

valid for a period of at least four to six months. Insurance for goods destined to Iraq must be placed by the buyer with an Iraqi insurance company. To minimize the risk of problems over claims, some exporters place their own insurance, but at their own expense since the quotation must read cost and freight only.

Terms and Methods of Payment

At the time of printing, normal terms of payment for public-sector companies are by irrevocable unconfirmed letter of credit on a two-year deferred payment basis. In some cases, buyers are prepared to negotiate less deferment or cash against documents.

Private-sector buyers using import licences obtained under the official foreign regime must also obtain deferred terms. Under the no-foreign-exchange import licence system, private-sector buyers may pay cash from sources of funds outside Iraq. Confirmation of letters of credit is possible from some banks at the seller's cost.

While these are the required terms, everything in a contract, including payment terms, is negotiable. There have been many instances of Canadian companies being paid in advance, paid on shipment or paid on receipt in Iraq with no deferment.

Banking System and Local Financing

The Raffidain Bank and the Rashid Bank are the only commercial banks in Iraq. They are owned by the state and they have branches throughout the country. Both provide overdraft facilities to local companies and branches of foreign companies operating in Iraq.

The Industrial Bank, also owned by the state, is another possible source of medium-term finance for Iraqi- and Arab-owned industrial projects. In many cases, the Industrial Bank participates in the formation of mixed- and private-sector industrial companies. The Agricultural Bank, owned by the state, can give medium-term loans to finance agricultural projects.

Until 1983, Iraq generally did not require financing, but because of the expenses of the recent war with Iran, deferred payment terms and the requirement for financing have been normal. Preferred terms from North America and Europe for major projects are five-years grace and five-year