
II. *DOING BUSINESS WITH IRAQ*

Once over the initial reticence about dealing with Iraq, the Canadian business person will find few problems. As in much of the Middle East, where the towns or cities were built as trading centres, Baghdad is a city built on commerce. Because Iraq has the largest claimed stock of oil reserves in the Middle East, despite its current transient debt problems, Iraq is the major market for Canadian exporters in the area.

How business is done will depend on whether the target buyer is in the public or private sector. The public sector consists of government departments, state-owned companies and mixed-sector companies. The public sector buys through open tenders, directed tenders or invitation, with most purchases resulting from the directed tender or invitation.

Iraqi state enterprises prefer to deal with known or prequalified suppliers, and an initial sale, if well implemented and supported, tends to result in repeat business. To become a preferred or prequalified supplier, an initial approach can be made through the trade commissioner at the Canadian Embassy in Baghdad. The commissioner will need your company history and complete product information to register you with the appropriate purchasing agency or agencies. If your product can be used throughout Iraq (such as compressors or other general purpose machinery or goods), the commissioner may recommend that you consider establishing local representation. If you deal in food or medical products, the commissioner will require samples so that they can be tested by the potential buyer.

Recently, attitudes in the public sector have been changing from annual purchasing toward long-term multi-year supply arrangements. Your initial sale may be extended to become such an arrangement. This will depend not only on the initial-contract performance, but also on the rapport you develop with the buying organization. As is common to many Middle Eastern countries, Iraqi public-sector purchasers insist on dealing with the principals of companies. Iraqis want to negotiate binding contracts which can be signed on completion of negotiation, and not have to be