

IRAQ

*A Guide
for
Canadian Exporters*

External Affairs and
International Trade Canada

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1989
STORAGE

Canada

IMPORTANT NOTE

This guide is intended only as an introduction to some aspects of doing business in Iraq — it is not exhaustive. Furthermore, the mixture of practices and customs applicable to commercial transactions can alter quickly with little or no warning or may be inconsistently applied. Canadian firms are strongly advised to seek appropriate and up-to-date professional advice related specifically to their individual circumstances and proposals before making any legal or financial commitments.

Every effort has been made to ensure that the information contained in this booklet provides an accurate representation of the Iraqi market. External Affairs and International Trade Canada accepts no legal responsibility for any errors or omissions in the information.

IRAQ

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STORAGE

A Guide for Canadian Exporters

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I. THE COUNTRY

Area and Geography

The Republic of Iraq (formerly known as Mesopotamia) is situated to the northeast of the Arabian Peninsula. It covers an area of about 445 000 km². Turkey lies to the north of Iraq, Iran to the east, the Syrian Arab Republic and the Hashemite Kingdom of Jordan to the west, and, to the south, the Kingdom of Saudi Arabia, Kuwait and The Gulf. The two great rivers of Iraq, the Tigris and the Euphrates, descend from the mountains in Turkey until they converge in the south to form the Shatt Al-Arab River, which has its estuary on The Gulf, Iraq's only sea coast.

Iraq is divided into three basic regions:

- The great arid desert lands of the south and west, which cover more than one half the country's total area;
- The alluvial plains or river valley of the Tigris and Euphrates rivers; and
- The rugged mountain area, which receives an abundance of rain, in the north and east.

Climate

Iraq has a subtropical climate. The summers are very hot; temperatures in the shade can exceed 43°C. Winters are surprisingly cold; frost although rare in the south, can be quite severe in the north. Abrupt hot spells during winter are another characteristic in the central and southern areas of Iraq. With the exception of the northeast (Assyria), rainfall is minimal over the country. The unusual physical conditions have restricted movement and development of all kinds of communications. The effect has been to isolate many communities that have differing ways of life, language and religious beliefs. These numerous minority groups are a feature of Iraq.

History and Government

The area now known as Iraq was the cradle of some of the world's earliest identifiable civilizations. Its recorded history predates 3000 BC. In the time since then, Iraq has been influenced by almost all of the great Eurasian civilizations.

The final borders of present day Iraq have only recently been settled; the region emerged as a nation state following the dissolution of the Ottoman Empire when Iraq became a monarchy in 1921 under a British mandate.

When the British mandate ended in 1932, Iraq joined the League of Nations as an independent monarchy. The United Kingdom, however, continued to have considerable influence in Iraq until 1958. In that year, a military coup overthrew the monarchy and made Iraq a republic governed by a revolutionary command council (RCC). The council is responsible for the administration of the various ministries and state organizations.

Iraq is currently under the authority of a provisional constitution issued on September 22, 1968. The document establishes Iraq as a democratic republic governed according to socialist principles. The constitution protects basic freedoms of speech and religion, etc., and calls for an elected assembly; the first was elected April 1989. The political and social philosophy of the Ba'ath ruling party has been called "Arab Socialism," that is, the economy is controlled by the state within the framework of an Arab cultural and value system.

The current President is Sadaam Hussein. He has held this position since 1983 and enjoys considerable support both within the party and with the general public. It is probable he will be president under the new constitution that is to be drafted in 1989.

In the RCC and at the ministerial level, personal relationships are very important. The late Deputy Commander-in-Chief of the Military was the president's brother-in-law and the current (1989) Minister of Industry and Military Industrialization, who is leading the privatization and efficiency movement, is the president's son-in-law.

Population and Principal Cities

In 1988, the Iraqi population was estimated at over 16 million. Baghdad Governorate, where the capital city of Baghdad is located, has a population of about 4 million. Baghdad is the centre of economic activity in Iraq. The two other major cities are Basra, the main port of Iraq, and Mosul.

The Arabic-speaking population co-exists with a number of minority groups. The largest of these is the Kurds who live for the most part in northern Iraq. Other smaller groups of minorities are the Armenians, the Assyrians, the Yazidis

and the Jews. In addition, there are a considerable number of Iranian nationals who reside mostly in eastern Iraq.

Language

Arabic is the official and most widely spoken language; it is used by about 79 per cent of the population. Kurdish (16 per cent) and dialects of Turkish (2 per cent) are common in the north and variants of Persian (3 per cent) are spoken by tribesmen in the east. Most Iraqi officials and business people speak some English, the main foreign language of the country. If necessary, they will provide their own interpreters.

Religion

Islam is the state religion. It is practised by an overwhelming majority of the country's population. Both the Sunni and Shi'ia sects of Islam are represented, although in different geographic areas. The majority of Iraqis are Shi'ias who live in the southern provinces. The Sunnis are mostly situated in central and northern Iraq.

Religion is an important factor in the life of the Iraqis. Public violation by citizens of the observance of fasting during the Moslem month of Ramadan, for example, is punishable by law. Foreigners are not expected to fast. They will find, however, alcoholic drinks are not served nor generally available even in hotels or restaurants. Smoking outside of buildings is discouraged, but not prohibited.

Education

Since the establishment of the Republic in 1958, there has been a marked expansion in education at all levels. Education is free from pre-primary to secondary school. Primary education, lasting six years, is now officially mandatory and there are plans to expand full-time education to nine years. At present, secondary education is available at no cost for six years and is rapidly expanding. Private education was abolished and there are now state schools. Preschool education is increasingly privatized but it is expensive for quality full-support facilities.

The demand for higher education is increasing. The science, medical and engineering faculties of the universities have expanded considerably, although technical training is less developed. There are many universities in Iraq, including the universities of Baghdad, Basra, Mosul, Salah

adDin (in Arbil) and al-Mustansiriya (in Baghdad). Baghdad also has a university of technology.

Currency

The Iraqi monetary unit is the dinar. It is divided into 1 000 subunits called fils and is equivalent to about US \$3.38 (early 1989). All cash transactions in Iraq are in Iraqi dinars.

Although first-class hotels do take major credit cards, they are not allowed to accept foreign currencies. The daily exchange rates of the Iraqi dinar against other currencies are determined by the Foreign Exchange Control Department of the Central Bank of Iraq using the U.S. dollar as the intervening currency. The Central Bank publishes a daily list of the official exchange rates.

In Iraq, foreign currency must be converted into Iraqi dinars through the commercial banks. There are branches in every first-class hotel and you must present an exchange receipt on payment of your hotel bill, including overseas calls. There is a 24-hour currency exchange service at the Baghdad airport. No more than 5 Iraqi dinars may be taken out of the country by one person, nor may more than 25 dinars be brought into Iraq.

Because of the war and the resultant exchange restrictions, a black market exists for foreign currencies. Visitors are warned that exchange in the black market can result in prison sentences. At the very least, black market currency dealings will result in being denied an Iraq visa.

Local Time

Local standard time in Iraq is eight hours ahead of eastern standard time. Iraq goes on daylight saving time between the first day of May and the last day of October. During the period when Canada is on standard time and Iraq on daylight time, the difference is nine hours.

Business Hours

Thursday afternoon and Friday are the weekly holidays in Iraq. A few Christian firms are closed on Sunday. Some government offices start and finish half an hour earlier than the times listed below.

Government

Summer -- 8:00 a.m. to 2:00 p.m. Saturday to Wednesday
8:00 a.m. to 2:30 p.m. Thursday
Winter — 8:30 a.m. to 2:30 p.m. Saturday to Wednesday
8:30 a.m. to 1:30 p.m. Thursday

Business Offices and Stores

Summer — 8:00 a.m. to 2:00 p.m.
5:00 p.m. to 7:00 p.m. Saturday to Wednesday
8:00 a.m. to 1:00 p.m. Thursday
Winter — 8:30 a.m. to 2:30 p.m.
5:00 p.m. to 7:00 p.m. Saturday to Wednesday
8:30 a.m. to 1:30 p.m. Thursday

Banks

Summer — 8:00 a.m. to 12:00 noon Saturday to Thursday
8:00 a.m. to 11:00 a.m. Thursday
Winter — 9:00 a.m. to 1:00 p.m. Saturday to Thursday
9:00 a.m. to 12:00 noon Thursday

Public Holidays

The following is a list of official public holidays in Iraq:

New Year's Day — *January 1*
Army Day — *January 6*
Anniversary of 1963 Revolution — *February 8*
Spring Day — *March 21*
Liberation Day — *April 17*
Labour Day — *May 1*
14 July Revolution Day — *July 14*
National Day — *July 17*
Victory Day — *August 8*

The following are Moslem holidays for 1989. These change from year to year. In 1990, the dates will be approximately 11 days earlier.

Eid al-Fitr (end of Ramadan) — *May 6 (three days)*
Eid al-Adha — *July 13 (four days)*
Muslim New Year — *August 3*
Ashura — *August 12*
Prophet's Birthday — *October 12*

Measures

The metric system is used in Iraq's international trade and generally throughout Iraq. Ancient Iraqi measures, particularly in agriculture, also continue to be used (i.e., one dunum = one meshara = 0.25 hectare).

Electricity

The domestic electricity supply is 220 volts 50 cycles AC. All types of 2-pin and 3-pin plugs are used. Lamp fittings can be either bayonet or screw type.

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

referred "back to head office." In the negotiating process, the Iraqi also wants to develop a personal rapport with you, the seller; selling thus becomes a matter of selling the product by selling yourself. This means you must be prepared to travel regularly and often to Iraq, not only to make the sale, but to follow up and maintain the rapport.

The need for an agent will depend on the product and the number of buyers. If the product needs after-sale servicing and parts supply, the establishing of a sales/service agency should be considered. Similarly if there are many potential buyers, the appointment of an agent may be appropriate. If, however, a major contract is entered into on a supply or a supply and installation basis, you are required under Iraqi law to establish a branch in Iraq. The trade commissioner in Baghdad can advise on this matter.

The private sector is expanding beyond the retail sector into wholesale and manufacturing. New, less-expensive high-quality sources of product are being sought.

The personal touch is needed to determine how the buyer will be paying. The trade commissioner in Baghdad will be able to identify potential buyers or representatives for your products and can advise of the various payments mechanisms in use in Iraq. The major short-term problem in dealing in Iraq is the requirement that public-sector companies must by law request deferred payment terms of no less than 720 days. Depending on how much the buyer wants the product, it may be possible to negotiate less onerous terms, up to and including cash on presentation of documents.

The bottom line for you the seller is that Iraq can be a lucrative market, but the country must be visited to realize its potential and to establish your company in the market.

The Market

It is not difficult for new exporters to enter the Iraqi market. It is described as open and highly competitive, even though it has a tightly controlled and complex distribution system. However, there is resistance toward new sources of supply as a result of loyalty to traditional suppliers. Export financing could help promote success in this market. Unfortunately, at the time of printing, the Export Development Corporation (EDC) did not provide export financing but would consider export insurance and guarantee.

The Iraqi market is highly protected to promote new indigenous industry. Counter trade and its components are important influences to trade in this area. International financing institutions do not offer trade opportunities within Iraq.

Iraq is a large country by Arab-world standards, and has the best balance of land, population and natural resources of all the Arab countries. It has a plentiful supply of oil, a wealth of other, mostly undeveloped, minerals, a solid agricultural base and a growing variety of light and heavy industry. In addition, Iraq has the potential to become a major international tourism centre. Due to its greater size, it may take many years to achieve the same degree of infrastructure development which the city-states of The Gulf area have been able to accomplish in a relatively short period of time.

Iraq has a centrally planned economy and all economic development proceeds according to a government-established plan. The highest planning authority is the Higher Planning Council which reviews and approves all development plans. The Ministry of Planning is responsible for preparing the economic plan and undertaking all necessary feasibility studies, project reviews and assessment of proposals by the operating ministries.

For Iraq, 1988 was a year of important changes. There was a cease-fire in its eight-year war with Iran; a move to change the economy from a fully socialist to a mixed economy with a decision to privatize many of the industries not essential to the war effort; and the introduction of an import licence for the private sector not tied to the foreign exchange regime. The restrictive official imports regime, coupled with an acceptable price level for 2.3 million barrels per day of oil exports, has permitted the central monetary authority to begin arrears payment to some countries. With the cease-fire, attention can be concentrated on the demands of reconstruction of the economy.

Membership in International Organizations

Iraq is a member of the following international organizations:

- World Bank
- Arab Common Market
- Arab Monetary Fund
- United Nations (UN)
- League of Arab States
- Islamic Development Bank
- Council of Arab Economic Unity
- World Health Organization (WHO)
- International Monetary Fund (IMF)
- International Development Agency (IDA)
- International Finance Corporation (IFC)
- International Labour Organization (ILO)
- Food and Agricultural Organization (FAO)
- International Civil Aviation Organization
- Arab Fund for Economic and Social Development
- International Atomic Energy Association (IAEA)
- World Intellectual Property Organization (WIPO)
- Organization for Petroleum Exporting Countries (OPEC)
- International Fund for Agricultural Development (IFAD)
- Economic and Social Commission for Western Asia (ESCWA)
- Organization for Arab Petroleum Exporting Countries (OAPEC)

Advertising and Promotion

Commercials are not permitted on radio or television in Iraq. All advertising must go through the National House for Publication, Distribution and Advertisement (Jumhuriyah Street, Baghdad). Limited advertising, however, is possible in cinemas and on billboards. Newspapers provide another way to reach the public. All written material, including magazines and newspapers entering Iraq, may be subject to strict censorship.

The Baghdad International Fair, held annually from November 1 to 15, provides an excellent opportunity for market exposure. In addition, the Iraqi authorities plan to hold a number of small specialized trade fairs each year.

Price Quotations

Prices are to be quoted in U.S. dollars, or any other convertible currency, cost and freight to Basra or Baghdad. When quoting to government departments and state companies, it is recommended that price quotations be made

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

repayment. Iraq plans to retire its commercial debt as soon as possible and return to cash payments.

Transportation and Communications

Iraq's two international airports are located in Baghdad and Basra. Local airports for domestic use are in Baghdad, Arbil and Mosul. River transport is increasing in prominence.

Iraq's main port is in Basra and its newest port is in Umm Qasr, which is located at the head of a lagoon whose entrance is controlled by Kuwait. Umm Qasr is equipped with facilities for loading sulphur and unloading grain. There are oil-loading facilities at Khor al-Zuhair. Umm Qasr and Khor al-Zuhair are currently being expanded to take container RORO (roll-over, roll-over) cargo and bulk shipments.

Iraq is in the process of modernizing its telecommunications system and has introduced crossbar telephone switching, a telex system, a microwave link between major cities and an earth/sol satellite connection for international communications. The use of facsimile machines is restricted but allowed for private businesses.

Foreign Investment and Joint Ventures

As a socialist country, Iraq has looked to the Eastern bloc for technology and imports for the last 15 years. Since the mid-1970s, however, Iraq has increasingly sought to benefit from Western technology, services and manufactured goods.

Iraq does not want foreign investment, but it encourages the import of Western goods and know-how. Iraq will buy technology outright and, in the case of construction, prefers turnkey entirely performed by a foreign company.

According to Iraqi law, non-Arab foreign nationals and foreign companies (including Arab-registered companies) are not allowed to have interests in Iraqi companies in either the public or the private sector. In order to do business in Iraq, foreign companies must obtain a contract with one of the state organizations and set up a branch or joint venture for the duration of the contract. (A joint venture is a commercial association formed by two or more parties to carry out a particular contract or agreement with one of the state organizations or enterprises.)

Arab nationals resident in the Arab homeland countries may participate in Iraqi industrial and trading companies in the same way as Iraqi nationals, and may own up to 100 per

cent of the equity in such companies if they are in the private sector.

Publications

It is highly recommended that businesses keep current with activities in the entire Middle East. The best weekly magazine covering economic, political and commercial developments (including tender notices) in The Gulf States is the *Middle East Economic Digest* published by the Middle East Economic Digest Ltd. (MEED House, 21 John Street, London, WC1N 2BP, England).

Information on other publications can be obtained from the Canadian Embassy in Baghdad.

Chamber of Commerce and Industry

Iraq has a Chamber of Commerce and Industry with which all local companies must be registered. In addition to being a powerful lobby for private-sector interests, the Chamber of Commerce and Industry promotes foreign trade by publishing information on local market opportunities and regulations, receiving trade missions from abroad, arbitrating commercial disputes when requested to do so and generally being helpful to foreign business persons.

The Canada-Arab Business Council

The Canada-Arab Business Council is a private-sector association of Canadian companies actively trading with the countries of the Arab world. Its purpose is to promote and enhance Canada's commercial ties with these countries. The Council serves in an advisory capacity to Canadian federal, provincial and territorial governments on matters relating to Canada-Arab trade and strives to create a greater awareness in the Arab countries of Canadian business and export capabilities. Its Canadian-based activities include the organization of regular meetings among Council members, liaison with Canadian government officials and trade officials of the Arab governments represented in Canada, the holding of business-oriented seminars and the publication of a regular newsletter containing information on trade with and commercial developments in the Arab world.

Companies wishing to become members of the council should contact:

Canada-Arab Business Council

55 Metcalfe Street

Suite 1160

Ottawa, Ontario

K1P 6N4

Tel: (613) 238-4000

Telex: 053-3360

Fax: (613) 238-7643

III. CUSTOMS AND OTHER REGULATORY INFORMATION

Documentation

Correspondence should be in either English or Arabic and submissions on international tenders should be in English. Correspondence should be addressed by title and not to government officials by name, as this is considered improper by the Iraqi government. Business persons planning to visit Iraq should obtain a list of potential buyers and contacts from the Canadian Embassy well in advance of the visit. Full product and company information should be sent in advance to introduce the firm. A visit may then be planned to follow up this initial effort or for specific opportunities, including tender submissions.

There is no provision for foreign companies, including those registered in other Arab countries, to establish themselves as private commercial enterprises in Iraq. The only way foreign companies can do business in Iraq at present is to obtain a contract with one of the state organizations, sometimes by entering into a joint venture with the organization concerned. A foreign company can obtain general information relating to a particular contract from the state organization offering the contract. Otherwise, there is no special government department that provides information to foreign companies wishing to trade with or do business in Iraq.

Import and Exchange Controls

Iraq has a very strict exchange control system which virtually precludes Iraqi nationals from obtaining foreign exchange. Because of the war and the increasing debt load, the Iraqi dinar became non-convertible and the export or import of dinars could be considered a capital offense. The official import licence allocation under which import licences are assigned within available foreign exchange for necessary food, machinery and raw materials is tied to the exchange control system. There is a no-foreign-exchange import licence available to private-sector importers, but it does not draw on Iraq's foreign exchange. Payment for

goods purchased under these licences must come from sources outside of Iraq.

Packing and Labelling

Outer containers must show the gross weight in kilograms, the consignee's mark and the port mark. This information should be numbered in accordance with the packing list unless the contents can be otherwise readily identified. If containers are in transit, they should be marked exactly as shown on the bill of lading. Careful attention should be made to ensure packing is as secure as possible; bales with iron hoops instead of boxes are advisable to avoid damage and to limit theft.

Pharmaceutical and spirituous liquors are subject to special marking and labelling requirements. There are Arabic marking regulations affecting the directions for use on pharmaceutical products. These regulations do not apply to new pharmaceuticals for up to six months from the date of their registration with the Iraqi Ministry of Health. The words, "Imported especially for Iraq" must be marked on all imports of spirituous liquors.

Health and Personal Security

IV. YOUR BUSINESS VISIT

Consult the Canadian Embassy

When planning a visit to Iraq, advise the Commercial Division of the Canadian Embassy in Baghdad well in advance of your arrival. State the purpose of your visit and forward several copies of product brochures. It is especially helpful if the cost and freight prices on your product range are worked out. Any contacts already made in Iraq should also be listed. With this information, the trade commissioner will be pleased to arrange a tentative itinerary, make hotel reservations, if necessary, and set up appointments which can be confirmed upon arrival.

Travel Documents

All foreigners who come to Iraq must first obtain an entry visa which is issued by Iraqi embassies and consulates abroad and by the Directorate General of Residence in Iraq. Usually business visas are processed within three days, as long as a properly completed application form, valid Canadian passport, passport-size photograph and a company letter of financial support are provided.

Everyone, including Iraqi nationals, who intends to work with a foreign company in Iraq requires a work permit. Work permits for foreign employees must be obtained before arrival in Iraq from the Directorate General of Residence.

Proof of HIV (AIDS) negativity is required as a condition of entry for all tourists and travellers staying longer than four days in Iraq. Medical certification can be done through the Ontario Ministry of Health (Central Laboratories, P.O. Box 9000, Terminal A, Toronto, Ontario M5W 1R5) or the Department of National Health and Welfare, Federal Centre for AIDS Laboratory (Ottawa, Ontario). An additional listing of Canadian laboratories authorized to carry out the HIV antibody testing can be obtained from the External Affairs and International Trade Canada Middle East Trade Development Division.

Internal Travel

Taxis are readily available and traffic is generally moderate, except in the centre of downtown Baghdad. The govern-

ment sets fares to and from the airport. Because most taxis do not have meters, you should fix the fare with the driver before getting in. Some taxis have signs indicating the legal fare and hotels can sometimes identify the correct fare. Change should be ready for payment because drivers rarely have change. Most drivers do not speak English, so the destination should be written in Arabic by someone in the hotel to hand to the driver.

A car can be rented by the week only, often from the hotel. You may not wish to drive, however, unless you know the city; there are few street signs, no road maps, and, if you get lost, there are few English-speaking people to help. An international driver's licence is accepted.

Hotels

There are several international and first-class hotels in Baghdad. With the exception of the Basra Sheraton and the Mosul Oberoi, there are no international-class hotels outside Baghdad. Room rates are fixed by the government at Iraqi dinar 25 to 30 for a single and Iraqi dinar 30 to 35 for a double at international-class hotels. Rates at second-class hotels range from Iraqi dinar 8 to 18 for a single and Iraqi dinar 9 to 22 for a double.

It is still extremely difficult to obtain good accommodation between mid-September and mid-November. Confirmation of a room usually requires a letter from the Canadian Embassy to the hotel.

Some Iraqi hotels accept credit cards and most first-class hotels have bank branches for currency exchange.

Customs Regulations

Custom duties are levied at a variety of rates ranging from 15 per cent to 300 per cent, in accordance with official instructions. Exemptions from custom duties are granted where a project is covered by Law No. 60 (1985) or Law No. 115 (1982). Most non-consumable items for a project, such as vehicles and equipment, would be entered under temporary entry permits. The items must be re-exported on project completion.

Health and Personal Security

An AIDS certificate is mandatory for entry to Iraq for a period longer than four days. It may be obtained before arrival or within the first five days in Baghdad. In Baghdad

and other cities, the tap water is generally safe to drink, although if it has not been filtered it tends to contain a considerable amount of silt. Health conditions are generally reasonable but visitors are advised to exercise normal prudence in the selection of places to dine to ensure that the food is fresh. If you come directly from a cooler climate in mid-summer, you should drink plenty of fluid to avoid dehydration resulting from Iraq's extremely high temperatures and low humidity.

Iraq is generally safe for visitors but the level of petty theft is rising.

Business Calls and Entertainment

A confirmed business call is generally respected. As a guest in Iraq, you should make every effort to be polite and patient. A low-key soft-sell approach is best and caution should be taken in publicizing business arrangements. Iraqis appreciate punctuality but most understand the transportation difficulties and are graceful in accepting late arrivals.

Mail

Postal service in Iraq is erratic and telex or telephone may better suit the business person if timing is an important factor. Except for telegrams, there is no street delivery of mail anywhere. All correspondence, therefore, should be addressed to the post office number of the company you are contacting. Surface letter mail takes about 30 days and surface parcels take about 75 days to travel between Iraq and Canada. Air mail service takes between 6 and 11 days.

Courier service from Canada is erratic. There is only one courier company in Iraq, Life Express. Their representative in Canada is:

Jet Courier Service
2745 Paulus Street
Ville St. Laurent
Quebec, H4S 1E9
Tel: (514) 331-7470

VI. TRANSPORTATION SERVICES TO IRAQ

Sea

There are six shipping lines operating monthly sailings from eastern Canadian ports and sailings at least monthly from Vancouver to the principal ports in The Gulf. A major problem in shipping to the Middle East is the serious congestion resulting from the inability of ports to cope with the substantial increase in imports into the area. As a result, shipments can face significant surcharges depending on the cause of the delays. Close consultation with a knowledgeable freight forwarder or shipping line is necessary to choose the most cost-efficient system at time of shipment.

Air

There are no scheduled air services between Canada and Iraq. Passenger or cargo charter services, however, can be arranged on an as-required basis to most major airports in the Middle East. Air Canada and CP Air can provide connections with scheduled carriers serving the area at gateways such as New York, London, Paris, Frankfurt and Rome. Currently, the most direct flight is from Mirabel to Amman on Royal Jordanian with a direct transfer on Royal Jordanian to Baghdad.

VI. FEDERAL EXPORT ASSISTANCE

Market Advisory Services

As a service to Canadian business, the federal government maintains trade officers in 67 countries around the world. These representatives provide assistance to Canadian exporters and help foreign buyers locate Canadian sources of supply. In addition to providing the link between buyer and seller, trade officers advise Canadian exporters on all phases of marketing, including:

- provision of economic/political information on the country;
- identification of export and market opportunities;
- market competition assessment;
- foreign business persons and government officials introductions;
- screening and recommending of agents;
- supplying guidance on terms of payment; and
- assistance with tariff or access problems.

Trade officers also play an active role identifying market opportunities and encouraging and organizing promotional efforts.

The geographic trade divisions at External Affairs and International Trade Canada in Ottawa are another valuable source of information. Each division concentrates on markets in a specific geographical region and provides the central government link in Canada for trade officers abroad. The trade officers in Baghdad are in contact with their counterparts in the Middle East Trade Development Division in Ottawa (see address at the beginning of this brochure). This office can provide the following information:

- economic outlooks for individual countries and information on the market for particular products and commodities;
- market information on projects;

- market-access information on tariff rates, regulations, licensing, non-tariff barriers, product standards, required documents, etc.;
- publications, including this one, and country briefs on smaller markets; and
- market information on multilaterally financed projects, such as the World Bank, Arab Development Funds and Investment Banks.

The geographic trade divisions are also responsible for assisting and advising exporters on marketing their products/services. They can provide information on Canadian government export services and on product and project export opportunities as they arise.

If assistance is needed to identify Middle East markets for your products and/or services, contact either the nearest International Trade Centre co-located with the regional offices of Industry, Science and Technology Canada (except for the Northwest Territories and the Yukon) or the Middle East Trade Development Division at External Affairs and International Trade Canada. The International Trade Centres, located in each province, assist exporters with market planning and can arrange for the assistance of the Trade Development Division in Ottawa and trade officers overseas.

Export Development Corporation

The Export Development Corporation (EDC) is a Canadian Crown corporation whose purpose is to facilitate and develop Canada's export trade.

EDC provides insurance, guarantees and export financing, which, combined with advice and the organization of financial service packages, facilitate the sale of Canadian goods and services abroad. The EDC offers the following services:

a) Export Insurance and Related Guarantees

- global comprehensive insurance
- global political insurance
- selective political insurance
- specific transaction insurance
- specific transaction guarantees
- loan pre-disbursement insurance
- foreign investment insurance
- performance security insurance
- performance security guarantees

- consortium insurance
- surety bond insurance
- bid-security insurance
- specific sub-supplier insurance
- equipment (political risk) insurance
- bid bond guarantees
- medium-term agricultural guarantees

b) Export Financing and Related Guarantees

- loans
- line-of-credit allocations
- note purchases
- protocols
- loan guarantees
- specialized credit

The EDC head office is in Ottawa. Regional offices are maintained in Montreal, Toronto, London, Calgary, Winnipeg, Vancouver and Halifax (see Chapter VII for addresses). General inquiries regarding EDC services can be channelled through the regional offices. Export services are only handled by the Ottawa office. Inquiries about export financing for a specific geographical area should be addressed to the manager of the appropriate department in the Export Financing Group of the EDC in Ottawa.

Program for Export Market Development (PEMD)

PEMD's main objective is to increase export sales of Canadian goods and services. The program accomplishes this by sharing with Canadian businesses the costs, and therefore the risks, of export marketing activities that a business would not, or could not, normally undertake on its own. PEMD encourages Canadian companies not previously involved in exporting to become exporters. It also encourages existing Canadian exporters to enter new geographic and product markets.

The program offers Canadian businesses financial assistance to undertake or participate in various trade promotion activities. All activities must be commercially oriented; that is, they must focus on generating export sales. The activities are categorized as either government-planned or industry-initiated.

Government-Planned Activities. These activities are organized by External Affairs and International Trade Canada, and are planned up to 18 months in advance.

Events are chosen after extensive consultation with industry, Canadian trade commissioners abroad, other departments and the provinces. Businesses are invited to participate and as much lead time as possible is given to allow potential participants to prepare. The two types of government-planned activities are trade missions and trade fairs.

Government-Planned Trade Missions. They promote the sale of Canadian goods and services abroad and gather market intelligence for Canada's industrial sectors. PEMD assistance covers trade missions abroad and trips by foreign business persons and government officials to Canada or to other approved locations. PEMD participates in trade missions by contributing:

- management/administration of the event;
- official hospitality; and
- 100 per cent return economy airfare and local ground transportation abroad.

Incoming mission participants receive per diem living allowances (hotel, meals and incidentals, under Treasury Board regulations) and 100 per cent of economy airfares for domestic travel. First-class air travel may be approved if appropriate and necessary. Participants are required to pay all costs not mentioned above and may be required to pay a participation fee to help defray expenses.

Government-Planned Trade Fairs. Participation in recognized trade fairs abroad is usually limited to a specific industrial sector or type of product. Trade fair selection is based on the event's track record; the degree of international competitiveness of Canadian producers of such products; the level of potential product demand; the level of potential demand for the products in the fair's market area; the expected cost-benefit ratio of sales per dollar invested; and the priority attached to the fair's target markets and the products being promoted. Trade fairs include participation in a national stand at an organized trade fair or in a solo show organized by the department, information booths, in-store promotions or catalogue shows. Since April 1, 1986, a company can receive financial assistance to participate in the same event on three separate occasions.

Industry-Initiated Activities. The contribution by the government for industry-initiated activities continues to be repayable if sales result. Each company may apply four times per year.

Trade Fairs. Companies may apply for funding to participate independently at a foreign trade fair where there is a national stand only if they were not invited to participate at the national stand or if the national stand has been fully subscribed by the time of application.

Visits. Funding may be supplied for companies to visit potential agents, distributors and clients to identify markets; attend symposia or conferences (where significant potential exists to market their products) in a foreign country; and/or sponsor the visit of foreign buyers to Canada or another approved location (installation, trade fair, etc.) to further the sale of Canadian products.

Project Bidding. PEMD support for project bidding or proposal preparation at the pre-contractual stage of a project is designed to assist Canadian firms in bidding for specific projects outside Canada involving international competition/formal bidding procedures. The support covers the supply of Canadian goods and services for major capital projects including consulting services, engineering, construction and equipment. There must be international competition for the project (except in state-controlled markets). The project must also be substantially larger and riskier than one the applicant would undertake without PEMD assistance, yet it must have a reasonable probability of success. No assistance will be provided if there is Canadian competition for the project.

Sales Offices Abroad. This program is designed to enable exporters currently active in an export market to more fully exploit that market through a sustained marketing effort. Establishment of a permanent sales office abroad must represent part of the company's overall marketing effort and demonstrate a long-term commitment to the target market. Trading houses must show evidence of long-term exporting commitment to specific Canadian products. The company must already be selling in the target market through methods other than sales offices.

Special Activities. Special-activities assistance is available for non-profit, non-sales, food, agriculture and fish organizations, marketing boards and agencies. Activities undertaken by these organizations must be for the benefit of their members and include participation in trade fairs, visits, technical trials, product demonstrations, seminars and training, and commodity promotion.

Marketing Agreement. This, although not a new PEMD activity, is a method of packaging PEMD industry-initiated activity assistance over a one- to two-year period. Marketing agreements are most suitable for medium-sized experienced exporters who also meet the applicant eligibility criteria. Only activities already outlined in industry-initiated PEMD are eligible for cost-sharing under a marketing agreement.

Further information on the PEMD program is available from InfoExport, the Middle East Trade Development Division or the International Trade Centres co-located with the regional offices of Industry, Science and Technology Canada.

Publicity

CanadExport, a bimonthly newsletter, contains articles and reports on export opportunities such as government services to industry, international market conditions and terms of access, industrial development, and joint industry-government efficiency studies. It also outlines fairs and missions organized worldwide by External Affairs and International Trade Canada under its fairs and missions programs. Other issues of *CanadExport* list multilaterally funded capital projects overseas offering export opportunities for Canadian suppliers of goods and services.

English and French editions are available without charge to Canadian manufacturers. Write or call:

CanadExport

External Affairs and International Trade Canada (GMT)
Lester B. Pearson Building
125 Sussex Drive
Ottawa, Ontario
K1A 0G2
Tel: (toll-free) 1-800-267-8376
Telex: 053-3745/3746/3747
Fax: (613) 996-9103

Industrial Co-operation with Developing Countries

The program provides financial support to Canadian firms in their efforts to establish long-term business relationships with their counterparts in developing countries through mechanisms such as joint ventures, direct investment, management contracts, licensing agreements and technical

assistance. Contributions are available for starter or exploratory studies to provide preliminary studies of possible ventures. Viability studies to establish detailed economic, commercial and legal analyses of potential projects are eligible for larger contributions.

The Canadian Project Preparation Facility (CPPF) is directed more toward the consulting community. It aims to get Canadian companies in "on the ground floor" of projects financed by multilateral development institutions. Capital project pre-feasibility studies are eligible for support under the CPPF.

The Canadian Technology Transfer Facility (CTTF) enables Canadian firms to test and adapt their technology in developing countries as a means of establishing long-term co-operation with businesses there.

For further information, write to:

Industrial Co-operation Division
Canadian International Development Agency (CIDA)
200 Promenade du Portage
Hull, Quebec K1A 0G4
Tel: (819) 997-7901
Telex: 053-4140 CIDA/SEL
Fax: (819) 953-5024

VII. USEFUL ADDRESSES

International Trade Centres

If you have never marketed abroad, please contact the International Trade Centre in your province. International Trade Centres are co-located with the offices of Industry, Science and Technology Canada, except for the Northwest Territories and the Yukon.

Alberta

International Trade Centre
Room 540
Canada Place
9700 Jasper Avenue
Edmonton, Alberta
T5J 4C3
Tel: (403) 495-2944
Telex: 037-2762
Fax: (403) 495-4507

International Trade Centre
Suite 1100
510 - 5th Avenue S.W.
Calgary, Alberta
T2P 3J2
Tel: (403) 292-4575

British Columbia

International Trade Centre
P.O. Box 11610, Suite 900
650 West Georgia Street
Vancouver, British Columbia
V6B 5H8
Tel: (604) 666-1444
Telex: 045-1191
Fax: (604) 666-8330

Manitoba

International Trade Centre
330 Portage Avenue
Room 608
P.O. Box 981
Winnipeg, Manitoba
R3C 2V2
Tel: (204) 983-8036
Telex: 075-7624
Fax: (204) 983-2187

New Brunswick

International Trade Centre
Assumption Place
770 Main Street
P.O. Box 1210
Moncton, New Brunswick
E1C 8P9
Tel: (506) 857-6452
Telex: 014-2200
Fax: (506) 857-6429
Toll Free: 1-800-332-3801

Newfoundland and Labrador

International Trade Centre
90 O'Leary Avenue
P.O. Box 8950
St. John's, Newfoundland
A1B 3R9
Tel: (709) 772-5511
Telex: 016-4749
Fax: (709) 772-5093

Nova Scotia

International Trade Centre
1496 Lower Water Street
P.O. Box 940, Station M
Halifax, Nova Scotia
B3J 2V9
Tel: (902) 426-7540
Telex: 019-22525
Fax: (902) 426-2624

Ontario

International Trade Centre
Dominion Public Building
4th Floor
1 Front Street West
Toronto, Ontario
M5J 1A4
Tel: (416) 973-5203
Telex: 065-24378
Fax: (416) 973-8714

Prince Edward Island

International Trade Centre
Confederation Court Mall
134 Kent Street, Suite 400
P.O. Box 1115
Charlottetown
Prince Edward Island
C1A 7M8
Tel: (902) 566-7400/7443
Telex: 014-44129
Fax: (902) 566-7450

Quebec

International Trade Centre
Stock Exchange Tower
Suite 3800
800 Victoria Place
P.O. Box 247
Montreal, Quebec
H4Z 1E8
Tel: (514) 283-8185
Telex: 055-60768
Fax: (514) 283-3302

Saskatchewan

International Trade Centre
6th Floor
105 - 21st Street East
Saskatoon, Saskatchewan
S7K 0B3
Tel: (306) 975-5315/5318
Telex: 074-2742
Fax: (306) 975-5334

Industry, Science and Technology Canada

The offices of Industry, Science and Technology Canada are co-located with the International Trade Centres, and are also situated in the following locations.

Business Centre

Industry, Science and Technology Canada
235 Queen Street
Ottawa, Ontario
K1A 0H5
Tel: (613) 995-5771

Northwest Territories

Industry, Science and Technology Canada
10th Floor, Precambrian Building
P.O. Bag 6100
Yellowknife, Northwest Territories
X1A 2R3
Tel: (403) 920-8568
Fax: (403) 873-6228
AES: (403) 920-2618

Yukon

Industry, Science and Technology Canada
108 Lambert Street
Suite 301
Whitehorse, Yukon
Y1A 1Z2
Tel: (403) 668-4655
Fax: (403) 668-5003

Export Development Corporation

Head Office

151 O'Connor Street
Ottawa, Ontario
Mailing Address:
Export Development Corporation
P.O. Box 655
Ottawa, Ontario
K1P 5T9
Tel: (613) 598-2500
Cable: EXCREDCORP
Telex: 053-4136
Fax: (613) 237-2690

Manitoba/Saskatchewan

District Manager,
Manitoba and Saskatchewan
Export Development Corporation
330 Portage Avenue
Suite 707
Winnipeg, Manitoba
R3C 0C4
Tel: (604) 688-8658
Fax: (604) 688-3710

Quebec Region

General Manager,
Export Development Corporation
800 Victoria Square
P.O. Box 124
Tour de la Bourse Postal Station
Montreal, Quebec
H4Z 1C3
Tel: (514) 878-1881
Fax: (514) 878-9891

Prairie and Northern Region

General Manager,
Prairie and Northern Region
Export Development Corporation
Bow Valley Square 111
Suite 2140
255 - 5th Avenue S.W.
Calgary, Alberta
T2P 3G6
Tel: (403) 294-0928
Fax: (403) 294-1133

British Columbia and Yukon Region

General Manager,
British Columbia and Yukon Region
Export Development Corporation
Suite 1030, One Bentall Centre
505 Burrard Street
Vancouver, British Columbia
V7M 1M5
Tel: (204) 943-3938
Fax: (204) 983-2187

Ontario Region

General Manager, Ontario Region
Export Development Corporation
Suite 810, National Bank Building
P.O. Box 810
150 York Street
Toronto, Ontario
M5H 3S5
Tel: (416) 364-0135
Telex: 06-22155
Fax: (416) 862-1267

London District Office

District Manager
South Western Ontario
Export Development Corporation
451 Talbot Street
London, Ontario N6A 5C9
Tel: (519) 679-6523
Fax: (519) 679-4483

Atlantic Region

General Manager, Atlantic Region
Export Development Corporation
Toronto-Dominion Bank Building
Suite 1003, 1791 Barrington Street
Halifax, Nova Scotia
B3J 3L1
Tel: (902) 429-0426
Telex: 019-21502

External Affairs and International Trade Canada

Export Programs Division (TPE)

External Affairs and International Trade Canada

Lester B. Pearson Building

125 Sussex Drive

Ottawa, Ontario

K1A 0G2

Tel: (613) 996-8708

Telex: 053-3745 (TPE)

Answerback: External F OTT

Info Export Hotline

(Toll-free Service)

1-800-267-8367

Telex: 053-35745 (BTCE)

Answerback: External F OTT

Embassies

Canadian Embassy in Iraq

Street Address: Hay Al-Mansour

Mahalla 609

Zuqaq 1, House 33

Baghdad, Republic of Iraq

Mailing Address: P.O. Box 323

Central Post Office

Baghdad, Republic of Iraq

Cable: DMCAN BAGHDAD

Tel: (011-964-1) 542-1459/542-1932/542-1933

Telex: (Destination code 0491) 212486
(DMCAN IK)

Office Hours: Sunday to Thursday
0730 - 1500

Time Difference: (EST) + 8

Embassy of the Republic of Iraq in Canada

215 McLeod Street

Ottawa, Ontario

K2P 0Z8

Tel: (613) 236-9177/236-9178

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Storage

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IRAQ

- Main roads
- +— Main railways
- - - International boundaries
- ⊙ Capital City
- City

Scale 0 100 200 km



