

## IRAQ

### Business Conditions Snapshot

- Oil exports remain critical to the Iraqi economy, accounting for over 90 per cent of government revenue. The state accounts for almost all economic activity.
- The conflict with ISIL (2014–2017) has taken a toll on Iraq's economy, damaging infrastructure and displacing millions of Iraqis.
- COVID-19 and the sharp drop in oil prices has significantly reduced government revenues. The government is running a budget deficit to maintain essential services and pay public sector salaries.
- An over-sized public sector and regulatory complexity constrains scope for public investment. Under-investment, including in the water and electricity sectors, has undermined service delivery.
- In response to the economic conditions, the Minister of Finance released an extensive Economic White Paper outlining a five-year plan for major structural reform and deregulation:
  - the plan aims to drive economic growth, create jobs, improve service delivery and attract foreign direct investment.
- Iraq has the capacity to be relatively affluent. There is potential to expand some Australian exports and pursue niche commercial opportunities.

#### Key facts and figures

- Population: 38.1 million (2018)
- GDP growth: 3.4 per cent (2019)
- GDP per capita: US\$5,738.40
- Political system: federal constitutional democracy
- Two-way trade (2019): A\$302 million
- Key goods and services traded: wheat, cheese and food processing, machine and parts, meat
- Two-way investment (2019): A\$2million
- Aid relationship: A\$100million, 2017–2020 Iraq Package

### Trade and investment opportunities

- Although Iraq is a challenging business environment, there are opportunities for investors with experience operating in the Middle East, or that have niche offerings.
  - Oilfield services, and mining equipment technology and services in southern Iraq are an example, as well as in the Kurdistan Region of Iraq.
  - Agribusiness investors (particularly for wheat, processed meat and dairy) and water management are also in demand.
  - Health and medical services are also an imperative.
- Australia will use Expo 2021 Dubai to capitalise on these opportunities.



## Trade and investment opportunities

- Iraq announced its intention to resume WTO accession negotiations in November 2017. Its accession process is at an initial stage and has been further delayed by COVID-19. Australia is a member of the WTO working party on Iraq's accession.
- Iraq is a member of the League of Arab States and the Greater Arab Free Trade Area (GAFTA), and is contemplating using its draft WTO goods and services offers to make commitments in GAFTA.

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