

Cards from Kurdistan: #6:

Commerce's Lavin Leads Historic Delegation to Erbil, February 19-20, Talks Reform and Showcases Success in Iraq.



Don't adjust your set! – it IS Iraq in 2007. Frank Lavin visits the Turkish-owned Naz City complex.

On February 19, **Under Secretary of Commerce for International Trade Administration Frank Lavin** flew into Hawler Airport in the Iraqi Kurdistan Region (IKR) capital of Erbil, bringing a senior Commerce and National Security Council delegation. But what made history was the *other* part of his delegation: five American businessmen. Their presence made this the first Commerce-led business delegation to post-Saddam Iraq. And the mission entailed a number of other “firsts”: the first economic summit with three cabinet ministers from Baghdad meeting a U.S. official in Erbil, the first seating of the recently named *U.S.-Iraq Business Dialogue*, and the first in a series of events to showcase the promise of Iraq's trade and investment gateways.

Look Who's Talking: the Private Sector Joins the Economic Reform Discussion

The roots of the February mission go back to another bit of history: the mid-July visit of **Secretary of Commerce Carlos Gutierrez**, the first of a trio of Bush Cabinet officers asked by President Bush to travel to Baghdad to give the new Maliki Administration a hand with economic matters. The focal point was a joint agreement on commercial cooperation signed by Secretary Gutierrez and his counterpart, Iraqi Minister of Trade Abd al-Falah al Sudani. Among the measures was the initiation of a the *U.S.-Iraq Business Dialogue*, a 20-member advisory body of American and Iraqi business leaders tasked to facilitate private sector growth and bilateral ties. The governments selected a slate of advisors in early

2007 and picked Erbil – Iraq’s current hub of business – for their inaugural meeting. On the 20th of February, U/S Lavin and **Minister of Trade al Sudani** – joined by the Minister of Housing and Construction, and the Minister of Industry and Minerals from Baghdad – congratulated the new members and encouraged them to identify business barriers and to offer recommendations to the two governments.



Lucky Horseshoe: Iraqi members of the *U.S.-Iraq Business Dialogue* are pictured on the left, American members on the right, with officials from both countries at center, at the installation of the *Dialogue* on February 20, 2007 in Erbil, Iraq.



During an afternoon of intensive collaboration, the *Dialoguers* from the two countries came up with a matrix of action items to work on until their next round, planned for May in Amman. Pictured is Int'l V.P. of the U.S. Chamber of Commerce, Gen. (Ret.) Dan Christman, conferring with his opposite numbers from the Sulaimaniyah, Erbil and Dohuk chambers.

Government of Iraq – U.S. Government Bilateral Talks

U/S Lavin seized the day prior to the *Dialogue* launch to hold individual bilateral meetings with his counterparts from the Iraqi Ministries of Trade, Housing, and Industry, who had traveled up from Baghdad to hold this novel, mini-economic summit. (Iraqi authorities, like businessmen, are increasingly eager to hold meetings and events in Iraq, something the relatively strife-free and well air-linked cities of the Iraqi Kurdistan Region are ever better equipped to accommodate). For his part, the Trade Minister welcomed the increased **focus on economic growth as a part of on-going security efforts**, and encouraged more investment in the relatively stable parts of Iraq. The Housing Minister spoke about her ministry's need to support the completion of **2.5 million new housing units by 2010** – but also of the importance of private investment in meeting the housing gap. Minister Hariri of Industry & Minerals provided his vision of how Iraq's **State-owned Enterprises could be privatized**.



Economic “Mini-Summit”: Min. al Sudani and U/S Lavin are flanked, from left to right, by the Iraqi Ministers of Housing & Construction, and Industry & Minerals. The three economic leads of the Maliki cabinet traveled up from Baghdad to meet with U/S Lavin, Feb. 19-20, 2007.

The full day of official discussions on the 19th concluded with a roundtable discussion between U/S Lavin and his delegation, which included **Assistant Secretary for Market Access and Compliance David Bohigian**, and the leading figures within the K.R.G.’s economic cabinet, led by the K.R.G. Ministers of Trade and Planning, and the Chairman of the new Investment Commission. From this group, the U.S. team heard about strides being taken to shore up key business legislation, including consumer protection and anti-monopoly. To the group, U/S Lavin communicated both the potential for this Region to serve as a gateway and meeting place for U.S. companies to enter both Iraqi Kurdistan and the Iraq market, at large, as well as the need to send positive signals (e.g., luring a “name” investor in the short term) and avoid negative ones (e.g., blocking poultry imports, as was recently done, without scientific grounds).



Lavin's Washington and Baghdad delegation had a useful set of talks with a distinguished group from the K.R.G., here led by the Ministers of Trade and Planning, standing on either side of U/S Lavin. Amb. Jim Yellin, Director of RRT Erbil, is standing at the extreme right.



Deputy Prime Minister of the K.R.G., Mr. Omer Fatah, discussed broad economic trends with U/S Lavin, and carried a warm welcome to the delegation from Prime Minister Barzani.

The central government in Baghdad and the K.R.G., based in Erbil, have accelerated their parallel efforts to improve the economic climate in Iraq, as demonstrated by the passage of progressive, welcoming investment laws by the two authorities, both in the final quarter of 2006. (Both laws establish investment commissions, the chairmen of which have been named). Minister of Industry & Minerals Hariri, who was on his first official trip to the Kurdistan Region in his eight months in office, proposed wider efforts to share resources and develop skills between the central government and the K.R.G.



The visitors began with a briefing lunch by the newly formed Erbil Regional Reconstruction Team, an interagency arm of the U.S. Mission in Iraq developing governmental capacity at the local level.



Comparing Notes: Khanzad, Erbil offered an ideal setting to dialogue. Here the Baghdad and Erbil Ministers of Trade enjoy a stroll past a majestic landscape.

Been There ... Built That: Stories and Pictures of Success from the Protagonists

As the Lavin Delegation came to experience for themselves, something exciting is stirring northeast of Baghdad in the Iraqi Kurdistan Region. It is stability, relative security, economic growth and optimism. While word is getting out, not enough foreign and, especially, American businesspeople have heard it. (press campaigns including the *Other Iraq* and a February 18 airing of CBS' *60 Minutes* are helping). Moreover, one of the most important attributes of the growth spurt is largely unnoted: that the area's prosperity is not limited to the Kurds of the region. Iraqis of Arab, Armenian, and other origins are in on the act, as are foreigners from the Gulf to the Mediterranean, and from Europe to Asia. And while American firms seem for the time being to be less numerous than one would expect, given recent historical ties, U.S. firms, too, are present in innovative projects. Thus, to draw attention to the fact that trade and investment are taking place within Iraq's borders for the benefit of all Iraq, the U.S. Ambassador to Iraq called at the end of 2006 for his commercial officers to shape *Iraqi Business Gateways*, a series of corporate testimonials accompanied by site tours for visiting firms, officials and the media. The first edition was kicked off by U/S Lavin and Minister al Sudani, as a central element of their February business program.



During a dense 90-minutes, four firms (two Iraqi, two American) presented their firms and their stories accompanied by images beamed on a screen for an audience of 60 business figures and a dozen media outlets. Multi-lingual profiles of the four firms (**JACO International, Ltd., KAR Group, Sigma International, Ltd., and the Dabin Group**), were made available in advance of the event. Each proponent offered up a compelling and fundamentally optimistic story of their projects: an independent power facility, a greenfield petroleum refinery, a single family-home model development, and the re-launch of a fruit juice and tomato paste processing plant. The next iteration of *Gateways* should take place in the Region’s second (but even more entrepreneurial-minded) city, Sulaimaniyah. A fresh set of business pioneers will be selected and time will be allowed for questions and answers, so that others may share the lessons learned. It is fully expected that other cities and sub-regions will join the itinerary, as security improvements similar to Kurdistan’s allow. Basrah and Mosul would be particularly interesting future venues. Finally, in order to draw additional American firms into the virtuous cycle of growth, U/S Lavin has proposed a series of reciprocal visits between Kurdistan and the American chambers in Dubai, Kuwait City, Istanbul, Amman and elsewhere. (See first *Contact* below for more).

Launch to Lunch: Keynote Address Puts Challenge & Chance in Perspective

To accommodate the increase of interest in the IKR as a base of operations or to conduct business meetings on Iraq-wide opportunities, a number of foreign entities have begun organizing business missions and associations in the Region, while several governments – including the U.S., Czech and Austrian – have opened commercial offices in Erbil. The **American Chamber of Commerce of Iraq** is an affiliate of the U.S. Chamber of Commerce and has over 500 members in Iraq, about half of which are Iraqi firms or individuals. The Chamber plans to open its Erbil chapter in July 2007, but has already been active in the area, such as during the September 2006 Erbil International Fair, in which AmCham Iraq had a booth. In honor of U.S. Lavin’s visit, AmCham Iraq organized a luncheon for about 150 business representatives on February 20th. **Noor Aviation, Microsoft and Two Rivers Consultants, Ltd.** sponsored the event. Keynoting the luncheon was U/S Lavin, who offered an economic assessment of Iraq, which lead into a set of policy recommendations on topics such as **land ownership reform, tariff “holidays”** and the **commercialization of state-owned enterprises**. Copies of the PowerPoint presentation, in English, Arabic and Kurdish, are available by contacting Commerce Washington’s **Iraq Investment & Reconstruction Task Force**, or the Commercial Service in Baghdad (See *Contacts*).



U/S Frank Lavin gave a keynote address at the AmCham Iraq luncheon on February 20th that encouraged economic reforms. The power point is available in three languages from Commerce.

In Erbil, Washington visitors find that site seeing is believing

Having set the stage set with government talks informed by private sector practitioners, a lucid overview of the Iraqi economy, and testimonials from proponents of commercial projects in the making, the visitors were more than prepared for the afternoon **site tour**. In spite of the challenges which still beset Iraqi as a whole and the IKR region, great strides have been made in fostering an environment conducive to private growth. The driving tour from the outskirts of Erbil to its busy city center featured stops at a recently completed mid-rise apartment complex, a ribbon cutting at a new single-family-home site, a dazzling new convention center, a shiny bakery and showroom, and a birds eye overview of the city center, home to a billion-dollar mall and office complex, whose first phase was inaugurated only ten days earlier. Site seeing is believing...trade and investment is taking place within Iraq, today. It is benefiting the people of the region and the country as a whole. The mission described above was significant because it was the first of its kind, and because it made clear that many more successor trips are on the horizon.



The K.R.G. Minister of Housing & Construction (not shown), joined U.S. Lavin and Regional Director of the *Khazad American Village* project, Jim Covert (left), for a ribbon cutting at the site of this path-breaking 396-unit, \$80 million project. Purchasers will own title to their homes out right, and enjoy integrated utilities and amenities. Sigma notes that the homes are being built to the International Building Code standards.



Abu Afif confectioners is the gold-standard in baklava, serving customers for decades from their Baghdad base and, since 2006, from a gleaming kitchen and showroom in Erbil, too.





Pictured above is phase one of the NASDAK mall (800 shops) and office (400 units) complex, just unveiled at the base of Erbil's Citadel. The \$1 bn undertaking is responsible for the *Dubai-esque* forest of cranes in the in the preceding photo. The three Armenian-Iraqi brothers behind the project are re-shaping the city's contours with this and works of similar scale.



The glamorous and state-of-the-art (although yet-to-be inaugurated) convention center near Erbil's \$300 million airport proves that a great rush to build does not preclude doing so with quality and sophistication.

USEFUL CONTACTS:

U.S. Commercial Service, *Cards from Kurdistan* scribe, Andrew Wylegala, leaves Iraq on the hopeful note of the Lavin Mission at the end of the month, his twentieth in Baghdad. But watch this space for news of greater trade and investment progress from the IKR and all of Iraq, courtesy: Commercial Counselor, Mr. Frank Carrico; frank.carrico@mail.doc.gov; Deputy SCO, Mr. Mitch Larsen, mitch.Larsen@mail.doc.gov; and Erbil Commercial Specialist, (and RRT member), Mr. Dara Saeed, dara.saeed@mail.doc.gov; tel: ++964-750-479-1668, as well as the rest of the team in Baghdad and Amman. Website: <http://www.buyusa.gov/iraq>. Also visit the website of the IIRTF: www.export.gov/iraq.

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