges related to the need for further investment, manpower, or something else?
UE: If you are only producing 40-50,000 bpd, then you can truck your crude oil. However, this becomes much more difficult once production reaches our targeted numbers. If we were to try to truck 100-150,000 bpd, we would need approximately 500 trucks coming into our facilities and 500 going out, all in the same day. This would be quite difficult. So, once we reach that level, our hope is that we would be able to transport our production via a pipeline. In addition, we would obviously need more wells to allow for increased production. So, GKP has plans in place to begin a very aggressive drilling campaign in 2014. We are currently preparing tendering documentation, and will be working with three or four rigs over the next two years to ensure that we will be able to meet our production targets. ①

About
Umur Eminkahyagil has worked for GKP since March 2012, first serving as Development and Production Manager and then as Country Manager for the Kurdistan Region since September 2012. Prior to his tenure with GKP, he worked as a Vice President for MB Petroleum Services, in various positions at Expro Group, and as a Reservoir Engineer for Shell, mainly in Turkey and Thailand. Mr. Eminkahyagil earned a degree with high honors in Petroleum and Natural Gas Engineering from Middle East Technical University in Ankara in 1991.

GULF KEYSTONE



Todd Kozel
CEO

Founded	2001
Headquarters	London
Fields	Shaikan, Sheikh Adi, Akri Bijee

FOCUS: SHAIKAN
Discovered by Gulf Keystone in 2009. It is one of the biggest onshore discoveries.

Operators	Gulf Keystone, MOL
Reserves	14 Billion Barrels of Oil
Production Capacity	40,000 bpd as of 2013
Target	250,000 bpd in 2018
Producing Wells	12



Dr. Adel Chaouch
*President and General Manager,
Kurdistan Development Venture,
Marathon Oil*

Dr. Adel Chaouch discusses the similarities and differences between oil and gas exploration in the Kurdistan Region and the other countries in which Marathon Oil is active, the company's evolving plans for the Safen and Harir Blocks, and Marathon Oil's overall outlook for the Kurdistan Region of Iraq's oil and gas sector.

IIG: Can you give our readers, a bit of the background about how Marathon Oil first became interested in the Region?
AC: Marathon Oil has a growth strategy that focuses on capturing opportunities that will create long-term shareholder value. This strategy has included analyzing various business opportunities around the world. We believe the Kurdistan Region to be one of the key resource basins we are targeting as a potential growth opportunity. Marathon Oil extensively analyzed the Region and the opportunities here by conducting our due diligence first to conclude that the Kurdistan Region was, and continues to be, an excellent match as a place where Marathon Oil can do business. So, after a period of discussions with the KRG, we entered the Region on October 20, 2010. Our approach was to have a balanced portfolio with four blocks. In two blocks [Harir and Safen] we entered as operator and the other two blocks [Sarsang and Atrush] we entered as non-operator.

I believe that our entry was unique in the Kurdistan Region. At the same time, however, we utilized the same approaches that we have implemented in our other operations around the world. Our goal continues to be to enter a new area bringing the necessary high-level of expertise without compromising our ability to focus on safely delivering sustainable benefits to the local communities in which we are operating along with a firm commitment to protect the environment.

IIG: How has the company's presence or involvement in the Kurdistan Region evolved since that time?
AC: Late last year, the French major Total became our partner in our two operated blocks with a 35% interest in each. We have partnered with them in other parts of the world and they bring a wealth of experience and significant technical knowledge to the table. So, our the Kurdistan Region portfolio, which was already balanced,

“When we look at our business in the Kurdistan Region, of course we reflect on all of the experiences that we have gained from our operations in other parts of the world. The breadth of Marathon Oil’s worldwide experience is of the utmost value in order to be successful in the Kurdistan Region.”

became further enhanced by this addition. Looking back to 2010 in the Kurdistan Region, if you examine the operators present at that time I believe you will see that Marathon Oil was one of the first large, publicly traded oil and gas companies from the USA to enter this Region. In that sense, we believe that Marathon Oil helped pave the way for other larger companies to enter. In terms of the evolution of our involvement, you probably have a good idea of how the oil and gas sector has been evolving. Over the past three years, there have been significant changes. We have witnessed the entry of the larger companies while very few of the smaller pioneer companies have remained. We have seen not only the growth, but also the maturing of the oil and gas industry here, particularly in regard to the services industry. Significant inroads are also apparent in infrastructure development supporting the oil and gas industry. This includes the physical infrastructure of roads and pipeline systems, as well as additional storage and power generation. I think these and other areas will continue to progress, as will Marathon Oil in terms of this industry's growth and its overall success.

IIG: In terms of exploration, how does

the Kurdistan Region compare to the other areas in which the company is active? Specifically, in relation to the topography and geology with which you are dealing, have you undertaken a unique endeavor?
AC: When we look at our business in the Kurdistan Region, of course we reflect on all of the experiences that we have gained from our operations in other parts of the world. The breadth of Marathon Oil's worldwide experience is of the utmost value in order to be successful in the Kurdistan Region. So, we draw from our experiences in the Canadian oil sands, our U.S. onshore conventional and unconventional resource activities, as well as our experience as an operator in Africa and in Europe. This manifests itself in various areas of our business, including geology, exploration, operations and production. We utilize all of these prior experiences and capabilities to ensure that our work here in the Kurdistan Region is of the highest caliber. Of course, the Kurdistan Region, like any other area, has its own unique set of challenges and opportunities. So, when possible, we try to adjust to that context. To that end, we have assembled a team of highly experienced Marathon Oil professionals from all around the world. The members of our Kurdistan Region team have worked in a number of the operations I mentioned before. In fact, some of them have worked in virtually every operation Marathon Oil has around the world. So, we are utilizing that depth of experience here on the ground to enhance our ability to deliver a successful exploration program, and in the future, development and production.

IIG: Can you give our readers a sense of Marathon Oil's plans for the future in the Region?
AC: Marathon Oil was very fortunate in that very early after our entry in 2010 we participated in oil discoveries in both of our non-operated blocks [Atrush and Sarsang]. Late last year, together with our partners in Atrush block, we declared commerciality. Since then, we have filed a field development plan in early May of this year, which will move us forward to

Marathon Oil	
President and CEO	Lee M. Tillman
Headquarters	Houston
Founded	1887
Global Operations	11 countries
Blocks & Working Interest in Kurdistan	
Harir (45%), Safen (45%),	
Sarsang (25%), Atrush (15%)	

full development activities in the next few years. At the same time, we have further exploration and appraisal activities taking place in the Sarsang Block. Hopefully, we will have further discoveries as these activities in Sarsang Block progress. We are also very hopeful that we will see success in our own operated blocks, particularly the area that we are currently testing in Harir.

IIG: In terms of the areas in which you personally have worked or the areas in which Marathon Oil has been active, how does the Kurdistan Region match-up in terms of stability and security?
AC: We were pleasantly surprised to see that the security conditions in the Kurdistan Region are very stable. Of course, we also have our own security protocols in place that are administered based on the requirements of each individual operation. Certainly, we have had a positive response from our employees who have been working here. In fact, I believe that most of Marathon Oil's staff on returning to their homes, wherever that may be in the world, will likely be unofficial goodwill ambassadors for the Kurdistan Region based on their experiences while based here. As a personal observation, I have found the situation here in the Region to be very similar to the early days of the oil rush in West Africa. I can see that situation repeating itself here, except probably on a larger scale. So, with the significant and growing level of activity here in terms of exploration and, very soon, development and production, I would say that it is certainly a very good time to be working in the Kurdistan Region. ☞

We believe Kurdistan Region to be one of the few remaining on-shore, unexplored areas with very significant resource potential.



The main image shows the MACAIR Flight Support building, a modern structure with the company name and logo prominently displayed. In the foreground, a white private jet with blue and red stripes is parked on the tarmac. Three circular inset images provide additional context: the left circle shows a ground crew member in a yellow vest with 'MACAIR' on the back; the middle circle shows four professionals in business attire standing together; the right circle shows a ground crew member in a yellow vest working on the stairs of a private jet.

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Bill Jack
General Manager, Western Zagros

Bill Jack discusses the major developments in the Garmian Block, the company’s goals and targets in terms of exploration and production, and the Western Zagros’ innovative plan for gas monetization.

IIG: Western Zagros is involved in two blocks here in the Kurdistan Region: it has a 40% stake in the Kurdamir block and a 40% stake in the Garmian block. Can you give us any updates regarding drilling operations in either area?

BJ: As you noted, we have two blocks in which we participate. In the north, the Kurdamir block is operated by our partner Talisman; we operate the Garmian block on behalf of both our partner Gazprom Neft and the KRG, who also obviously have a share as well. We believe that 2013 may prove to be a transformational year for us. We have, thus far, had four successful exploration wells and we have located a substantial amount of oil and gas. Currently, we have a well at Kurdamir that is very near completion and we are very optimistic about its future. They are also in the final stages of completing 3D seismic imaging of Kurdamir. This will help to further clarify the resource base

at that discovery. In terms of our operations, in May of this year we completed our seismic survey on the southern portion of the block. We are currently drilling with two rigs. We spudded the first big, deep well in June and we’re running casing at the moment. We also have a project on a shallower horizon that we’re currently in the process of finishing, which will be the 2nd well in that program. Lastly, we have a third rig that is currently being imported into the country from the United States.

“At the highest level, our expectations for the block are being met. We have already drilled 4 wells and have had a 100% success rate in our exploration.”

This unit will be utilized to drill further wells in the northern extent of the block. These are the highest value wells that we have in our program this year.

IIG: Western Zagros obviously has considerable expertise and familiarity with the oil and gas sector of the Kurdistan Region. Have there been issues along the way that were unexpected or unanticipated and how has the company gone about dealing with those challenges?

BJ: At the highest level, our expectations for the block are being met. We have already drilled 4 wells and have had a 100% success rate in our exploration. We're drilling additional wells this year and we know that, at the very least, some will be successful. By any standard in the world, the fields that we are finding are giants. These are world-class discoveries, which, for a company of our size, is incredibly exciting. Generally speaking, the geology has worked in our favor. Of course, to enter the Kurdistan Region, you have to get used to the culture and the ways in which the Region operates. I think that has been a challenge and is, to some extent,

By any standard in the world, the fields that we are finding are giants. These are world-class discoveries is incredibly exciting.

still a work in progress. However, we feel that, thus far, we have done a good job in that regard. Then, of course, there is the fact that this is a landlocked region. So, maintaining strong relations with the KRG, the federal government, Turkey, and various other groups or governments is important; it can also be difficult and unpredictable. If you look at when we first made our entry back in 2004, who could have predicted then the situation on the ground now? We are very pleased and very optimistic about the fact that we have pipelines under construction inside the Kurdistan Region border. There are active discussions going on with the federal government. Turkey is in the mix in those talks, and they have been very positive. So, we remain optimistic that the political situation will be resolved.

IIG: In terms of exploration and production targets, what are Western Zagros's expectations for the Kurdistan Region going forward?

BJ: The federal government in Baghdad has targeted significant growth in its production numbers. Obviously, the Kurdistan Region has its own contribution to that target, which I believe actually exceeds Baghdad's numbers. Dr. Ashti Hawrami has specified 1 million barrels by 2015 and 2 million by 2019. We believe that, based on the size of the fields that we have thus far discovered, we can contribute substantial volume towards those numbers. Our field developments are 20-30 years in duration, so it will certainly be a long-term involvement. We calculate that something on the order of 500,000 bpd from our area is quite possible.


IIG: You mentioned earlier that you all have encountered significant natural gas deposits, and have planned for those finds accordingly. Can you tell our readers about the company's gas monetization plan?

BJ: In terms of the gas demand in the Kurdistan Region and the neighboring areas, the biggest market that currently exists is power generation. There is a significant and growing demand for gas, but there is also currently only a limited supply for the power stations of this region. As a result, according to Dr. Ashti Hawrami, the KRG is planning to double the amount of electricity production in the very near future. So, there will potentially be a significant market not being met that could have an immediate economic impact. There exists a similar situation in Turkey; if you look at that market, it has grown fantastically and continues to do so. It represents an ideal market for Kurdish gas to be exported. Meanwhile, we have world-class fields here that are capable of producing a tremendous amount of gas. So, when we discuss gas monetization, we're talking about the government needing to displace the usage of diesel fuel at their current power plants. I have no doubt that our share of the market can help supply gas into their system. Depending on the success of our exploration, as well as on how the government elects to

About

Bill Jack has served as General Manager of Western Zagros' operations in the Kurdistan Region since February 2013. His background includes positions in a variety of oil and gas sectors, with specific emphasis on operations and field development. Prior to his work for Western Zagros in the Kurdistan Region, Mr. Jack served in a variety of commercial, technical, and managerial positions around the world, including Alaska, the UK, Azerbaijan, Australia, Kuwait, the UAE, and Tunisia.

“Our field developments are 20-30 years in duration, so it will be certainly be a long-term involvement. We calculate that something on the order of 500,000 bpd from our area is quite possible.”

develop the field, there may even be sufficient gas reserves for export. However, the first field for export is the Miran field, which isn't due to be in production until 2016. Additionally, there is currently no gas pipeline, so we're also short a route of export. However, the government has a plan to construct a gas pipeline that will be twinned into the recent pipe. Our role then becomes fitting into that sort of jigsaw puzzle. Every field development plan has to also include a gas plan. That plan obviously has to be approved by the government. So, there's a very large market both internally and abroad, and there's no shortage of opportunity. 

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“When we do go into production, we don’t want to flare off gas or release sulfur into the atmosphere.

Therefore, we are considering converting the associated gas that will be produced with the oil into power. In addition, we aim to utilize the liberated sulfur in the production of fertilizer.”

Leo Koot
Managing Director, Iraq TAQA

Leo Koot explains TAQA's decision to pursue opportunities in the Kurdistan Region, the company's expectations for exploration and production activities, and the importance TAQA has placed on alternative energy projects and transformational solutions for energy production.

IIG: Can you give us some background regarding why TAQA decided to pursue opportunities in the Kurdistan Region?

LK: In 2011, we articulated a strategy that we wanted to develop our presence in the MENA region because we feel it is an ideal location to be in and because we've got the right political passport. Obviously, our specific background is in the Middle East. We are an Abu Dhabi state owned company; 72.5% of the stake is owned by the Abu Dhabi government and 27.5% is listed on the Abu Dhabi Securities Exchange. So, because of our focus on the Middle East, we have identified certain countries as being of particular interest; Iraq was one such country. We began looking for specific opportunities in the country, which is why we pursued our initial venture with Western Zagros. We had a stake in the company, and that provided us with a stepping-stone to understand how business is

done in the Region and how we should develop our subsequent position. We then sold our stake in Western Zagros around the time we picked up the Atrush Block.

IIG: What were your perceptions of the opportunities in the Kurdistan Region?

LK: The Kurdistan Region is the last exploration frontier, and the potential discoveries here are enormous. It's a unique space compared to, for example, the UK. There they have all the infrastructure in the world

The Kurdistan Region is the last exploration frontier, and the potential discoveries here are enormous.

and available global resource technologies, but their reserve base is shrinking. Early on, the asset we operated in the UK North Sea had three billion barrels of oil in place.

Most of those resources are now produced. So, we have developed our UK business into a long-term sustainable model. In contrast, if you look at the situation in Iraq and the Kurdistan Region, the resource base is enormous and the regulatory system is developing, but there is no infrastructure and a limited local workforce. So, the opportunities here are equally exciting, but at the other end of the scale.

“We will start with 30,000 bpd and then do everything in our power to get production up and running as quickly as we can.”

IIG: What are TAQA's plans or expectations for exploration and production activities in the Kurdistan Region?

LK: Within four months of taking possession of the block, we had already submitted our field development plan to the Ministry of Natural Resource [MNR]. We are currently in discussions with the MNR regarding details of the plan; we expect to ultimately receive approval of the plan and then kick off the field development plan in a phased approach. We expect our approach to be easily replicable, so we can amend and repeat it as we develop our understanding of the block. We also believe that this approach can be exported to other areas in the Kurdistan Region. We are still in the appraisal stage of the field, and are currently laying our third well in the block. So, we're going through well evaluations as we speak, and we feel there are many reasons for us to be optimistic regarding how this region is going to further develop.

IIG: Is part of that optimism rooted in the agreement TAQA has with Mass Global Investment Company for the Slemani Independent Power Project?

LK: At TAQA, our roots are in energy and in providing power. We exist as a result of the privatization of the Abu Dhabi power plants in 2005. TAQA produces most of Abu Dhabi's power and all of Abu Dhabi's water. That privatization gave us the capital to grow our global portfolio and develop into the company we are now. At the moment, we're close to \$33.4 billion in asset value. Since we are an energy company rather than simply an oil and gas entity, we want to use all our skills in Iraq and in the Kurdistan Region of Iraq. That's where the Slemani Power Plant comes in. Last year,

we signed the agreement with Mass Global; we're currently going through the steps to finalize the partnership. At the moment, the plant produces 750 MW of power.

When the deal is completed, we expect to increase that amount by another 250 MW. We plan to do this by converting the plant from its present form [an open-cycle gas powered plant] to a closed-cycle system. We also believe there is potential for additional investment that will help to further expand the capacity of the facility.

IIG: Have you also looked at opportunities in the water sector here in the Kurdistan Region? Is that an area where you all might target further investment?

LK: If you look at what is required to develop the Atrush block, it is quite complicated. Although it contains a significant quantity of oil, it is a fractured reservoir. So, there is quite a bit of sulfur in the crude. Moreover, when we do go into production, we don't want to flare off gas or release sulfur into the atmosphere. Therefore, we are considering converting the associated gas that will be produced with the oil into power. In addition, we aim to utilize the liberated sulfur in the production of fertilizer. However, pursuing this option is probably insufficient to justify this type of expenditure. So, we will need to develop further partnerships with the KRG and other possible partners to justify investment in that sulfur removal system. If, however, there is excess power remaining, we certainly aim to utilize it in water conversion. This will then enable us to begin providing clean water to the Kurdistan Region.

IIG: Once you receive approval from the MNR for the field development plan, how do you expect your activities to proceed?

LK: I think everyone here is focused on getting oil production flowing as quickly as possible, and we are no exception. So,

we plan to implement phased development. We will start with 30,000 bpd and then do everything in our power to get production up and running as quickly as we can. We are also aiming to be involved in the infrastructure necessary for exporting our oil. Obviously, we want to have access to the global market, whether that be through the Iraqi pipeline or any alternative structure. The more opportunities there are for us to get access to the markets, the better. We don't want to get into political debates, we just want to do the right thing and make sure we generate sufficient funds for Iraq and the KRG. ☞

TAQA



Hamad Al-Hurr Al-Suwaidi
Chairman



Carl Robert Sheldon
CEO

Founded	2005
2012 Revenue	\$7.6B
2012 profit	\$176.7M
Total assets	\$33.4B
Employees	2800
Global Operations	North America, Europe, MENA
Power generation capacity	16,395 MW
Water desalination capacity	887 MIGD
Oil & Gas production	135,400 bpd
Shareholders	Abu Dhabi Government 72.5%, Abu Dhabi Securities Exchange 27.5%



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Best Emerging Market Airport



Talar Faiq Salih
*General Director,
Erbil International Airport [EIA]*

Talar Faiq Salih talks to IIG about increased passenger rates, new routes and airline carriers for the Erbil International Airport, as well as the role the facility can play in helping to develop the Kurdistan Region's infrastructure and overall global identity.

IIG: Erbil International Airport (EIA) won the 'Best Emerging Market Airport' award in 2013. What is EIA's capacity expansion strategy?
TFS: Passenger traffic grew by 53% in 2012. This year, passenger traffic is up by 35% in comparison to the same period in 2012. The Kurdish economy is growing. With that growth comes increased demand for air travel. Each year, on average, air travel around the world increases by about 4% or 5%. However, it is difficult for new services to get landing permission from the regulatory agency in Baghdad. So, existing carriers that wish to increase the frequency of flights into Erbil are routinely held back. That said, we will shortly initiate an in-depth study to help us analyze, and therefore understand, the future

About
Talar Faiq Salih was appointed as the Director at EIA in July 2010. Ms. Salih was awarded, "Best Woman in Aviation" at the Emerging Markets Airport Awards, in Dubai in June 2011. In January 2013, she was honoured to accept, on behalf of the airport, when EIA was named "Best Airport", in the category of airports in emerging markets with fewer than five million passengers per annum.

growth patterns of cargo and passenger traffic. This will, in turn, allow us to calibrate our investment in the coming years and ensure that we continue to be a "fit for purpose" airport.

IIG: Are there any new routes planned to begin service in the near future?
TFS: So far this year, routes to Georgia and a new route to Iran were launched. Iraqi Airways has also launched new routes to Dusseldorf and Frankfurt. Erbil is seen by many airlines as a place of interest, but regulatory approval is always needed and these things take time.

IIG: Because of the lack of a maritime port in the Kurdistan Region, there are fewer options for commercial importers. How can the airport play a role in increasing the availability of necessary goods? To that end, how has freight volume changed over time?
TFS: Cargo volumes increased to 27,859 tons in 2012, which is a 54% increase on the previous year's figures. In terms of airfreight services, Erbil is well placed to be the gateway not just to the Kurdistan Region, but to greater Iraq as well. With that in mind, we will look to further invest to ensure that we are able to fulfill that potential. Our expectations are that road-based logistics will continue to dominate. However, it will be interesting to see how rail transport impacts cargo volumes once those services are up and running.

EIA at a Glance

947,600

Total number of passengers in 2012

27,859 tons

Total cargo tonnage in 2012

2,590

Daily Passengers

13

Average commercial flights per day

17

Average cargo flights per week

23

airports connected to EIA

15

countries connected to EIA

A healthy economy needs a diverse range of transport and logistics solutions, and at EIA we will do our utmost to ensure we have the necessary facilities to meet the needs of our customers.

IIG: How crucial of a role do you believe EIA plays in the development of the Kurdistan Region in general and Erbil in particular?

TFS: Prior to 2003, Iraqi Kurdistan had no civilian airport. It was effectively isolated from the rest of the world. The Kurdistan Region was cut off from the south by a Saddam Hussein-inspired blockade. Limited access due to difficult road conditions through the mountains to the north further compounded the situation. In 2004, Prime Minister Nechirvan Barzani identified ending this isolation as a key component in enabling economic growth. Airports in general are catalysts for growth; they bring investment and jobs. They also allow for an influx of individuals willing to provide similar services across many sectors of the economy. In the west, debates about new runways and airport expansion

are dominated by environmental issues. As a result, the link between the connectivity an airport brings and the commensurate economic and social enhancement is lost. Erbil's airport provides connections to 24 cities in 15 countries via the services of 23 different airlines. In 2003, there were no such links. With that in mind, it can be clearly seen that the airport plays a significant role as a gateway, as a connector, and as a facilitator of economic and social growth.

IIG: What role do you see the airport playing in attracting tourists to the Kurdistan Region?

TFS: As a result of the connectivity that I mentioned before, EIA makes it easy for tourists to enter the Region. Unfortunately, some people still see the Kurdistan Region as unsafe for travel, despite the fact that it is statistically much safer than the rest of the country.

So, when it comes to marketing the airport, we are marketing the Kurdistan Region as a place to visit for business purposes. Our attendance at international conferences and our work with international media are aimed firstly at promoting the airport. However, this work also has a secondary benefit in that it delivers the message that the Kurdistan Region is different from the rest of Iraq; specifically, that it is a safe place to visit and do business. We believe that the airport itself help challenge pre-conceptions. The modernity and efficiency of the facility tends to surprise first time visitors. So, I believe that we performing a key service in terms of persuading people to change their thinking regarding the Kurdistan Region. ⑥

“Passenger traffic grew by 53% in 2012. This year, passenger traffic is up by 35% in comparison to the same period in 2012. The Kurdish economy is growing. With that growth comes increased demand for air travel.”



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TRANSPORT

Becoming a Hub for
Regional Cargo Exchange



Tahir A. Qadir
Director General, Slemani
International Airport

Tahir A. Qadir, who has been involved with Slemani International Airport [SIA] since construction first began, discusses the growth and expansion of the airport, the new flights and carriers available to passengers, and the strategic role he expects the facility to play in promoting international trade.

IIG: How is the SIA handling increased consumer demands while at the same time staying current according to international standards?

TAQ: Aviation is progressing and developing each and every day. So, we have to be able to train and prepare our staff to match that progress. To do so, each year we send a number of our staff from a variety of different areas of operations to get additional training. They then return to SIA, where they work to keep the airport running according to international procedures and regulations. In terms of the demands the airport faces, there are two primary areas: passenger travel and then cargo services. When construction first commenced, only a small facility was set up to handle cargo. The primary aim of this facility was to handle passenger services. However, cargo demands have grown to such an extent that

we have now begun the process for improving our capability in this area.

IIG: What specifically is being done to allow for the increased handling of cargo at SIA?

TAQ: As per the stipulations of the Investment Law, the KRG has given authorization to a joint-venture partnership of a local company and a company from the Gulf to construct a new cargo facility inside the airport grounds. This facility, which will be called “The Cargo Village”, is currently approximately 50% complete and is expected to be operational by the end of this year. The facility will contain storage, cold storage, security, customs, veterinary services, quarantine areas, quality control, and immigration services. Additionally, there will be space available that can be utilized by companies that prefer to have a



About

Tahir A. Qadir first became involved with the SIA when he was appointed Project Manager for the construction of the facility in 2004. Upon completion of the project, he served as the Director General for Technical Issues at the airport until he was appointed Director General in 2009. Mr. Qadir has a background in Civil Engineering and graduated from Slemani University in 1979.



- 1 Airport traffic control tower
- 2,4 Slemani International Airport
- 3 126,878 passengers departed (2011)
- 5 Airport security

local, on-the-ground presence. Our expectation is that this new, modern facility will encourage many cargo companies to begin operating in Slemani and that the airport will, as a result, become a hub for regional cargo exchange. We conducted an analysis of the Sharjah and Dubai Airports, specifically in regards to their relative distances from key export areas such as Europe and South Asia. Our report confirmed that the routes into and out of the Kurdistan Region were much shorter. This means that cargo companies could utilize SIA in order to cut costs and save fuel. So, we strongly feel that our airport could play a significant role in the future of both local and global trade, and we are working towards that goal.

IIG: Is the plan to focus more on cargo operations in the short term? Or is there a dual emphasis on passenger services and cargo alike?

TAQ: We will continue to emphasize both areas to the best of our abilities. When “The Cargo Village” becomes operational, the airport will be split between cargo and passenger services. If you look at the statistics for passenger services from 2005 until today, you can see that SIA has increased its rates 10-15% each year. For example, between 2010 and 2011, there was a 15% increase in passenger rates. In fact, from 2011 to 2012, there was a 20% increase. I would argue that this indicates that there has been considerable progress both in terms of the city of Slemani as well as the

governorate as a whole. As a result of that development, there is a need for increased transportation options. SIA satisfies many of those requirements. For example, since 2009, there has been a noticeable increase in the number of our local population who are traveling abroad for touristic

“If you look at the statistics for passenger services from 2005 until today, you can see that SIA has increased its rates 10-15% each year. Between 2010 and 2011, there was a 15% increase in passenger rates. In fact, from 2011 to 2012, there was a 20% increase. We had a total of approximately 286,000 passengers. For 2013, we are expecting that number to increase to more than 300,000 passengers.”

reasons [specifically to Turkey, Lebanon, Malaysia, and Georgia]. So, SIA is clearly very important for the country, and the KRG is doing everything it can to support our growth and development. The government continually allocates the facility a fair

budget, and we work hard to provide the best possible services to our community. I think our growth in terms of passenger rates reflects our commitment to hard work and development. In 2012, we had a total of approximately 286,000 passengers. For 2013, we are expecting that number to increase to more than 300,000 passengers.

IIG: With that in mind, what are the most popular destinations for flights out of SIA? Additionally, which routes or destinations would like to see be one day connected to the SIA?

TAQ: Turkey and Lebanon are, generally speaking, the most popular. However, our flights to Malaysia and Georgia are also becoming increasingly popular, again because of the simple process for obtaining a Visa. Regarding future possibilities, of course, every airport wants to be connected to every other airport. However, this possibility always depends on the market itself. We recently started offering direct flights to the UK, and I think the ultimate goal would be to offer similar services to the United States. This service would be of critical importance, and would certainly increase economic connections between the Kurdistan Region and America. I should note that the service to the UK is provided by Iraqi Airways. SIA is also serviced by a number of high quality, internationally known carriers, including Turkish Airlines, Qatar Airlines, Germania, Royal Jordanian, Azmar Air, Fly Olympic, Atlasjet, Georgian Airlines, and Fly Dubai. ☺



“We offer the full, red carpet treatment. The aircraft these clients travel on range from a small Cessna Citation all the way up to an Airbus. The size of the plane doesn’t matter as long as the client is a VIP.”

Dori F. Abouzeid
CEO and President, Macair Flight
Support & Komar Aviation Group

Dori F. Abouzeid explains his company’s expanding activities in the Kurdistan Region, as well as the benefits of having the parent company, Komar Aviation Group, with 120 years of combined aviation experience, to support and enhance the expansion of the new company into the Region.

IIG: Can you tell us what you offer in terms of services here in Erbil and abroad?

DA: There are two types of flights coming into Erbil: scheduled and non-scheduled. “Scheduled” means that it’s an airliner, and passenger services for those flights are handled by a company called DeNata. We handle “Non-Scheduled” flights affiliated with Macair Flights, which would be private or VIP flights. If you were flying your own jet into Erbil tomorrow, I would handle it for you. Komar Aviation, our parent company, has over 120 years of combined aviation experience. So, all the people that work for us, including pilots, directors of maintenance, accountants, charter salespeople, are very experienced and very well trained. The core of our business is the fixed-base operation [FBO], a facility that caters to all VIP passengers and aircraft. Our clients are non-scheduled, VIP passengers, and we offer them world class service across the board. We handle whatever they need: arrival, departure, flight planning,

immigration and customs, and/or luggage services. We have 24/7 concierge services with a live person answering the calls. We offer the full, red carpet treatment. The aircraft these clients travel on range from a small Cessna Citation all the way up to an Airbus. The size of the plane doesn’t matter as long as the client is a VIP.

IIG: So, you currently offer VIP services to passengers flying into Erbil on private planes. What services do you plan to offer going forward?

DA: Construction on the FBO facility itself will be starting very soon, and will be state-of-the-art across the board. It will feature two VIP lounges, rest areas, conference rooms, and, potentially, a small gym that will help our crews to relax. We’re also hoping to eventually build a Maintenance, Repair, and Operations [MRO] facility; it would provide fueling and maintenance services for private jets. At the moment, no one offers that type of service here in Erbil. So, if you need additional oxygen or



“The airport itself was designed extremely well. The runway is great, the taxiways are nice, and security is terrific. In fact, I would have to say that it’s really one of the best-secured airports anywhere. It’s well lit, well guarded, and well staffed.”

nitrogen in your tires, it can’t be provided here. We have also identified a goal of providing hangars for private planes. They’re needed here in the Region because of the extreme temperatures in the summer and winter. These are all amenities that we will hopefully be able to add in the future.

IIG: How does your staff reflect your goal of giving every client the VIP treatment?

DA: We facilitate things for both the clients and the pilots of non-scheduled flights. We aim to surprise our clients when they arrive here; 99% of the time, we succeed. In numerous airports in the region, there aren’t many such services offered. Those that are offered are frequently chaotic or disorganized. Here, our personnel are well trained and multi-lingual. They have all

gone through NATA-First [National Air Transport Association] training. So, when they walk up to your aircraft, they have the confidence and ability to help you with whatever you need. Generally, what they need is the red carpet treatment, and we offer that to every aircraft that comes to us.

IIG: Since you are dealing pretty much exclusively with VIP clients, are there other unique services that you provide or offer?

DA: We believe everyone that comes to us is going to be a VIP. So, there are special things we do to take care of our customers. As I said, we have people ready to anticipate and understand the needs of both the passengers and the crews. For example, we frequently deal with international businessmen. So, we’re adding a service called “Newspaper Direct.” I will print any newspaper in the world (whether its Chinese, Russian, English, French, or anything else) and hand it to [a client] as soon as they step off the plane. However, that’s just one of the many unique services we offer. When the aircraft arrives, the plane is met by our well-trained personnel, who perform the standard services (chocking the plane, laying out cones) like clockwork. The red carpet is waiting and, at the end of it, we have golf carts waiting to take our passengers and their luggage to immigration and customs. We have people in place to help our clients with customs and with the potential language barrier. We can arrange transportation and, if necessary, armed guards. So, the passengers are taken care of, but so too is the crew. We can perform basic maintenance services; exactly like the airlines,

but on a smaller scale. So, as a result, our customer service is much more personal and therefore much more specified.

IIG: You all have been operating in the Kurdistan Region for quite some time. How have the expectations of the coming traveling to the Region changed over that period? Do you feel that people see the area differently than they used to?

DA: Certainly. I would say that expectations are much higher, and I feel that we have raised the bar to meet those expectations. We still have some clients from the United States and Europe who have never flown into Erbil. They tend to wonder what it will look like and how safe it will be. Once they arrive, they are always surprised. I think there are multiple reasons for this. Firstly, the airport itself was designed extremely well. The runway is great, the taxiways are nice, and security is terrific. In fact, I would have to say that it’s really one of the best-secured airports anywhere. It’s well lit, well guarded, and well staffed. I have no doubt that that level of security is due in large part to the hard work of the local government. I wish I could take credit for the security of the airport, but I can’t. So, right now, we’re the only company offering these specific services. We feel that this will be the case for the foreseeable future. However, we can’t afford to act like that. It doesn’t matter whether we’re the only company or whether there are ten other competitors in the field, we want to provide the best possible service and maintain our stellar reputation. This is our name, and this is the service we want to offer. ☺

KURDISTAN BOARD of INVESTMENT

The Kurdistan Region of Iraq is a booming market that offers promising investment opportunities especially in the agriculture, industry, and tourism sectors.



The BOI is providing professional one-stop-shop services to investors and is responsible for granting public benefits to eligible private investment projects based on the investment law of 2006.



www.kurdistaninvestment.org

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EDUCATION



Bright Future

Dr. Asmat Muhamad Khalid
*Minister of Education, Kurdistan
Regional Government*

Dr. Asmat Khalid discusses his Ministry's current initiatives and plans for reform, methods for alleviating budgetary and infrastructure constraints, and his desire to incorporate innovative approaches for education into the curriculum of the Kurdistan Region.

IIG: The education sector was allotted 16% of the overall budget this year. Is that enough to satisfy the needs of the sector?

AMK: This 16% is not the only funding that we are getting, but I can say with certainty that it is not enough. With the number you mentioned, we are only able to run our existing schools at their current standard and in the prevailing style of the Region. We need a greater amount allocated from the budget. We have announced the construction of 500 new schools. These facilities may cost approximately \$10 billion. Our current budget allocation obviously does not cover that amount. So, that \$10 billion is an extra cost. In addition to that figure, there are special programs that are needed to better educate our students.

IIG: Can you give us some information regarding the development of private education, as well as your thoughts on that growth?

AMK: My primary responsibility is to public schools. However, I am in

charge of supervising all private institutions to ensure that education standards are being met. The most recent figures we have indicate that there are around 165 private schools in operation in the Kurdistan Region. However, that number is increasing on a regular basis. I am pleased with this growth in that it provides greater educational opportunities to the people of the Region. As long as the schools are not too expensive and provide a high standard of education (specifically in the sciences) then I am pleased.

IIG: There seem to be a number of exciting concepts or plans regarding how to improve the education sector. Have any of those ideas been implemented?

AMK: We have been implementing a variety of our plans for the past year. When I was appointed Minister, my first action was to prepare a detailed report that was separated into two parts. The first identified the challenges we were facing and the second relating to the proposed

“The most recent figures we have indicate that there are around 165 private schools in operation in the Kurdistan Region. I am pleased with this growth in that it provides greater educational opportunities to the people of the Region.”

solutions. This report then became the basis for our strategic plan, which itself was divided into two parts: a one-year plan and a five-year plan. The one-year plan has, I am pleased to say, been almost fully implemented. We are now in the process of finalizing the five-year plan, which will give us a very clear vision of what needs to be accomplished and the direction in which we need to head. So, I feel that we have started with a very strong first step in our journey. It was a small step, but it was very important that it also be a correct step. I am pleased that I can look back and say, “That first step has allowed us to begin securing a very bright future for education in the Kurdistan Region”.

IIG: Can you tell us some of the challenges that were identified in that one-year plan and how they were addressed?

AMK: Some of the regulations themselves were creating daily problem for our administration, because they were unclear or unspecific in certain areas. So, we streamlined them and eliminated unnecessary aspects. Similarly, we decentralized the administrative system to the greatest extent possible. Prior to my appointment, it was very centralized, and therefore not as efficient as possible. Every small decision had to come from this office. This is no longer the case; we feel that the responsibility of the Ministry of Education [MOE] should be macromanagement as opposed to micromanagement. We also addressed legal issues as well. The laws relating to the MOE were severely outdated. They were first drafted in 1992. Since that time, there have been many changes in the field of education. So, we prepared a new draft law to better accommodate modern demands and needs. Those are all pertaining to

running of the MOE itself. Looking at education itself, we announced the construction of 500 new schools. However, new schools require additional staff. Once again, our procedures for hiring and training required revision. We have prepared proposals to make these changes and implement new teacher training courses. Making these changes requires considerable investment, but we expect that this process will be complete in the near future. The draft of the law has been completed and is now in the Prime Minister’s office awaiting approval. So, those are just a few of the things that we accomplished in the past year.

IIG: Has it been difficult to get teachers to embrace these innovative approaches to education? Has there been resistance to these ideas because they are a newer concept?

AMK: Our teachers can be classified into two groups: those who are willing to improve themselves and those are not willing to do so. With that in mind, I believe that the MOE should have a two-fold objective in dealing with its teachers. Our goal should be to help the members of the first group to pursue any and all opportunities to help them improve their overall abilities. At the same time, we also need to institute a date by which all personnel must have a certain standard of skills or abilities. From what we have seen so far, the majority of our teachers seem very happy to pursue these opportunities, especially since they will receive improvements in their salaries for doing so. This is in addition to the fact that this training will be free. So, overall, I feel that we have created an environment that rewards our teachers for pushing themselves to do the best work possible. ⑩

Education in Numbers

1,650,000

Students enrolled in public school

130,000

New Students (per year)

165,000

Teachers

Enrolment

95,9%

Primary School

88,9%

Secondary School

Illiteracy Rates

23%

2008

7%

2015 (targeted)

500

New schools to be built

• Luxury suites and rooms with modern facilities

• Restaurant offers Lebanese and international cuisines

• 24-hour room service

• Coffee Shop

• Conference & meeting rooms

• Fitness Center & Spa

• Laundry

• Parking

• Airport pick up

• Rent a car

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Creating Future Leaders



Dr. Athanasios Moulakis
Former President, The American University of Iraq – Slemani (AUIS)

Former AUIS President Dr. Athanasios Moulakis provides IIG with exclusive insight regarding the unique opportunities provided by AUIS, the implementation of a Liberal Arts style education, and the role that the university has played in transforming the mindsets of its students.

“We are uniquely placed in the Region to bring people in to promote a discussion of international affairs and promote international understanding or intergroup understanding. This is because of the tolerance and security present here.”

IIG: Has the location of the university impacted your ability to attract professional staff?
AM: To start off, I would like to note that our academic programs are proven and

About
Dr. Athanasios Moulakis was appointed President of AUIS in 2010, and served in that position until July 2013. Prior to working in the Kurdistan Region, he served as Provost and acting President at the American University in Afghanistan. Dr. Moulakis has taught in a number of universities in Europe and the United States, including Harvard, the University of Bern, the University of Colorado, and St. John’s College in Annapolis.

established. They are more solid and they are more institutionalized than many others in the rest of the country. This is in large part due to the quality of our professors. We have a relatively large rotation, partly because we are in a place where it’s difficult to recruit. It’s much less difficult than it would be in Baghdad. I think it would be literally impossible for us to be based there. Nevertheless, I find that the level and quality of our faculty is very much higher than when I arrived. I think this is in part due to the effectiveness of our administration and in part to the effectiveness of an increasingly national administration.

IIG: Each year, high school seniors in the Kurdistan Region take an examination called “the baccalaureate”. Based on their scores, they are then placed into public university programs. This system is known as “The Zanko Line”. However, this is generally only applied for public schools. So, how does The Zanko Line place system impact the admissions process here at AUIS?
AM: The Zanko Line serves as an indicator of a student’s general ability, but it is a very rigid indicator. It’s a test that measures the capability and the aptitude of the student. However, it’s only one examination and it

only tests on a specific set of criteria. So, it affects us insofar as the students who have the best scores will be required to pursue one of two fields: medicine or engineering. This means that they will then go to state universities where those positions are offered for free. AUIS is unique in that we are the only place that is a not-for-profit institution for public benefit. However, we still want to compete for these students. As a result of our progressive fee structure, we have managed to improve the admissions process. Our current system operates under the notion that the better you are, the less you pay. This means that we get some of the top students.

IIG: What are some of the other major issues that AUIS has confronted during your presidency?
AM: A major problem relates to our position as a liberal arts college. The Zanko Line is rooted in a very rigid, very old-fashioned school system. This is also the case, to a certain extent, with the value system surrounding education itself. For example, high schools in this country have two tracks: the scientific branch and the literary branch. In theory, they are nominally equivalent. In actuality, they are hierarchical. The system in its present form dictates that if you are smart, you will take science. If you’re not smart, you will take arts. I believe that this approach is counterproductive, but it is the way it is. Every parent that I have spoken to believes firmly in this hierarchy. In fact, I only have one Iraqi trustee who is not an engineer, and he is a doctor. There seems to have been a very strange effort made to implement only those Western educational values that are deemed worthwhile (engineering and medicine) without the intellectual underpinnings that go with them. So, everyone wants to be a doctor or an engineer because it is what the society embraces. I feel that this is incredibly dangerous. When you’re building a new democracy and a new economy, you need people from a variety of backgrounds, including history, literature, and philosophy. You need people who have the capacity to think in a variety of different ways. We at AUIS feel that this diversity and creativity is fundamental, which is why our role is truly important, if unconventional. At the same time, we

have to be very careful about how we adopt this position. We can’t go directly against the system, because that would provoke a strong reaction. Instead, we have to do so obliquely and slowly. This is why, in my opinion, it is good for AUIS to be small and different. We can serve as an example of a different model, and we can be a facilitator of change. I believe that the best way for AUIS to do this is to demonstrate how successful our students can be across a wide variety of strata.

IIG: AUIS successfully organizes international events such as the Sulaimani Forum. How do such events contribute to international awareness of Slemani??
AM: We are uniquely placed in the Region to bring people in to promote a discussion of international affairs and promote international understanding or intergroup understanding. This is because of the tolerance and security present here. The events you mentioned bring together analytical people (scholars and journalists and the like) with practitioners and politicians. As the Region becomes increasingly rich,



PM Nechirvan Barzani at AUIS Graduation Ceremony

prominent, and engaged in the geopolitics of the surrounding region, the pertinence of current events and the location of the university become even more important. So, in essence, these types of events become markers and serve to enrich the intellectual life of our community. To that end, there are a number of vehicles we can

AUIS

Established	2007
President	Dr. Dawn Dekle
Total Students	1000
Language	English

Partnerships
Miami University (OH), Old Dominion University, Stanford Law School, SUNY-Albany, University of Amsterdam, University of California, Los Angeles, University of Colorado-Boulder

Undergraduate Programs

- BS Business Administration
- BS General Engineering
- BS Information Technology
- BA International Studies
- BS Mechanical Engineering
- BA English Journalism

Executive MBA Program
International Management in conjunction with Steinbeis Hochschule Berlin

Research Center
The Institute of Regional and International Studies

use to further this standing: fellowships, internships, research programs, and so on. These events also allow for the showcasing of a variety of talents, and make it more attractive for the individuals that we recruit for our own teaching purposes. ◀▶



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Hotbird	Hotbird Frg 11,217 MHz V SR: 27,500 FEC 3/4
Galaxy 19	Galaxy 19 Frg 11,500 MHz V SR: 22,000 FEC 3/4
Optus D2	Optus D2 Frg 12,500 MHz H SR: 22,500 FEC 3/4

Radio

102.7 FM
102.9 FM



HEALTH

Changing the face of Iraqi pharmaceuticals



Dr. Bahram Resul
CEO, Awamedica

IIG talks to the award winning Dr. Bahram Resul, CEO of Awamedica, about the groundbreaking pharmaceutical company and the state of the the Kurdistan Region healthcare sector. Awamedica is the first and only state-of-the-art pharmaceutical manufacturer in the history of the Kurdistan Region.

Since its founding in 2004, Awamedica pharmaceutical company has sought to enhance the reputation of the Kurdistan Region as a provider of quality medicines. Indeed, the Kurdish owned and operated facility has significantly increased its production capacity in recent years. Presently, Awamedica has 56 products in circulation, and aims to increase that number to 96 in the first quarter of the year. Perhaps most significantly, the company recently signed a partnership agreement with French pharmaceutical giant Senofi. These facts seem inconceivable when compared to the situation in the region less than a decade ago. In the early years of the 21st century, the Region was plagued by an influx of counterfeit or low quality medicines. This issue was exacerbated by the fact that the Kurdistan Region had long required effective treatments for chronic illnesses such as cardiovascular diseases and diabetes.

According to Dr. Bahram Resul, CEO of Awamedica, the population was forced to take whatever products were available,

Awamedica

Awamedica, which began manufacturing operations in 2010, is the first pharmaceutical company to operate in Iraqi Kurdistan. The facility produces medicines and related products according to United States and British pharmacopeia regulations. Awamedica presently employs roughly 180 employees, 150 of whom are from the local population. The company currently has 96 products developed, with 56 already in circulation. In November 2011, Awamedica signed a joint-partnership agreement with France pharmaceutical giant Senofi to facilitate further growth within the region. The company recently opened its first branch in Baghdad.

which frequently had little or no effect. In certain instances, these “medicines” actually worsened the patients’ conditions. Counterfeit medicines made up roughly 30% of the market. By comparison, in major European markets, such medicines constituted about 3% of the available supply.

Moreover, in more developed countries, counterfeit medicines were only available in limited quantities via the internet or small stores. According to Dr. Resul. “Here in the Kurdistan Region, they used to be carried in on large trucks.”

However, with the fall of Saddam Hussein in 2003, the Kurdistan Region Prime Minister Nechirvan Barzani was able to take decisive action. He identified a goal of eliminating the widespread availability of counterfeit medicine in the region by establishing a high quality pharmaceutical production facility that could generate consumer confidence. Enter Awamedica.

In 2004, Dr. Resul was authorized by Prime Minister Barzani to create a planning committee. This committee would



be tasked with designing a state-of-the-art production facility capable of producing medicines of similar quality to those produced in Europe or the United States. Dr. Resul notes that it took about a year to get the design completed, as emphasis was placed on making the facility comply with all international regulations.

Construction and installation of the necessary equipment began in 2006. However, to verify that each segment of the process was conducted according to good manufacturing practice (GMP), standards took three years. As a result, it was not until 2009 that the facility was officially opened, with manufacturing beginning in January 2010.

According to Dr. Resul, convincing the local population to trust Awamedica was the hardest part of the entire process. "People saw our company and thought, 'It is only a local company. It's only a Kurdish company'. However, when they tried our medicines, they realized that the products were safe, efficient, and effective."

Today, Awamedica features five different assembly lines. This number allows the company to produce enough materials to satisfy demand not only in the Kurdistan Region but also in the whole of Iraq.


Atenolol, a product used to lower blood pressure, provides an excellent example. Twice a week, Awamedica sends two trucks, which comply with international shipping regulations, from its headquarters in Erbil to the Ministry of Health in Baghdad. The products are then distributed from the Iraqi capital to all regions of the country.

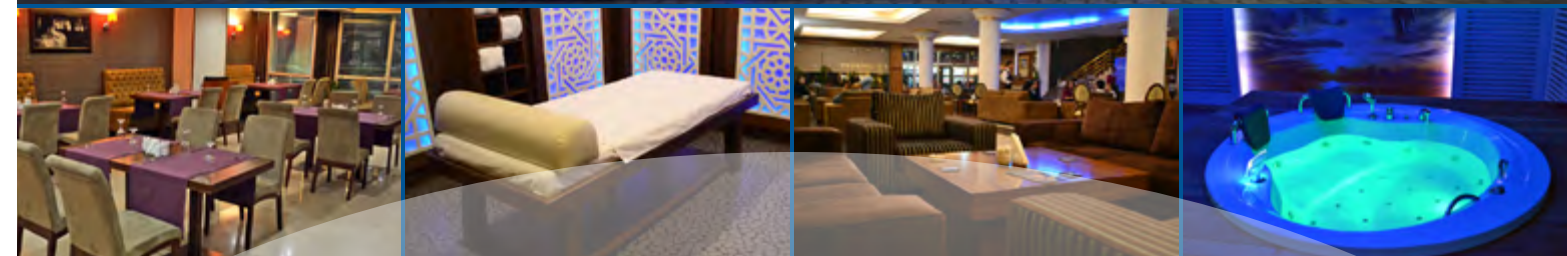
This large-scale production capacity has not caused Awamedica to sacrifice its dedication to producing quality products. The facility features a committed quality control department, which keeps it in line with all international standards and practices. Notes Dr. Resul, "We control every aspect of production and make sure that everything complies with US and British pharmacopeia regulations. By staying dedicated to these qualities, we have achieved success."

This commitment to quality hasn't gone unnoticed. In 2011, Awamedica signed a partnership agreement with pharmaceutical giant Senofi. "They inspected our facilities

ten times, and each time Awamedica was determined to have achieved the necessary standard," said Dr. Result. "We started with packaging their items, but have since moved on to manufacturing some of their products. Now, we are considered a European company based here in Erbil." The agreement between the two companies marked the first time in history that a Kurdish pharmaceutical company partnered with

"We are considered a European company based in Erbil. So, naturally, our intention is to develop into an international brand, and then begin supplying high-quality medicines produced in the Region to new markets all over the world."

an international provider. While this new partnership is certainly a positive step for Awamedica, Dr. Resul hopes it proves even more beneficial for all of the region: "We are confident that this partnership will help to end the availability of poor quality medicines here in Kurdistan Region." 



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Deloitte drives progress in the Kurdistan Region

As one of the world’s leading professional services firms, with uninterrupted presence for over 87 years in the Middle East region, Deloitte has a proven track record globally, and in the Middle East of advancing the aims of our clients and their stakeholders, striving to make them leaders wherever they choose to compete. We focus on making a tangible positive difference by combining strategy with action and delivering measurable impact to our clients in the Kurdistan Region. We believe that when our clients succeed, and when society succeeds, so do we.



Deloitte offers a full suite of professional services in the Kurdistan Region, with particular focus on:

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Including preparation of financial statements under the Uniform Accounting System, in Arabic, statutory reporting services, international audit services, internal audit, IT and cyber security, and other enterprise risk services.

Consulting and Financial Advisory Services;

Including feasibility studies, business plans, transaction due diligence, mergers and acquisitions, valuations, IT implementation, corporate governance and restructuring.

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What do we bring to drive progress in the Kurdistan Region?

Operating in over 150 locations around the world, we are recognized for our talent, scale, position and size With 31.3 billion US dollars of revenue in fiscal year 2012, we have scale and the widest scope (235 market segments) of services of any professional services company in the world. Coupled with access to the

and returned in January 2011 under the leadership of an internationally qualified and experienced managing partner. To solidify our intent and commitment to Iraq and the Kurdistan Region, we built a core team consisting of experienced Deloitte staff members who have relocated and made Erbil their home. With

with a strong understanding of the local accounting and tax environment in the Kurdistan Region in order to mitigate risk and maximize value. Our people are not only subject matter experts, but are also highly experienced in industries that are of priority to the Kurdistan Region, like energy, oil & gas, financial services, telecom, public sector and other important sectors.

Our practice in the Kurdistan Region is led by Ayad Mirza. Ayad is an Iraqi/ American national with CPA certifications from the United States. He is based permanently in Erbil, the Kurdistan Region and is responsible for managing and developing Deloitte’s practice to offer services and advice to our clients in audit, tax, consulting and financial advisory and for the delivery of accounting and auditing services in the country.

Given the nature of the business climate in Iraq, the International Oil & Gas operators represent the largest number of clients in our portfolio. Yet the landscape is changing whereby other major firms in the fields of power generation, real estate construction, banking, and consumer products have entered the market in large numbers.

Private Sector & Foreign Investment

Recognizing that oil export receipts cannot keep pace with spending for reconstruction, the government of the Kurdistan Region introduced new legislation in an effort to boost private sector and foreign investment. Many tax incentives were legislated, providing for exemption from taxes and fees for a period of 10 years as of the date of commencing commercial activity. These exemptions can be further extended for an additional five years upon meeting certain criteria. The tax incentives also provided for exemptions from import duties for the purpose of the investment project for up to three years as of the date of the grant of the investment license. These import duty exemptions are also extendable for the purpose of expanding, developing or modernizing the investment project for up to three years as of the date of notification to the investment authority. Imported spare parts for the same project are also exempt from duties if the value of these parts does not exceed 20% of the value of fixed assets.

In an economy that is heavily reliant on oil revenue, these measures will supplement the reconstruction efforts and will boost Iraq’s economy driving non-oil

GDP up. The primary beneficiaries will be the following industry sectors: construction and construction materials, branded consumer goods, healthcare, electronics, retailing and, financial services and capital markets.

However, it should be noted that merely creating facilities for interna-

in Iraq. Reforming the banking sector will also ease the flow of money into the country and transform it from a cash-based society into a modern and vibrant community.

Despite the challenges, regional and global multinationals see huge opportunities and are flocking to the Kurdistan

Operating in over 150 locations around the world, we are recognized for our talent, scale, position and size With 31.3 billion US dollars of revenue in fiscal year 2012, we have scale and the widest scope (235 market segments) of services of any professional services company in the world.

deep intellectual capital of 200,000 people worldwide, we deliver services in four professional areas – audit, tax, consulting, and financial advisory services—and serves more than 85 percent of the world’s largest companies, as well as large national enterprises, public institutions, locally important clients, and fast-growing companies.

Our Middle East firm operated in Iraq for many decades since its establishment in the 40’s of the last century

such full-time dedicated resources on the ground in our Erbil office, available to meet with our clients locally and to liaise with regulatory and tax authority personnel, Deloitte’s practice in the Kurdistan Region blends local knowledge with international expertise, a factor which we believe sets our firm apart. We understand the risks and challenges facing businesses investing into the Kurdistan Region, and our team of professionals brings deep industry expertise together

Deloitte is committed to making a significant positive and long-term difference in realizing opportunity or overcoming challenge, through our work for clients, impact on our people and our broader contribution as a leading global business in Iraq and the Kurdistan Region.

tional firms to enter the local market is not a sufficient step towards increasing business in the Kurdistan Region. Rules and regulations must be relaxed and all ministries must work together to ensure expediency and efficiency in processing company registrations and issuing tax clearance certificates which are the initial requirements for starting a business

Region in large numbers. Deloitte is committed to making a significant positive and long-term difference in realizing opportunity or overcoming challenge, through our work for clients, impact on our people and our broader contribution as a leading global business in Iraq and the Kurdistan Region.



Mawlawi Jabar Wahab
*Chairman, General Board of Tourism,
Kurdistan Regional Government*

Mawlawi Jabar Wahab explains the development of the tourism industry in the Region, his office’s efforts to properly brand the Kurdistan Region, and the specific components of the Board of Tourism’s Strategic Master Plan, which includes the creation of facilities for hospitality education.

IIG: How do you assess the development of the tourism industry in the Kurdistan Region?

MJW: Prior to 2007, the infrastructure of the Kurdistan Region was limited. This was especially the case for the tourism industry. So, at that time, the KRG began to place emphasis on tourism to make sure that it would become an active, economically beneficial sector. Since then, we have seen the sector develop at an incredibly rapid pace. The statistics support this fact. In 2007, there were only 39 hotels in Erbil. Today, we have more than 250, including multiple internationally branded, five-star facilities. In 2007, a total of 377,000 tourists visited the Kurdistan Region. In 2012, that number increased to 2.2 million.

IIG: Obviously, with Erbil being named the 2014 Arab Tourism Capital, the industry will continue to grow. With that in mind, what are your expectations for the tourism sector in the short term?

MJW: We have reviewed recent reports

from the United Nations World Tourism Organization (UNWTO), which indicated that global tourism industry will develop approximately 3-4% this year. Our research confirms these figures in terms of global tourism. However, the general opinion is that this growth rate will be much higher for the MENA area and for the Kurdistan Region in particular. I believe that the Region is uniquely positioned to continue its rapid growth in the tourism sector, as we have all the necessary components to develop successfully. We have an ideal location, notable historical sites, beautiful natural settings, a friendly population, and abundant natural resources. So, I believe that the tourism industry can produce significant revenue for the KRG, and it was therefore no surprise that the government elected to prioritize this critical sector.

IIG: Do you think that there is misconception about the security situation in the Region? If so, how do you believe your office can help change that perception?

MJW: The Kurdistan Region is committed to being a part of Iraq. However, the perception of Iraq abroad is obviously quite negative. This therefore negatively impacts the development of the tourism sector here in the Region to some extent. Many people are unable to differentiate the cities of the Region from those of the rest of Iraq. As a result, they may not believe that the Region is stable and secure. So, our key duty is to continue our marketing and promote the fact that things here are safe, stable, and worthy of visiting. We are doing everything in our power to demonstrate to the rest of the world that things here secure. To do so, we have been developing a marketing strategy to better spread this message, and we expect that it will play a major role in facilitating greater tourism figures.

IIG: Can you give us a little more information regarding that marketing strategy?

MJW: Per the strategy, we have identified three different target markets in which we hope to spread our message. The first market is in greater Iraq, which we believe will have more of an immediate impact. The second market consists of our neighboring countries, particularly Turkey, Iran, and the Gulf Coast Countries. The third market would be European countries, particularly those who have already established diplomatic representations here in the Region. As I indicated, I believe we have been quite successful in the first market. We are continuing to promote ourselves in the second market, and we are starting to see the results. So, we are pleased with this target area. However, we have had some difficulty with the third market. So, we will need to further promote ourselves in those areas.

IIG: In your opinion, aside from issues relating to the perception of security, what needs to be done to ensure sustainable growth in tourism sector?

MJW: I believe that we have already achieved one major element that will allow us to ensure further development: a strategic master plan (SMP). Our SMP was prepared by the joint venture of a Lebanese and an Austrian company, and is structured in three phases. The first phase has a targeted completion date of 2016, the second has a targeted completion date of

2020, and the third has a targeted completion date of 2025. We evaluate the plan on an annual basis to ensure that we are on track and that all of its components are still applicable. Many unforeseen obstacles and challenges will present themselves over the course of this project, so we do our best to handle them accordingly and remain on track towards the successful execution of the plan. Obviously, the overall goal of the SMP is to ensure that the Kurdistan Region takes its place as an international tourism destination.

IIG: What are the primary goals of the plan and how do you expect them to be accomplished?

MJW: Our primary target is to have 7 million tourists visit the Kurdistan Region in 2025. However, we also have strategic goals along the way. For example, we have placed particular emphasis on developing the tourism/hospitality education sector. We will be setting up special departments at local universities to accommodate these new fields. In addition, there will be three training centers (one each in Erbil, Duhok, and Slemani). We are hoping to import French expertise in terms of managing these training facilities.

Obviously, a primary goal of the SMP is to enhance the Kurdistan Region’s international brand. To do this, we feel it will be necessary to re-organize the structure of the General Board of Tourism in order to ensure that it operates on a more efficient level. We will also seek to properly incentivize private sector investment by providing loans without interest and by helping to develop their overall operational capacity. We feel that our goals cannot be achieved without an active and eager private sector, so we will do everything we can do ensure that it remains involved.

Lastly, we have placed emphasis on supporting the development of the infrastructure of the tourism sector. Erbil, Duhok, and Slemani all need further improvement if they are to accommodate increased numbers of visitors each year. To that end, foreign direct investment in the tourism sector will be become increasingly important. So, we are working diligently to establish connections and promote our SMP abroad. ☺

“We have seen the tourism industry develop at an incredibly rapid pace. The statistics support this fact. In 2007, there were only 39 hotels in Erbil. Today, we have more than 250, including multiple internationally branded, five-star facilities. In 2007, a total of 377,000 tourists visited the Kurdistan Region. In 2012, that number increased to 2.2 million.”

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Safwan Khayat
Area General Manager,
Millennium & Copthorne Hotels

Safwan Khayat explains the role the Copthorne Hotel Baranan played in initiating the international hospitality industry Slemani, the challenges of expanding to a new geographic area of operations, and the new hotels the company plans to open in the near future.

IIG: Can you give us some background regarding the Copthorne Hotel Baranan, including when it was established and the services it offers?

SK: We obtained the building in 2010 and then the construction process was completed in two years. The services we offer reflect our company standard that targets achieving maximum guest satisfaction. As a result, we have adjusted or improved some areas of operation since we opened. Currently, we offer the highest quality available in terms of technology, including the fastest Internet possible, which is available for free to our in-house guests. Our restaurants are international in inspiration and utilize the highest quality of imported foods. For these reasons, I would say they are unique among the dining options in Slemani.

IIG: Speaking of other options, how would you describe the current hospitality industry in Slemani? Is it fairly competitive at the moment and do you expect more competition in the near future?

About

Safwan Khayat graduated from the Conrad N. Hilton College of Hotel and Restaurant Management at the University of Houston. As a member of the Millenium Hotels Management team, Mr. Khayat has been assigned to open the company's properties in the Kurdistan Region.

SK: The Kurdistan Region, Slemani in particular, only recently opened to the international hotel industry. In fact, we are the first international hotel company operating in the city of Slemani. Hopefully, more international chains will come in the near future. I believe that it is healthy to have more branded hotels in Slemani, because that would allow for the quality of the industry to improve. This would also have an impact on pricing. However, for now, I don't believe anyone in the city can compete with what we offer.

IIG: You've managed or worked in hotels all over the world. Are there unique




obstacles or challenges to working in Slemani? How have you gone about solving these issues?

SK: Our challenge here has been finding properly trained employees. This results from the lack of hotel schools or other international hotels operating in the areas. Currently, most of our employees are foreigners from a variety of different countries. Generally speaking, they already have experience working in international hotels and so they are familiar with the standard that we demand. This issue will be solved in the near future once it becomes easier to train local personnel. In addition, as I mentioned, we are forced to import a majority of the ingredients used in our restaurants from abroad. We're coping with this problem by working closely with the government to ensure the import process runs smoothly. I believe that the government is doing its best to solve these issues, as well as any others coming our way.

IIG: Obviously, the Copthorne Hotel Baranan is already up and running. However, Millennium Hotels and Resorts has more plans for the city. Can you tell us about those?

SK: We plan to open two more facilities in the near future. The first is the Grand Millennium Slemani Hotel (GMSH), which we believe will become a landmark of the city. It is located in the middle of the city on Shary Jwan Hill, and is tall enough to be seen from virtually any place in Slemani. The hotel will be composed of 256 rooms and suites, all of which will be luxuriously appointed and completed with the best possible guest amenities. The GMSH will also feature a business center, 5 executive floors, a club floor and lounge, 11 meeting rooms, a car park, a health and fitness center, a hair and beauty salon, indoor and outdoor swimming pools, a tennis court, a squash court, and a 2,800 m2 ballroom. In terms of dining options,

as with the Copthorne, we plan to provide unique options for Slemani. So, we aim to feature an all-day international buffet, an authentic Lebanese restaurant, a revolving fusion restaurant located on the top floor of the building, an Executive Lounge, a Champagne Bar, a Café, a Pub Bar, and a sports café.

The second facility is the Millennium Hotel and Spa, which will feature a total of 134 rooms and suites specially designed for short term and long term accommodation. The crowning achievement of the hotel will be the spa facility. It will feature a wide variety of services, including fusion therapies, Turkish baths, steam rooms, a floating pool, an ice fountain, a Hypoxi Studio, and a fully equipped gym. 

LIFE & CULTURE

Sushi in Erbil

When people think about the Kurdistan Region, sushi hasn't historically been one of the things that most readily came to mind. Now, however, that may be changing thanks to the delicious offerings currently being served up at "Qi 21", a Japanese sushi and steak restaurant located on the 21st floor of the Divan Hotel. Featuring resplendent views, intricate décor, exquisite cocktails, and mouth-watering menu options, "Qi 21" is a must-visit destination for any traveler to Erbil. Expertly trained chefs prepare and serve dishes that were previously unheard of in the Region, with fan favorites including the unique Tekkadon (rice topped with thin-sliced raw tuna sashimi) or the more traditional Beef Teriyaki. Dining service begins at 6:00pm and runs until 11:30pm, with bar service until 12:30am. Reservations recommended. 



LIFE & CULTURE

Noura Jewellery & Watches

The Kurdistan Region has become known internationally as an excellent place to do business. Now, however, boutique stores and globally recognized brands are eager to cement the Region's growing reputation as a luxury-shopping destination. One shining example of this paradigm shift is Noura Jewellery and Watches (NJW), the premier stop for fine jewelry and watches in Erbil. Located on the first floor of the Divan Hotel, NJW offers its customers the world's most prestigious brands [Rolex, Hublot, and Chopard], as well as brands



more identified with the Middle East (the Al-Kurdi collection). NJW also features handcrafted, one-of-a-kind pieces of jewelry, as well as the latest edition of Vertu phones. The store, which is owned by Iraqi investor Noura Al-Souhail, also provides repair and adjustment services. The design of the NJW store itself reflects Noura Al-Souhail's attention to detail, with the carpet, chairs, and the rest of the décor all designed by the owner. A visitor to NJW comes away with the feeling that each item, a piece for sale, has its own unique story that reflects a blend of the traditions of the Kurdistan Region and the luxury of the modern world. 

LIFE & CULTURE Spotlight

Fitness Made Easy

Located on Kirkuk Road in Erbil, the Tangram Hotel has already established itself as one of the premier hotels in the Kurdistan Region. The Tangram Hotel Fitness Center is perhaps the most well-equipped, planned, and provisioned facility in all of the Region, let alone Erbil.

Featuring numerous pieces of Technogym equipment [including multiple treadmills, elliptical, stationary bicycles, and exercise stations], the spacious Tangram Hotel Fitness Center also includes modern changing rooms and a sauna room that helps to perfectly end a hard day's workout.



Zen the Spa at Erbil Rotana

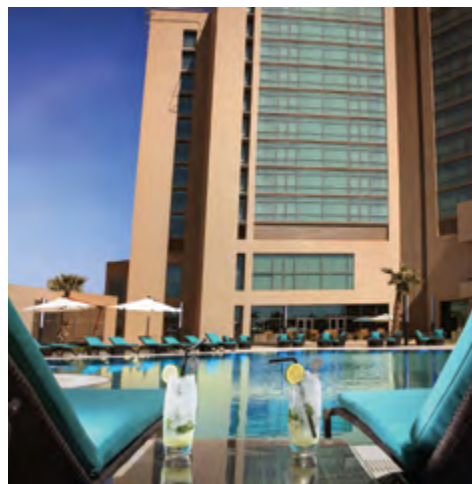
Offering relief from the sweltering heat of a summer in the Kurdistan Region and the stresses of Erbil's business environment, Zen the Spa provides premier therapeutic treatments offered by certified spa therapists. The facility, the first of its kind in the Kurdistan Region, is located at the Rotana Hotel and features five massage rooms, as well as dedicated sauna and steam rooms. Patrons can choose from a variety of different treatments, including the

Zen the Spa Signature Massage [a unique holistic massage combines the best from east & west], Swedish Massage, Shiobhyanga [a deeply relaxing head, neck, and shoulder massage], the Deluxe Reflexology Massage [a massage focused on pressure points in the feet that correspond to different parts of the body], and the Sport Massage [deep pressure or neuromuscular therapy are used to work out spasms and chronic pain within the muscles and connective tissue].



Poolside Living

Every day from 7:30am to 10:30pm, guests at the Rotana Hotel are invited to take a break from their busy schedules and indulge in a bit of relaxation courtesy of the finest swimming pool in Erbil. The facility, which is surrounded by a lush, green garden, also offers outdoor dining operations and fresh drinks at the Aquarius Pool Bar.

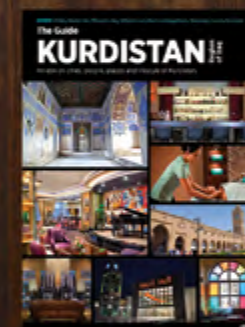


Our "The Review" edition is published quarterly. "The Review" updates you on the recent developments in various sectors by highlighting the policies and projects of the leading actors and companies. It also puts a spotlight on investment opportunities and provides data about the rising sectors in the Kurdistan Region.

ANNUAL ISSUE

KURDISTAN REVIEW 2013

Our special edition is published annually. Kurdistan Review has a particularly strong focus on key leaders, companies, sectors, and trends shaping the future of the Kurdistan Region.



THE GUIDE

The Guide helps you to experience the social and cultural life in the Kurdistan Region to better realize its dynamics.



HOW TO START UP

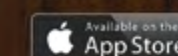
The report informs the potential investors on how to start up businesses in the Kurdistan Region.



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IIG iPad app will be available in October. Keep an eye on alluring business opportunities, successful investment stories, rising leaders and trends in the Kurdistan Region.





OIL COMPANIES

MUST THINK

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