



---

TOGETHER WE BUILD IRAQ  
معاً نبني العراق

# 7th London Conference

---

‘Investing and Doing Business in Iraq’

The Mansion House  
20 May 2014

*Report Published 10 July 2014*

## WELCOME FROM IBBC EXECUTIVE CHAIRMAN BARONESS NICHOLSON OF WINTERBOURNE

The IBBC's directors, members and staff offer their thanks to the attendees of our seventh London Conference held at The Mansion House in the City of London.

I offer my thanks to Aldermann Fiona Woolf, Lord Mayor of the City of London, for her hospitality.

I also wish to thank Lord Robertson, Sir David Wooton, and Rasmi Al Jabri for chairing our three conference sessions.

My special thanks also go to the representatives of the Republic of Iraq — Deputy Prime Minister Dr Rowsch Shaways , Senior Deputy Minister for Housing and Construction Istabraq Ibraheem Al Shouk, the Governor of Karbala Akeel Al-Toreihi, Iraq's Ambassador to France HE Dr Fareed Yasseen, and the Iraqi Ambassador to the United Kingdom HE Faik Nerweyi.

I am delighted that Lord Deighton, Commercial Secretary to the Treasury, and Jana Hyabskova, EU Ambassador to Iraq, were able to address us on the potential Iraq holds for both Iraqi and British businesses.

My special thanks go to Shell, the principal sponsors of the conference, secondary sponsors The Weir Group and tertiary sponsors Standard Chartered Bank.



BARONESS NICHOLSON OF WINTERBOURNE

IBBC Executive Chairman

## AGENDA

**Chairman of the day: Baroness Nicholson of Winterbourne, UK Trade Envoy to Iraq**

09.00 WELCOME ADDRESSES:

**The Baroness Nicholson of Winterbourne**  
**HE Dr Rowsch Shaways**, *Deputy Prime Minister, Republic of Iraq*  
**Lord Deighton**, *Commercial Secretary to the Treasury*  
**Mr Christos Papadopoulos**, *Regional CEO MENAP, Standard Chartered Bank*

10.45 **Alderman Fiona Woolf CBE**, *the Rt. Hon. The Lord Mayor of London*

11.00 SESSION 1: Energy Infrastructure

Chairman: Lord Robertson of Port Ellen  
Panellists: Jaafar Oklany – *Shell Iraq*, Vikas Handa – *Weir Group*,  
Jana Hybaskova – *EU Ambassador to Iraq*, Greg Hammond - *Eversheds*,  
Dr Fareed Yasseen – *Iraqi Ambassador to France*

14.00 SESSION 2: Doing Business in Iraq: Reform of the Financial Sector

Chairman: Sir David Wootton  
Panellists: Hadi Damirji - *Irak Capital*, Ahmed Muallah - *SCB*,  
Jesdev Sagar – *Deloitte*, Bishr Baker – *E&Y*, Afif Al Masri - *PwC*

15.30 SESSION 3: Housing and Construction

Chairman: Mr Rasmi Al-Jabri - *IBBC*  
Panellists: Istabraq Ibraheem Al Shouk - *Senior Deputy Minister for Housing and Construction*, Akeel Al-Toreihi – *Governor of Karbala*,  
Bob Philips – *Mott MacDonald*, Peter Hunt – *HWH & Associates*,  
Jones Lindgren – *Perkins + Wills*

16.40 Baroness Nicholson to present conference outlook and conclusions

## GUEST LIST

Mr Safaa Mohammed	<i>Alnaba Alsaeed Gen.</i>	Mr Sherwan Dizayee	<i>Iraq Embassy, London</i>
Ms Tania Abdulkader	<i>Iraq Embassy, London</i>	Mrs Vanessa Douglas	<i>SKA International</i>
Mr Bilal Abdulkadir	<i>Iraq Embassy, London</i>	Mr Mike Douglas	<i>SKA International</i>
Mr Ali M. Ali Qasim	<i>Al-Motahida Company</i>	Mr Steve Driver	<i>SKA International</i>
Mr Muthanna Qadir	<i>Mouta Co. Finance,</i>	Mr Abdirashid Duale	<i>Dahabshiil</i>
Mr Nasser Tayes	<i>Rawat Al-Hajer IT</i>	Prof. Lesley-Jane Eales-	<i>Kingston University</i>
Mr Aiman Abdulmajeed	<i>Iraq Embassy, London</i>	Mr Ahmed Elkady	<i>Ernst &amp; Young</i>
Mr Mukbil Siddeq	<i>Mukbil Al-Dabbag Office</i>	Brigadier James Ellery	<i>Aegis</i>
Mr Mazin. D.	<i>Al-Salami &amp; Sons</i>	Mr Roger Esson	<i>Walker Technical</i>
Mr Dakhil Abdulzehra	<i>Al-Salami &amp; Sons</i>	M. Matthieu Etourneau	<i>MEDEF</i>
Mr Zaman Sahib Abed	<i>Karbala Global Group</i>	Dame Glynne Evans	<i>Olive Group</i>
Mr Paul Abley	<i>UKTI South West</i>	Professor Mahmood	<i>BLME</i>
Mr Abbas N. Alwoan	<i>Karbala Global Group</i>	Mr Ben Finch	<i>Libya Herald</i>
Mr Khalaf Mohammed	<i>Sal Co. for Transport &amp;</i>	Mr Colin Findlay	<i>Severn Glocon</i>
Mr Mohammed	<i>Alabady Co. for Oil</i>	Ms Courtney Fingar	<i>fDi Magazine</i>
Mr Rayyan Kamal	<i>AlMasaraa Intl General</i>	Ms Cherry Gore	<i>Standard Chartered</i>
Mr Salah Hassan Ali	<i>Babylon Chamber of</i>	Mr Lloyd Griffiths	<i>Kalite Holdings Ltd</i>
Mr Istabraq I. Alshouk	<i>Ministry of Housing, Iraq</i>	Ms Ayda Habboush	<i>Trowers &amp; Hamlin</i>
Mr Nabeel Salman Ali	<i>Karbala Chamber of</i>	Dhikra Abdulsattar	<i>Ministry of Housing, Iraq</i>
Ms Jo Armit	<i>BIOGH</i>	Mr Greg Hammond	<i>Eversheds LLP</i>
Mr Chris August	<i>Monetics FZE</i>	Mr Aws Hamo	<i>Weir Group</i>
Mr Aqeel Sahib Abed	<i>Karbala Global Group</i>	Mr Sean Hanafin	<i>HM Cabinet Office</i>
Mr Mike Aynesly	<i>Dahabshiil</i>	Mr Vikas Handa	<i>Weir Group</i>
Mr Qasim Muhammad	<i>Basrah Chamber of</i>	Mr Sadeq Khaleefah	<i>Thi Qar Investment</i>
Mr Bishr Baker	<i>Ernst &amp; Young</i>	Mr James Harding	
Mr Mustafa Bakr	<i>AOGS</i>	Mr Hayder Raheem	<i>Al-Barakat Co. for</i>
Ms Sana Bardawil	<i>Shell</i>	Mr Qais Hameed Hasan	<i>Al-Tarmeem Co.</i>
Mr Abbas Muslim Ali	<i>Ahfad Salah Aldin</i>	Mr Emad Ghalib Hasan	<i>Basrah Chamber of</i>
Eng. Sameer I. Bashqah	<i>Ministry of Housing, Iraq</i>	Mr Haider H.	<i>Tibat Karbala for Gen.</i>
Mr George Booth	<i>Pinsent Masons LLP</i>	Mr Salah Mahdi	<i>South Oil Company</i>
Mr David Brown	<i>PTS Ltd</i>	Dr Alex Hernandez	<i>Weir Group</i>
Mr Gerald Carton	<i>Coller Capital</i>	Mr Abdul Hameed H.	<i>Al-Baidak Al-Aswad Co.</i>
Dr Husain Chalabi		M. Bernard Hoffait	<i>TOTAL</i>
Mr Toby Chinn	<i>Control Risks</i>	Mr Peter Hunt	<i>HWH &amp; Associates</i>
Mr Neil Clark	<i>Unit Birwelco</i>	Mr Muhammed Dhia	<i>Kut Chamber of</i>
Mr Simon Collis	<i>British Embassy,</i>	Dr Jana Hybáškova	<i>European Union</i>
Mr Richard Cotton	<i>BIOGH</i>	Mr Zubair Mohammed	<i>New Gulf Co. for General</i>
Ms Bernadette Cunnane	<i>Shell</i>	Mr Kamel Jaber	<i>Jaber Group</i>
Mr John Curtin	<i>Ernst &amp; Young</i>	Eng. Rasmi Al Jabri	<i>Basrah Engineering</i>
Mr Khalid S. Daiood	<i>Ministry of Housing, Iraq</i>	Mr Nafea Raheem Al-	<i>Basrah Engineering</i>
Mr Fawzi Dajani	<i>National Bank of Kuwait</i>	Mr Zaid Rasmi Hashim	<i>Top Tech Co. for</i>
Mr Ammar Dakhil	<i>Salford University</i>	Mr Zaid Younis Najm	<i>Al-Arabiya Transport</i>
Mr Hadi Damirji	<i>Irad Capital</i>	Engineer Waleed Jawad	<i>Babel Group</i>
Lord Deighton	<i>HM Treasury</i>	Mr Philip Jones	<i>TheCityUK</i>
Mr Mark Dempsey		Mr Ali Joodi	<i>Al Jamiaa Company</i>
Mr Ali Mohsin A.	<i>Karbala Global Group</i>	Engineer Emad Joodi	<i>National Eng. &amp;</i>
Basim Bahaa Al Din	<i>Ministry of Housing, Iraq</i>	Mr Shallal Kadhim	<i>Al Shallal Al Azraq</i>

## GUEST LIST (CONT.)

Ms Amiena Yahia	<i>Karbala Global Group</i>	Mr Alex Pykett	<i>FCO</i>
Mr Azher A.R.M. Jawad	<i>Naher Al-Jana Tourism</i>	Ms Emily Richardson	<i>Control Risks</i>
Mr John Kemkers	<i>Eversheds LLP</i>	Mr Lee Robertson	<i>Unatrac Ltd</i>
Ms Sarah Kent	<i>Wall Street Journal</i>	Lord Robertson of Port	<i>House of Lords</i>
Mr Alistair Kett	<i>PwC</i>	Mr Hayder Al Rubaii	<i>Baghdad Chamber of</i>
Mr Aqil Al-Khalidi	<i>Basrah Provincial</i>	Mr Keith Ruddock	<i>Weir Group</i>
Mr Noor Aqil Al Khalidi	<i>Shams Al-Basrah Hotel</i>	Mr Qasim Younis Al	<i>Retaj Trading Company</i>
Mr Basit Khan	<i>AECOM</i>	Mr Salah Mahdi Al-	<i>Babylon Chamber of</i>
Mr Ala Muhammed Al-	<i>Najaf Chamber of</i>	Mr Mohammed Al	<i>HM Treasury</i>
Mr Maytham K.	<i>Al-Khair Trading Co.</i>	Mr Jesdev Saggarr	<i>Deloitte</i>
Mr Ben King	<i>HM Treasury</i>	Mr Ala Sahi	<i>Ben Sahi Food Industries</i>
Mr James King	<i>The Banker</i>	Mr Mahdi Sajjad	<i>Gulfsands Petroleum</i>
Mr Tariq Yaseen Lazim	<i>Al Nijoom Co.</i>	Mr Sahib Sajjad	<i>Saipem</i>
Ms Angelique Lecorps	<i>G4S</i>	Mr Hassan Sajjad	<i>Union of Iraqi Cham. of</i>
Mr Mark Anthony Li	<i>AOGS</i>	Mr Abather Omer Saleh	<i>Thi Qar Governorate</i>
Mr Jones Lindgren	<i>Perkins+Will</i>	Ms Negin Sawez	<i>US Department of State</i>
Mr Gary Lomas	<i>Mott MacDonald</i>	Mr Perry Scott	<i>National Bank of Kuwait</i>
Mr Sadik H.F. Al-	<i>Babylon Chamber of</i>	Mr John McGregor Scott	<i>Petrofac</i>
Mr Muhammed Bakr	<i>Al-Sabaa General</i>	Mr Falah Hameed	<i>Basrah Chamber of</i>
Dr Abdul Hassan A.A.	<i>Iraq Embassy, London</i>	Mr Alaa Weli Ali Al-	<i>Maysan Chamber of</i>
Mr Afif Al Masri	<i>PwC</i>	Mr Raed Saeed Shams	<i>Karbala Global Group</i>
Ms Julie Mercer	<i>Deloitte</i>	Mr Qutaiba. A. Salih	<i>Mosel Chamber of</i>
Mr Ayad Jebur Mhawi	<i>Manas Trading Co.</i>	Mr Zuhair Sharba	<i>Najaf Chamber of</i>
Mr Christopher Morgan	<i>Weir Group</i>	HE Dr Rowsch Shaways	<i>Government of Iraq</i>
Dr. Mussa Al-Mosaweyi	<i>Iraq Embassy, London</i>	Mr Mohammed Ibrahim	<i>Karbala Global Group</i>
Mr Khalid Rahim	<i>Aswat Al-Bareyah for</i>	Mr Abdul-Aziz Shwan	<i>Dr. Shaways's Head-</i>
Mr Ahmed Muallah	<i>Standard Chartered</i>	Mr Ahmed Mahal Skel	<i>Karbala Investment</i>
Engineer Jasim		Mr Mick Slevin	<i>Unatrac Ltd</i>
Ms Oona Muirhead CBE	<i>Aegis</i>	Mr Jeremy Smith	<i>UK Export Finance</i>
Mr Shwan Al-Mulla	<i>ICCB</i>	Ms Manahil Al-Sowaidi	<i>Ahfad Salah Aldin Co.</i>
Mr Ghazwan Ayad Al		Mr Trevor Staples	<i>Foster Wheeler</i>
Mr Watheq M. Ridha	<i>Mascan Trading &amp;</i>	Mr Makki Al Sudany	<i>Basrah Chamber of</i>
Major General. Dr Ali	<i>Iraq Embassy, London</i>	Mr Mehdi Taher	<i>British Embassy,</i>
HE Faik Nerweyi	<i>Iraq Embassy, London</i>	HE Akeel Al-Toreihi	<i>Karbala Governorate</i>
Mr Tariq Al-Obeidi		Mr Mike Trigg	<i>Standard Chartered</i>
Dr Jaafar Oklany	<i>Shell</i>	Mr Fakhri Taher	<i>Al-Khamael Global Co.</i>
Mr Rageh Omaar	<i>ITV News</i>	Mr Ali Ahmed Neamah	<i>Al-Amlak for Commercial</i>
Mr Samer Al Omari	<i>Restrata</i>	Mr Mark Walley	<i>RICS</i>
Mr Darren Orr	<i>Serco Group</i>	Mr David Whittle	<i>Swagelining Ltd</i>
Mr Peter O'Sullivan	<i>Penspen Limited</i>	Ms Darshni Wignarajah	<i>UKTI</i>
Mr Philippe Dauba-	<i>Standard Chartered</i>	Mr Gavin Wishart	<i>Standard Chartered</i>
Mr Christos	<i>Standard Chartered</i>	Rt Hon Fiona Woolf	<i>City of London</i>
Sir William Patey	<i>Control Risks</i>	Sir David Wootton	<i>Allen &amp; Overy</i>
Mr Bob Phillips	<i>Mott MacDonald</i>	HE Dr Fareed Yasseen	<i>Iraq Embassy, Paris</i>
Mr Andrew Prendergast	<i>Aptword Services Ltd</i>	Mr Marco Zacchei	<i>Saipem</i>
Mr Julian Price	<i>Enkom Consulting</i>	Miss Reem Zahid	<i>Standard Chartered</i>
		Mr Khatab Omar Ahmed	<i>Mateen Co. for Grain</i>

## EXECUTIVE SUMMARY

Iraq's resource wealth gives it huge potential. The Deputy Prime Minister anticipates that the Iraqi energy strategy will generate 6 trillion US\$ between now and 2030. However, for this potential to be realised Iraq's energy infrastructure needs large-scale maintenance and upgrades to the tune of roughly US\$ 600 billion in the same period. Appropriate expertise and commitment is required for this funding to be effective.

Three hurdles for the development of the energy sector were identified.

- First, licencing and regulation needs to be more transparent and less bureaucratic.
- Second, the relevant Iraqi ministries need capacity building at all levels to ensure that the government is able to facilitate this development.
- Finally, an effective revenue sharing compact needs to be reached with the Kurdish Regional Government.

Iraq's banking sector requires wholesale reform. Its shortcomings are holding back the development and growth of the rest of the economy as a whole. Less than a third of the population have a bank account; Iraq's economy is primarily a cash economy. A lack of financial products makes it difficult for businesses and individuals to invest or start businesses. Shortcomings in oversight and regulation make banks uncompetitive and prone to corrupt practices. Using banks carries a disproportionate amount of risk for individuals and businesses.

Most Iraqi banks do not lend money; they receive deposits and keep these in the central bank, reaping a return on the interest. This limits Iraqi business' access to capital and means there is little incentive for banks to support reform.

An independent regulatory body is required in Iraq, as this will act as a ‘segue’ for investors. If these issues are dealt with, the panellists noted that they will have a beneficial multiplier effect on the Iraqi economy.

Iraq’s construction sector has suffered underinvestment over the past 30 years. As a result, there is an acute housing shortage that is being exacerbated by demographic shifts into cities from the countryside. The Iraqi government estimates that between one and two million housing units are required to rectify this problem.

Like banking, the housing and construction sector is connected to many other parts of the economy. Any housing and construction strategy needs a master plan that takes this into account. For example, ‘pressure points’ in infrastructural services that are holding construction back (such as oversubscribed water and sewage systems) need to be addressed as soon as possible if the sector is to develop. Housing and construction plans also need to take into account local sensitivities. Organic and incremental development is required to prevent the possibly negative societal consequences of large, state planned housing projects.

Operating in Iraq gives firms a competitive advantage, as many other companies are looking to expand there and the country’s long term prospects are strong for investors. Foreign companies play an important role in bringing both positive short and long term changes to Iraq. Shell have been involved in clearing minefields, and Standard Chartered are providing wholesale banking services that would otherwise be unavailable. Foreign investors also employ and train the local population, paving the way for sustainable and organic development in the future.



## WELCOME ADDRESSES

### BARONESS NICHOLSON OF WINTERBOURNE

Baroness Nicholson of Winterbourne thanked those in attendance for their presence and gave special thanks to the distinguished guests of the conference. She gave special thanks to the four ambassadors in attendance and IBBC Board Member Rasmi Al Jabri for bringing many Iraqi chambers of commerce with him. The Baroness stressed that chambers of commerce are a crucial medium for developing Iraq's economy, as they are a unique way of integrating investment with small family businesses. She also expressed her gratitude to the other speakers in the opening session.

### HE DR ROWSCH SHAWAYS – *DEPUTY PRIME MINISTER,* *REPUBLIC OF IRAQ*

Dr Shaways address focussed on Iraq's energy infrastructure. He highlighted the dependence of Iraq's economy on the performance of the energy sector, and that a national energy strategy, developed for the period 2013-2030 by the government and international organisations, set out a plan for its comprehensive development.

Iraq's energy sector, in spite of it having one of the world's largest oil and gas reserves, is currently unable to realise its full potential because of a dilapidated infrastructure. Iraq is currently unable to meet domestic energy demands and is presently punching below its weight on the international energy market. This, Dr Shaways stressed, makes the conference's discussion of energy infrastructure particularly relevant.



The Deputy Prime Minister anticipated that a total budget of US\$530 billion as capital investment and US\$90 billion for operational expenses would be required between 2012 and 2030 for the national energy strategy. Of this investment, Dr Shaways expected 15% of the total to come from private sector investments. He continued that this program would generate US\$6 trillion, and that 85% of this revenue would come from oil exports.

The expertise that public-private partnerships or contracts with international firms provide, Dr Shaways continued, is important for putting the necessary infrastructure in place. Iraq must adopt unorthodox means to implement this strategy and attract reputable international businesses. International organisations have also done studies to help bolster the growth of the economy and the capacities of the central government.

The Deputy Prime Minister concluded that Iraq needed to:

- Develop a fair, efficient and transparent taxation system that maximises revenue.
- Engage trustworthy and reputable firms.
- Develop an effective banking system that can provide timely and efficient banking services to companies.

Dr Shaways thanked the organisers, Baroness Nicholson and the City of London for hosting the IBBC's meetings over the years. He concluded his speech by reminding the audience that Iraq is a promising investment market that granted US\$27 billion in investment licenses in 2013.

## LORD DEIGHTON – *COMMERCIAL SECRETARY TO THE TREASURY*

Lord Deighton began by describing how his experience is relevant to encouraging and cultivating British business in Iraq. Lord Deighton was a banker for 27 years and then the Chief Executive of the London Organising Committee of the Olympic and Paralympic Games (LOCOG) for seven years. He therefore approaches the challenge of encouraging British investment in Iraq from a business perspective.

The process of encouraging business in Iraq is similar to running a large project like the Olympics. There are many fundamentals to running a large project. It involves using good institutions, hiring the right people, having a “relentless focus” on hitting targets, deadlines and budgets, and, importantly, ensuring that all parties to the project are clear on what they are trying to achieve.

Iraq is an ambitious country. It has grown at close to 10% in recent years and has a talented people and diaspora; the designer of the iconic aquatic centre for the 2012 Olympics was an Iraqi. As such, Iraq has many opportunities for investment. There is a £357 billion investment fund for the development of roads and power generation. Water and sewage treatment are also a priority. There are opportunities in the construction sector for housing, schools and hospitals. Lord Deighton stated that these projects would make a big difference for Iraq in both the short and the long term.

Infrastructure has to be front and centre of any plan for the economy, and for any such plan to succeed it needs to be detailed and long term. Furthermore, the plan needs to be delivered by quality people and quality companies. Iraq also has enormous oil reserves. Indeed, they are so large, they may account for half of the world’s energy supply growth over the next twenty years. Lord Deighton

stressed that this is where British business, and IBBC members in particular, can be effective for the development of the Iraqi economy, as they can guarantee a long-term focus on projects with appropriate expertise and funding.

Iraq's potential does not just lie with its energy sector. 40% of Iraqis are younger than 15, and this demographic is a growing force in the country. Lord Deighton cautioned that this means that the whole of the population must see the benefits of investment in housing, health, etc. There are plans to build four education cities, and the annual budget for pharmaceutical procurement is £2bn. Nonetheless, investment, expertise, and a long term focus is required to make these plans work. This, again, is something that British businesses can provide.

Lord Deighton continued by saying that corruption is a big problem in Iraq. Seventy per cent of people say that corruption has worsened in recent years. Iraq has lost an estimated £25bn to corruption since 2003. This problem is compounded by the fact that most Iraqis do not have bank accounts. Lord Deighton emphasised that the Iraqi economy would not get off the ground if it remained a cash economy, making the creation of a viable banking and finance system important.

Secondly, Lord Deighton made clear that regulation is necessary to create a level playing field for foreign and domestic investment to be encouraged. He pointed out that, in the UK, foreign companies are very comfortable to sue the British government in British courts. This makes investing in the UK a safe and attractive proposition for foreign investors. Iraq's next government, following its well-run elections, needs to implement regulations to emulate this regulatory and legal culture. He emphasised, again, that British business and the British government can play a pivotal role in assisting with this. He highlighted the

expansion of Britain's commercial team in Iraq and the work of the IBBC as evidence of this.

Lord Deighton concluded his address by paying tribute to Baroness Nicholson as the Prime Minister's Trade Envoy to Iraq, and by declaring that Iraq had the potential to be a 21<sup>st</sup> century success story.

**MR CHRISTOS PAPADOPOULOS – *REGIONAL CEO MENAP, STANDARD CHARTERED BANK***

Mr Papadopoulos stated that when he began working in the region it was clear that Iraq would become a major player in the near future. As a result, he and several of his colleagues made many visits to Iraq to understand both the challenges and the opportunities that Iraq presented.

Mr Papadopoulos used the next part of his address to detail how Standard Chartered's expansion into Iraq has been hugely beneficial to the company. Standard Chartered opted to 'go organic' and set up branches in Baghdad and Erbil. Of the staff that Standard Chartered employs in the country, 90% are Iraqi, many of whom come from the Iraqi diaspora. Mr Papadopoulos praised the Iraqi authorities for providing exceptional support to Standard Chartered throughout the process.

Standard Chartered has also become increasingly relevant to its clients because of its entry into the Iraqi market; Standard Chartered has many clients who are interested in how they, too, can enter Iraq and this has given Standard Chartered a competitive advantage. Mr Papadopoulos concluded that, in spite of the challenges that the Iraqi market poses, there is no better time to get involved because the situation is on course to improve in the long-term.

*ALDERMAN FIONA WOOLF CBE – THE RT. HON. THE LORD  
MAYOR OF LONDON*

The Lord Mayor commended the conference as one of the most innovative and important forums that the City of London hosts annually. The City has a crucial role in its support of the domestic and the global economy. Global business procures excellent services, products and advice from a mosaic of firms in the City. This global expertise means that the City can be a source of bespoke solutions for Iraq, and the Lord Mayor stressed that she hopes the City would become Iraq's business partner of choice.

She continued by addressing the topic of sustainability. Global challenges are revolutionising the way in which business operates, she said. These challenges bring many opportunities, but the key is to focus on long term value creation.

There are significant challenges to operating in Iraq. However, as Baroness Nicholson recently noted, in spite of the security situation Iraq's growth is still close to the double digits. This is impressive, but for it to be truly long term growth it must be sustainable, and this demands the efficiencies and expertise that the City of London can offer.

Furthermore, sustainable economic growth is a vital precondition to political and social stability. The Lord Mayor noted the UK's readiness to support Iraq's ambitions for a stable and prosperous future. Indeed, she continued, collaboration across all sectors will achieve a mutually beneficial exchange of ideas and capital. The Lord Mayor emphasised that this is why the IBBC conference was so important; it provides the best opportunity for those relationships to be cultivated and sustained in the City of London.

## SESSION 1 — ENERGY INFRASTRUCTURE

The first session was chaired by Lord Robertson of Port Ellen and had five panel members. They were (in the order in which they made their presentations) Dr Jaafar Oklany (Shell) Greg Hammond (Head of International Oil and Gas at Evershed), Vikas Handa (Weir Group) , Dr Fareed Yasseen (Iraqi Ambassador to France), and Dr Jana Hyabskova (head of the European Union Delegation to Iraq). HE Mr Akeel Al-Toreihi, the Governor of Karbala, concluded the session.

All of the panellist's presentations emphasised the enormous potential of Iraq's energy sector. Dr Oklany detailed Shell's development of the Majnoon oilfield, which is now processing 200,000 barrels of oil a day and making a return on an initial investment of £3bn. This, Dr Oklany noted, is the means that Shell's Majnoon development delivers 15 million US\$ to the Iraqi treasury every day. This project also involved building large-scale infrastructure, such as a jetty on the Shat Al-Arab, which can now be used by local businesses.

The IMF predicts that Iraq could generate 5 trillion USD between now and 2035 in oil revenue, while the Iraqi government's ideal scenario would be that, by 2020, one in two barrels of oil on the international market will be Iraqi. Mr Handa noted that this resource wealth will play a crucial role in meeting long term global energy demand.

The panellists highlighted a number of obstacles that need to be overcome if that potential is to be realised. The first of these is that the legal environment in Iraq is very difficult to navigate because international companies operate in a hybrid of English Law (which governs the contracts of large, multinational firms) and Iraqi Law. This makes expert legal advice necessary for companies operating in Iraq. Furthermore, an agreement on a Hydrocarbon Law and

revenue sharing between the Kurds and the central government has not yet been reached.

Iraq's infrastructure needs extensive upgrading. Large infrastructure projects such as pipelines and refineries are important, but equally important are smaller projects such as the construction of roads and water supplies. These are crucial for the development of energy sector and the economy as a whole. The EU Ambassador to Iraq Dr Hyabskova stressed that capacity building at all levels of Iraq's ministries would be necessary if Iraq's reforms and modernization are to be effectively implemented.

Mr Hammonds of Eversheds highlighted the importance of tenders and licensing rounds to attract international capital and expertise. Keeping these transparent and efficient would be important for ensuring Iraq gets the most out of these arrangements. Mr Handa detailed how companies such as the Weir Group benefited the areas in which they operate by employing and training local people, running community programs and developing infrastructure.

The Iraqi Ambassador to France, among others, highlighted promising political developments in Iraq; the well managed elections had a turnout rate of 62%, which bucked the trend for voter turnouts in the region and more established democracies elsewhere. The panellists agreed, however, that Iraq faces a pressing need to stabilise its political and security situation.



## SESSION 2 — DOING BUSINESS IN IRAQ: REFORM OF THE FINANCIAL SECTOR

The second session, chaired by Sir David Wooton, discussed the current state of the Iraqi financial sector and what is needed for the sector to develop and promote growth in the rest of the economy. On the panel were Hadi Damirji (Irak Capital), Ahmed Mullah (SCB), Jesdev Sagar (Deloitte), Bishr Baker (Ernst & Young) and Afif Al Masri (PwC).

The session began with a presentation by Bishr Baker. He gave a brief account of the state of Iraq's banking sector. There are more than 50 banks in Iraq, of which there are seven state owned banks (the rest are private banks). Given the diversity of banks in Iraq one would expect the country to have a vibrant, strong and competitive banking sector. However, as he, his fellow panellists and members of the audience went on to explain, this is not the case for a number of reasons.

The economy is under-banked. Iraq has a low deposit to GDP ratio (circa 30% as opposed to the Middle East and North Africa region's 68% average) and banks do not lend as much money as they could.

There is an uneven playing field between state banks and private banks. This is because the state-owned banks are too large: they hold 90% of Iraq's banking assets. This is partly because deposits in private banks are not insured; individuals and companies are unlikely to deposit money with them as it carries a large degree of risk. Furthermore, as explained by a member of the panel, state banks are less inclined to lend money than private banks.

The level of technology used by Iraqi banks is low. This results in inefficient and delayed services for customers and clients and prevents banks from developing sophisticated financial products and services. This has the cumulative effect of making Iraqi banks ineffective and uncompetitive. This lack of technology also means that decision makers at banks do not have metrics that would allow them to make better decisions and improve their services.

Without a regulatory body, foreign investment in Iraq will remain ‘a trickle’, according to a panellist. Regulation acts as a ‘segue’ for the private sector to enter the Iraqi market. This would create a multiplier effect of investment. Members of the panel and the audience alluded to the weaknesses in regulation and oversight. An example was raised of bankers receiving deposits and then smuggling these out of the country, underscoring how current regulation is inadequate. Regulation which created neutral observers of banks and boards that are separate from management would be required to prevent this.

A member of the audience stated that there are few ‘real bankers’ in Iraq; most banks are opened and run by rich individuals who apply for banking licences, receive deposits and then hoard these in the Iraqi Central Bank, making a profit on the interest. In short, bankers do not lend money and have little incentive to support reform of the banking sector. This means that Iraq’s banking sector is both resistant to change and ineffective at spurning investment and growth.

Moreover, there is a lack of communication between key bodies in the financial sector. The central bank and the ministry of finance, for example, do not speak to one another. This perpetuates the current inability of the state to reform the sector.

## SESSION 3 — HOUSING AND CONSTRUCTION

The final panel of the first day focussed on housing and construction. The panel, chaired by the IBBC's Rasmi Al Jabri, hosted two Iraqi policymakers: the Senior Deputy Minister for Housing and Construction, Istabraq Ibraheem Al Shouk, and the Governor of Karbala Akeel Al-Toreihi. Also on the panel was Bob Philips of Mott MacDonald, Peter Hunt of HWH & Associates and Jones Lindgren of Perkins + Wills.

For many years, Iraq's housing and infrastructure has experienced chronic underinvestment; it has been more than thirty years since a school or a new road was constructed in Karbala, and there is an urgent need to expand the road network. Demographic shifts are putting pressure on infrastructure and services and creating an urgent need for housing; the Iraqi government estimates that one million housing units are needed to address this problem.

The panellists agreed that a comprehensive master plan for housing and construction, informed by a top-down strategy and a sensitivity to local needs and practices, is needed. Housing and construction are not stand-alone sectors; they are linked to a wide range of other sectors such as infrastructure, banking, security, and education.

The Iraqi representatives on the panel described some of the initiatives that would form part of this master plan. The minister for housing and construction detailed a £2bn initiative to repair, maintain, and construct bridges and roads. He stressed that this is an opportunity for foreign companies to design, construct and deliver infrastructure projects in Iraq. The minister also announced that new housing can be paid for in instalments by those who live in them. This means

that housing will remain affordable, and that investments by foreign companies in housing can be recovered within ten years.

Peter Hunt noted education's importance for driving growth in all sectors of the economy. Expertise and training are being driven by foreign companies and by Iraqis who have attended universities abroad. Both of these processes contribute to Iraq's knowledge economy, making it more productive and making its growth more sustainable in the long term.

Jones Lindgren stressed that the development of housing must be informed by experiences elsewhere; in Western countries, given the huge demand for housing following the Second World War, enormous housing projects were built that, in many cases, became unpleasant areas. This, Mr Lindgren continued, means that all housing projects in Iraq need to be organic and developed incrementally. Housing projects can't just be top-down; they need to be shaped by the people who will live there and use them. The governor of Karbala also emphasised that preservation of cultural heritage's importance for tourism and for preserving the distinctive culture of a place like Karbala.

Bob Philips highlighted that heavily oversubscribed services and infrastructure systems, which he referred to as 'pressure points', must be addressed if further progress is to be made in the construction and housing sector. This is an area where sophisticated data analysis has proven useful elsewhere, as it allows companies to identify these pressure points and prioritise their investment and projects accordingly.

## WHAT IS IBBC?

IBBC facilitates business, trade, investment, human resources, training and transfer of technology and know-how into the Republic of Iraq, seeking to bring together Iraq, British and international companies and public sector bodies through a joint platform identifying mutual interests and common goals. It is a powerful network of the most important Iraqi, British and international business organisations enjoying high-level support from both Governments and the EU.

Committed to a free, prosperous and diverse Iraq, IBBC has created strong relationships that benefit business, industry and the people of Iraq. IBBC is fully supported in its goals by Prime Minister Nouri al-Maliki, and, through him, the National Investment Commission. IBBC is more than a business initiator, aiming, in co-ordination with the Iraqi Government to promote best practice and international standards to facilitate business in Iraq, which is a high potential, emerging market. Following considerable improvements in security and the successful creation of democratic institutions, Iraq needs to revive and expand her economic base to bring economic security and prosperity to her people.

IBBC, funded privately by its Members, operates through an independent secretariat in London, Baghdad, Erbil and Basrah and plays a major role in the development of UK trade and investment with Iraq.

## WHO WE ARE

In addition to the regular Founder Member Board, the bi-annual Business Council, and the quarterly Sector Table meetings, IBBC Events include:

- Two major conferences in London each year, as well as two receptions in the House of Lords
- An annual weekend retreat is held at Cumberland Lodge in Windsor

- Occasional round-table dinners (between four and six per year) held at the Reform Club in London
- Occasional seminars and study groups on subjects of high value (such as the fight against corruption and the impact of the Bribery Act)
- Frequent Trade Delegations are arranged — a minimum of four each year — varying in location between Baghdad, Basrah, and Erbil.
- Regular conferences in Baghdad, Basrah and Erbil.
- Occasional events organised in partnership with or on behalf of specific member companies in both Iraq and the UK
- Occasional events organised in partnership with or on behalf of both the British and Iraqi governments in both Iraq and the UK

The IBBC has, at its core, a number of Sector Tables of a small group of companies that have a business interest in the relevant sector.

- **Oil and Gas** — *Chaired by Michael Simm of Penspen*
- **Construction and Infrastructure** — *Chaired by Hani Akkawi of CCC*
- **Financial and Professional Services** — *Chaired by Hamdiyah Al Jaff of the Trade Bank of Iraq and Alistair Kett of PwC*
- **Education and Training** — *Established by Dr Alastair Niven under the patronage of Deputy Prime Minister Dr Shahrastani.*

## SENIOR STAFF

- Christophe Michels — *Chief Operating Officer*
- Dr Alastair Niven LVO OBE — *Associate Director*
- Rob Cole — *Head of Communications*

## COUNCIL OF MEMBERS

<b>Company</b>	<b>Principal Activities</b>	<b>Contact</b>
Aegis	Risk Management Company	Maj.Gen. Binns CBE DSO MC
Al Saraji Group	Risk Management & Logistics	Mr Ali Al Saied
Anwar Soura GCC LTD	Construction	Eng. Abdullah al-Jiburi
AOGS	Mining & Manufacturing	Mr Mustafa Bakr
Basrah Chamber of Commerce	Business Development	Mr Makki Hasan Al Sudany
Basrah Engineering Co.	Construction	Mr Rasmi Aljabri
Bath Spa University	Higher Education	Professor Christina Slade
BIOGH	Oil & Gas	Mr Richard Cotton
BP	Oil & Gas	Mr Michael Townshend
Chevron	Oil & Gas	Mr Chris Bowers
CCC	Construction & Infrastructure	Mr Hani Akkawi
Control Risks	International Risk Consultancy	Mr Toby Chinn
Dahabshiil Transfer Services	Financial Services	Mr Abdirashid Duale
Deloitte	Professional Services	Mr Oliver Holder
Dome Group	Oil & Gas	Mr Amin Jafar
Erbil Chamber of Commerce	Business Development	Mr Dara Jalil Khayat
Ernst & Young Iraq	Financial Services	Mr Bishr Baker
Eversheds LLP	Legal Services	Mr John Kemkers
ExxonMobil	Oil & Gas	Mr Marcus Tripp
Fluor	EPCM	Mr Alan Evans
Foster Wheeler	Engineering & Construction	Mr Trevor Staples
G4S	International Risk Consultancy	Mr Ed Cowell
GardaWorld	Risk Management Company	Maj. Gen. Andrew Farquhar CBE
Genel Energy	Oil & Gas	Mr Tony Hayward
GulfSands Petroleum	Oil & Gas	Mr Mahdi Sajjad
HWH & Associates	Engineering Solutions	Mr Peter Hunt
ICR Integrity	Oil & Gas	Mr Roger Esson
Karbala Chamber of Commerce	Business Development	Mr Nabeel Al-Anbari
KBR	Const. & Eng. & Servicing	Mr Jim Bowden
KCA Deutag	Drilling & Engineering	Mr Rodrigo Rendon



## COUNCIL OF MEMBERS (CONT.)

Kentz	Engineering Consultancy	Mr John Walsh
Kingston University	Higher Education	Professor Julius Weinberg
Kuwait Energy	Oil & Gas	Ms Sara Akbar
LGC Ltd	Science & Technology	Ms Loree M. Gourley
Milio International	Oil & Logistics	Mr Vladimir Beruchashvili
Mott MacDonald	Oil & Gas; Const & Infrastructure	Mr Bob Phillips
Najaf Chamber of Commerce	Business Development	Mr Zuhair Sherba
Olive Group	Integrated Risk Solutions	Mr Christopher St George
Penspen Limited	Oil & Gas	Mr Michael Simm
Perkins + Will	Construction & Infrastructure	Mr Jones Lindgren
Petrofac	Oil & Gas	Mr Ammar Ishaq
PTS Ltd	Logistics	Mr David Brown
PwC	Professional Services	Mr Alistair Kett
Restrata	Risk Management	Mr Mark Alexander
Saipem	Oil & Gas	Mr Sahib Sajjad
Shell	Oil & Gas	Mr Hans Nijkamp
SKA International Group	Aviation Services & Logistics	Mr Mike Douglas
SNC Lavalin	Engineering & Construction	Mr Ghassan Ashqar
Solar Turbines	Engineering & Construction	Mr Richard Mundy
SSH	Construction & Infrastructure	Ms Karen Mort
Standard Chartered Bank	Banking	Mr Gavin Wishart
Stirling	HSSE	Mr Angus Neil
Trade Bank of Iraq	Banking	Mrs Hamdiyah Al Jaff
UB Holding	Group of Companies	Mr Hadi Nezir
Unatrac/Iratrac	Construction Equipment Retail	Mr Ramy Hatem
University of Sheffield	Higher Education	Ms Joanne Purves
University of Wolverhampton	Higher Education	Ms Jane Nelson
Vitol Group of Companies	Engineering Solutions	Ms Robin D'Alessandro
Weir Group	Construction & Infrastructure	Mr Vikas Handa
Zain	Telecommunication	Mr Mohammed Charchafchi



IBBC Hope House, 45 Great Peter Street, London, SW1P 3LT London@webuildiraq.org  
Iraq Britain Business Council, a company registered in England and Wales with company number 06929280  
Registered as an NGO in Iraq with registration number 2D76104