

The Kurdistan Region: Invest in the Future

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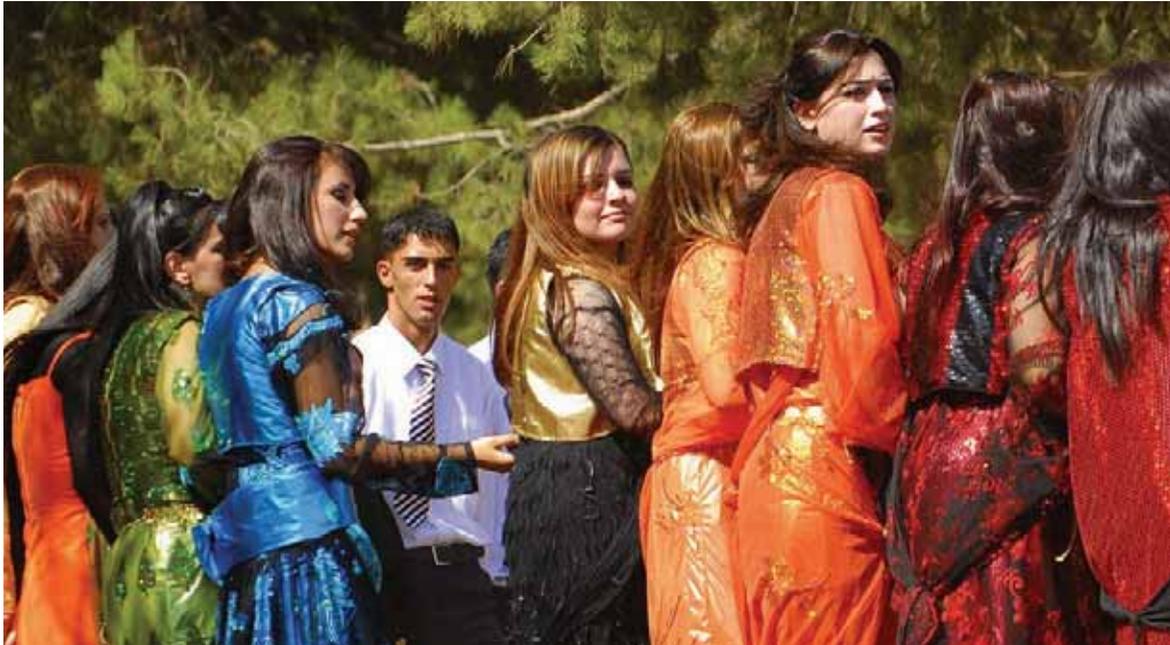
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The Kurdistan Region: Invest in the Future

His Excellency Prime
Minister Nechirvan
Barzani introduces the
Kurdistan Region

T

he Kurdistan Region of Iraq is experiencing an unprecedented period of development, which we were able to consolidate because of the overthrow of Saddam Hussein's regime in 2003. Having emerged from the darkness of dictatorship into the light of democracy, we are determined not to squander this opportunity.



The Kurdistan Region can be an example to the rest of the country

We believe that Iraq can be a free, democratic, federal, secular, and pluralistic country if sufficient efforts are dedicated to this goal. With our clear and comprehensive vision for the future, the Kurdistan Region can be an example to the rest of the country in achieving peace, stability, democracy and economic development.

To focus on development, we have created a unity government in our region, in which all political parties are included, and through which every person in the region is represented.

The Kurdistan Regional Government is determined to operate as the servant of the people in a transparent and accountable way, while upholding the principles of human rights and civil liberties. The Kurdistan National Assembly (KNA), our regional parliament, makes the law, which the courts uphold, and our ministries manage most aspects of political decision-making.

There is a great deal to do – our people have suffered from genocide, and our region endured decades of neglect. After years of isolation, we are embracing foreign interaction and encouraging foreign direct investment.

To facilitate external engagement, the KNA passed our Investment Law in July 2006. This is a comprehensive and investor-friendly law, offering generous incentives to outside investors, including the right of full property ownership, tax and customs duty exemptions, repatriation and partnerships.

We believe that the private sector is the true engine of sustainable economic growth and that this law will encourage the growth of this vital part of our economy by strengthening the legal guarantees covering foreign investment.

In August 2007, the KNA passed the Kurdistan Region Oil & Gas Law. Under the Iraq Constitution, regions have the right to manage their own previously untapped oil and gas reserves. We are implementing our rights, but will share the oil revenue with the rest of

Iraq, to benefit not only the people of our region, but also the rest of the country. This law ensures that our people will be served by the most reputable international oil and gas companies.

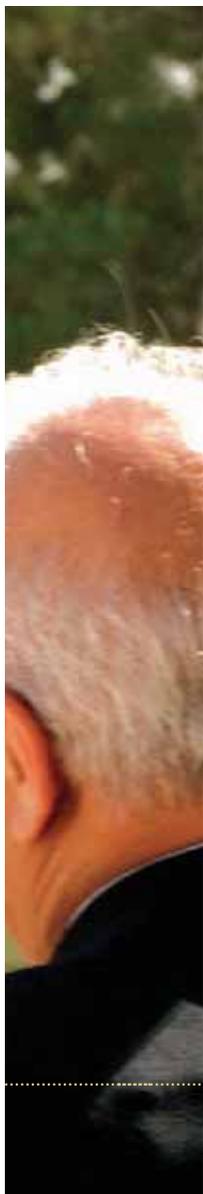
The National Assembly has also passed legislation to ensure that the rule of law is upheld at all times and that our law enforcement authorities have the necessary power to punish illegality and corruption if it occurs.

These pieces of legislation exhibit the close working relationship between government and parliament and show the progressive and spirited mindset of both. We are determined to avoid the problems that have bedeviled the rest of the country. Rather than let sectarian hatred and political infighting cripple us, we are taking positive steps to maintain and consolidate stability and prosperity.

We are especially enthusiastic to reform our agricultural sector. We are blessed with highly fertile soil and abundant fresh water reserves. We were once Iraq and the region's breadbasket, but to destroy our social fabric Saddam Hussein instituted a program of forced urbanization, moving people from rural areas to collective towns. Now we currently import food-stuffs that we could grow ourselves, at competitive costs of production. We aim to reverse this situation and become an exporter of food to countries throughout the Middle East.

Our industrial sector is also primed for investment. Our workforce is ready to embrace hard work, and keen to learn new skills. Under Saddam, industry was stifled in Kurdistan – we are ready to reverse that trend. Tourism is another obvious area for development. We are blessed with striking mountains and gently undulating lowlands. The Tigris, Euphrates and their tributary rivers run through our land. Our people have long taken advantage of our stunning natural heritage. We think the outside world will value it just as highly.

Another top priority of my government is to reform the education system – from kindergarten to university and





beyond. Our children are held back by out-of-date teaching methods and poor physical facilities. These problems must be solved through a combination of training and financial investment. Educational reform is the most important aspect of our long-term development.

Our people are our greatest natural resource and we are making a major investment in human capital to forge a better way of life for all the people of the Kurdistan Region. For them, we desire training, cultural exchange programs, and scholarships. After being cut off for so long we are thirsty to interact with our friends in the outside world.

We are also changing outdated cultural attitudes. Expanding the role women play in our society is crucial. Twenty five percent of our members of parliament are women and three cabinet offices are headed by women. We have appointed a Minister of State for Women's Affairs to spearhead and coordinate our efforts. We have begun well, but we must do more. Effecting cultural change is a gradual process, but I believe that through public and frank conversation, it will happen. This is why the President and I frequently address the role of women in our speeches, and condemn without reservation the abuses of women that sadly still occur.

The government itself must also be streamlined. We must learn from others and adopt best practices. We



The KRG has developed a foreign relations program and we are currently working to have representation in 20 countries around the world

are fortunate in having many friends in the international community. We have also to educate the people of the region regarding the correct role of government, as a positive enabler. In the past, government has been viewed as a kind of bank – dispensing money to those in need. While a government must of course take care of the less fortunate in society, its primary role is to create an environment in which people can help themselves and equip them to do so. We are making progress and moving from a command economy to a market-driven one.

Beside government reform, we are taking active steps to encourage the development of our civil society. Without a vibrant “Third Sector” our people will not be

best served. It is not our desire to control civil society; we understand that some of the time civil society will oppose government policies and have contradictory voices. We want a self-sustaining and flourishing civil society, one that can carry out programs the government cannot or should not, and that can play a key role in promoting and securing freedom of the press, and religion, human rights, and women’s rights.

The backdrop to our progress is the region’s good security situation. The security forces and people of the Kurdistan Region have worked in concert to ensure that terrorists are unable to secure a base of operation inside the region. We are proud of this achievement, and work diligently to maintain this state of affairs to protect our citizens and visitors. The security situation in the region is under our control, and the terrorists are on the defensive.

The KRG has developed a foreign relations program and we are currently working to have representation in 20 countries around the world. These offices will help promote bilateral trade and cultural ties.

We live in a difficult and sometimes unstable neighborhood, but we are dedicated to having good relationships with our immediate neighbors. We believe these, and all, relations should be conducted on the basis of a mutual respect for our respective constitutions and sovereignty, and maintained through dialogue and negotiation. Having suffered for so long from military intervention under the previous regime, we know first-hand that long-lasting solutions are not created from the barrel of a gun.

We are very keen to continue our relations with the United States. We will never forget the debt of gratitude we owe that country. Without the American intervention in Operation Northern Watch and Operation Iraqi Freedom, we would still suffer under the yoke of repression. It often seems to us that the US’s attention has been distracted by the less than perfect situation in the rest of the country. The Kurdistan Region has become a victim of its own success – our peace and stability mean we are no longer an immediate priority.



We know that to achieve our goals we will need the help of the international business community

Such thinking is mistaken. While we have certainly made great progress, to consolidate that progress and move on we will need all the help we can get from our friends in the international community. To this end, we work hard to develop and maintain our relations with the UK, the EU, and countries all around the world.

We expend equal efforts on our relationship with the federal government in Baghdad. While we are proud of our autonomy and what we have achieved on our own, we are also dedicated to creating a bright future for all of Iraq. Iraq can only function as a federation. Successive central and over-centralized governments suppressed all the peoples of Iraq and we are determined never to allow that to happen again.

The Iraq constitution, voted for by 80 percent of the population, established a federal state, and as a responsive government we will implement the will of the people. Being part of a federal country means that what is good for our region is good for the rest of the country, and vice versa. We are assiduous in helping the federal government with its political development and we understand that dialogue and negotiation are the keys to solving our mutual problems.

In conclusion, the Kurdistan Region of Iraq has made great strides along the road of development. We are all aware that we now have a golden opportunity that must be seized with both hands. And we know that to achieve our goals we will need the help of the international business community. This is no one-sided equation – there are abundant opportunities for foreign companies to invest in our region and earn lucrative rewards.

It is my pleasure to introduce you to this publication. I hope that through reading it you will learn about the great opportunities that exist in this beautiful part of the world. I invite you to come here yourself and experience first-hand the promise and hospitality of the Kurdistan Region, and move with us towards a bright future.

Kurdistan Region Security Handover Ceremony,
May 30 2007, Erbil



Kurdistan's People: Key Builders of a New Federation

By General Jay Garner

I

am proud of the work that the US military performed in 1991, together with our counterparts in the British, Italian, Dutch and Spanish governments. We managed to avert most of the potentially tragic consequences of one of the largest refugee crises in history. Fortunately, our intervention to

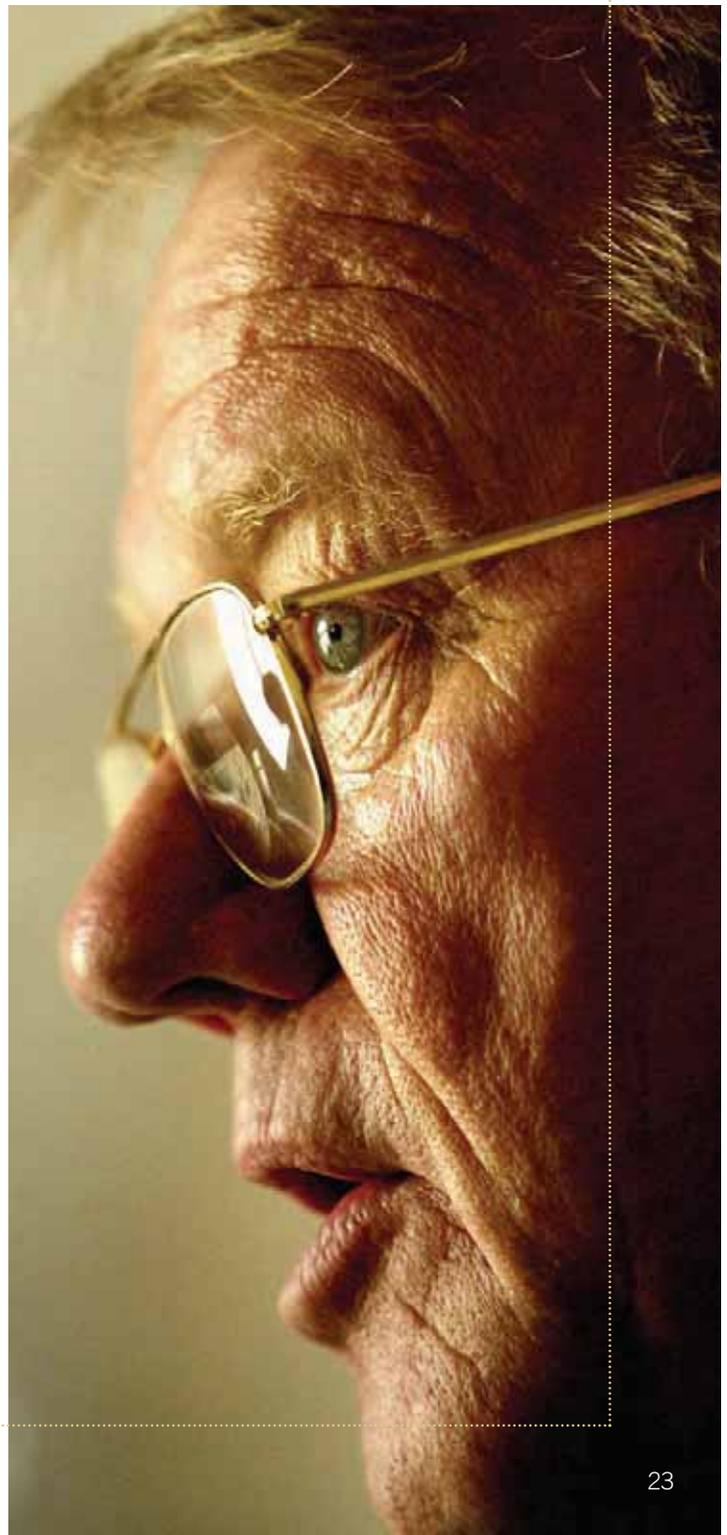


Security and stability are required to build emerging democracies

reverse and re-settle the massive flows of displaced people created by Saddam Hussein's army was successful. Little did we suspect how quickly Kurdistan and its people would recover and flourish.

Since 1991, I have visited Kurdistan on several occasions, and I have just returned once again from the region. I am truly delighted at the progress – in building democracy, in building a market economy, and in building numerous facilities that people need. Seeing the bustling life and commerce in Erbil, Dohuk, Sulaimania, and other towns within the Kurdistan Regional Government (KRG) is heart-warming. The elected government is extremely effective: schools, health centers and electrical capacity are expanding; business is thriving and continuing to grow. The Kurds of Iraq have addressed and resolved their internal conflicts of the past. The Kurdish leaders who were so effective in 1991 now influence the whole region. President Massoud Barzani leads the KRG, and Jalal Talabani is the President of Iraq. It all makes an astonishing and gratifying contrast with the war-torn region I witnessed 16 years ago.

As this book shows, what the Kurdistan Government is now embarked upon is sustained economic development. It is constructively using its constitutional powers to pass its own oil and gas laws, as well as its own investment law. Construction, infrastructural development, hospitals and schools, as well as oil and gas exploration are driving Kurds into a prosperous commercial future in which they can put their tragic past behind them. The commercial and oil exploration contracts in the Kurdistan Region comply with the Iraqi Constitution. This Constitution, emphatically endorsed by Kurdistan's voters, grants regional governments, like the Kurdistan Region, full autonomy over their domestic economy and substantial control to manage their natural resources. That is exactly as it should be in a federation. Kurdistan's leaders have underscored their commitment to all citizens of Iraq, by pledging a





majority of the regional oil revenues to an Iraqi inter-governmental fund.

The KRG's consistent support for the new federation has been essential in the re-making of Iraq. Our allies in Kurdistan are also doing all they can to bring foreign investors into the critical development projects that both Kurdistan and the rest of Iraq need in order to move economic development forward. The KRG's support and initiatives stand to significantly augment Iraq's federal budget.

Everything you read in this book that is underway or planned will provide positive economic multipliers, not only within Kurdistan, but also in the rest of Iraq. The KRG recognizes the urgent need for oil revenue to be distributed equitably if Iraq is to rebuild successfully as a federal republic, but also wants to diversify beyond oil for future growth and the quality of life of its people. That is the message I would pass on from this book and from my own experiences.

Everyone knows that the stability and re-building of Iraq is a problem of global proportions. However, Kurdistan is "the other Iraq". Its stability, security and economic progress have been amazing and reflect a mature and democratic governmental process that is

not only missing in the rest of Iraq, but is also missing in much of the Middle East. The KRG's model is certainly one for the other regions of Iraq to emulate.

The formula that we tried to implement in 1991 applies today. Security and stability are required to build emerging democracies, and no part of Iraq has done better in performing these tasks than the Kurdistan Region. I am personally proud to remain associated with the Iraqi Kurds and their amazing success.

Democratic and economic development are mutually reinforcing, as the KRG is determined to prove. Go have a look yourself at what is being accomplished, and invest in Kurdistan's success; you will not regret it.

Jay Garner

Windermere, Fla., Nov 1, 2007

Lt. Gen US Army (ret) Jay Garner was the Joint Force Commanding General in Northern Iraq in 1991, and helped organize the safe haven to return Kurds to their homes. In 2003 he was the first civilian administrator in Iraq after the removal of Saddam Hussein's government from power. He was the Assistant Vice Chief of Staff of the US Army when he retired in 1997.

A Triumph of Determination



By Ann Clwyd MP, the UK Prime Minister's Special Envoy on Human Rights in Iraq and the Chair of the UK Parliament's All-Party Iraq Group





I am pleased to welcome the publication of this book. I applaud its optimism and ambition, and its commitment to democracy. The book displays great hope for Kurdistan's future, and I share this.

I often meet members of Kurdistan's elected government and its parliament, the Kurdistan National Assembly.

President Barzani, elected by the parliament, heads the Kurdistan Regional Government, the KRG. The KRG is closely observed and sometimes criticized by the regional and national press. This freedom to campaign and criticize in relative safety is a positive development. Those who know this area's 20th-century history recognize the impressive change that has occurred.

I was last in Kurdistan in March 2007 when, to my surprise, the Kurdistan UK Friendship Association hosted a birthday party for me. I walked in the Sami Abdul Rahman Park, beside the Kurdistan National Assembly in Erbil. The park is named after an old friend of mine who was exiled to the UK. He later became a deputy prime minister of the regional government, and sadly lost his life in a suicide bomb attack in 2004. At that time I was also a guest of Iraq's newly elected President, Jalal Talabani, who was back in Sulaimania. Everyone was in a party mood since it was also Eid. There were celebrations all round, with many good friends, some of whom I have known for 30 years. I was able to look back at what has been a significant and heartening period of change.

As long ago as the early 1980s, I campaigned against the attacks on the Kurds and other Iraqis by Saddam Hussein and the regime. Despite the evidence of gross human rights abuses, including the firing of chemical weapons against Iraq's citizens by their own government, we were unsure whether our voices would have any impact. Our chance to be heard came in 1991, after the first Gulf War. We were able to seize the attention of the British people when the Kurds and Shia Arabs rose against the Baathists, but received no

immediate help from the international coalition that had expelled Saddam from Kuwait.

The plight of refugees and internally displaced people, stranded in winter on the mountains bordering Turkey and Iran, influenced public opinion around the world. The then UK Prime Minister, John Major, finally declared a safe haven for the Kurds. My colleagues and our staff were soon taken up with humanitarian relief efforts. We were not sure what would happen next, but when Saddam withdrew his administration from Kurdistan, I was encouraged by the enquiries I received from my Kurdish friends. They wanted to know more about different electoral systems and how to conduct and manage free and fair elections. The first genuine elections in Iraq's history were held in Kurdistan in 1992.

In the following 11 years, the people of Kurdistan have endured continuing difficulties, including periods of local internal fighting, but I believe that it is important to remember that this part of Iraq carried out the first genuine democratic experiment in Iraqi history.

Kurdistan's major parties became our principal Iraqi allies during the military action in 2003, and have now become major players in the democratic, federal and pluralist reconstruction of Iraq. There is still work to be done, and it will take time and patience.

I am proud to be a friend of the Kurdistan Region and I know the area will go from strength to strength. This book is about the Kurdistan Government looking to the future. This large part of Iraq is democratic and becoming safer, and is open for business. Economic development is crucial to ensuring that Kurdistan continues along a path to prosperity, safety and an intrinsic respect for human rights.

I recently saw television news pictures of a trade fair in Erbil. It could easily have been mistaken for a similar event in Cardiff, Birmingham or London. People were enthusiastically going about their business in a busy environment. To invest in Kurdistan is to invest in a place with exciting potential. Visit the region, and you will see how true that is.

The Kurdistan Region: New Beginnings



Picture: NATO

The Right Honourable Lord Robertson of Port Ellen
KT GCMG PC (Secretary General, NATO 1999-2003, British Defence Secretary, 1997-1999)

I

had more reason than most to cheer the toppling of Saddam Hussein's statue in Baghdad and the end to the long Iraqi nightmare. I had been a passionate and longstanding campaigner against the Iraqi regime from the days in 1988 when I met the refugees from Halabja's killing fields.

I still recall the bravery and tenacity of the Kurdish families who had spilled over Turkey's border into the camps at Mardin. They had seen, and been affected by, the "bombs with no voices," which sprayed the toxins that killed so randomly and wantonly. From then on I believed that the horrors of Saddam could not be left to fate.

I am therefore so pleased that Iraq is free and that the Kurdistan Region can live in peace within a

unified and federal Iraq. It is not yet an easy peace, but Iraq post-Saddam was never going to be easy. But now the Iraqi people – the Kurds, Shia, the Sunnis, as well as the other minorities who suffered so much – can shape their own destiny.

The Kurdistan Region of Iraq has formidable strengths and with leaders like Presidents Talabani and Barzani it has a promising future in an increasingly stabilized and united Iraq. I was so proud as Joint President of Chatham House – London's foremost foreign policy think tank – to welcome, at my invitation, my old friend Jalal Talabani – the first ever president of a free, democratic and federal Iraq.

I wish the people of Iraq, and in particular the Kurdish people, a secure, peaceful and prosperous future.



Overcoming a Terrible Past: Kurdistan and Its People



Professor Brendan O'Leary looks at the Kurdistan Region's bleak 20th century, and explains its political success

H

iner Saleem, a Kurdish filmmaker, born in Aqra in the Kurdistan Region of Iraq, is the author of a poignant memoir, *My Father's Rifle: A Childhood in Kurdistan*. The author regularly quotes his grandfather declaring that, "Our past is sad; our

present is catastrophic; fortunately, we don't have a future."

His grandfather would not say that today. The Kurdistan Region of Iraq is presently a success story, and likely has a bright future. But Saleem's grandfather was right to describe Kurdistan's 20th-century past as profoundly sad and catastrophic.

On my shelves are the following books: *No Friends but the Mountains: The Tragic History of the Kurds*; *People*

Without a Country: The Kurds and Kurdistan; *The Kurds: A Nation Denied*; *A Thousand Sighs, A Thousand Revolts: Journeys in Kurdistan*; *The Kurds: A People in Search of Their Homeland*; *Genocide in Iraq: The Anfal Campaign Against the Kurds*; and *Hell is Over: Voices of the Kurds After Saddam*. These titles almost say it all. One has to add 'betrayal' to each of these texts to get the grim history right.

The Kurds were promised a state of their own after World War One, but instead, historic Kurdistan was partitioned between the new states of Turkey, Syria and Iraq ("Kordestan Province" was already part of the Iranian empire). The new Turkish state would soon deny the existence of its Kurds and forcibly try to make them Turks, while Syrian governments coercively moved their Kurds away from their borders and denied them cultural rights.



The Kurds of Iraq were not meaningfully consulted about their incorporation into the new state created by Winston Churchill at the Cairo Conference of 1920, but were promised autonomy under the mandatory provisions of the League of Nations, which ruled that the Ottoman province of Mosul should become part of British-made Iraq rather than Turkey. No meaningful autonomy was granted by the British imperial

that marked the next decade, so Kurdish guerrillas returned to the mountains.

Surprisingly, in retrospect, it was the Baathists who seemed willing to concede some of the historic demands of the Kurds when they came back to power in Iraq in 1968 – after having been ousted in 1963. Under then Vice President Saddam Hussein they agreed to the formation of an autonomous Kurdistan,

Betrayal by great and regional powers was the lot of the Kurds of Iraq in much of the 20th century

government, which deliberately misled the League of Nations in its annual reports.

When Iraq became formally independent in 1932, Arab-dominated governments in Baghdad preferred to divide Kurdistan in Iraq into separate governorates (provinces) and districts, and refused to make Kurdish an official language, or regularly to appoint Kurdish officials in Kurdistan, despite the fact that Kurds comprised at least one fifth and up to a quarter of Iraq's population.

Independent Iraq was governed under a foreign, British-imposed monarchy, and dominated by the Sunni Arab minority of the cities of the center, many of whom saw Iraq as part of a wider "pan-Arab" nation. There was no place for Kurds – an Indo-European people with their own Persian-related language – in this vision. There was also no democracy.

Not surprisingly, Kurds regularly revolted in favor of independence or autonomy. That explains some of the other titles on my shelves: *The Kurdish Nationalist Movement; The Kurdish War; The Kurdish Revolt 1961-1970; The Kurdish Question in Iraq; Nationalism and Language in Kurdistan 1918-1985*.

Kurdish nationalists, initially led by leaders such as Mullah Mustafa Barzani and Ibrahim Ahmed, consistently fought for an autonomous and unified Kurdistan Region, with the right to its own security forces, full domestic self-government, with Kurdish as an official language of the region and of Iraq, and with regional control over natural resources and economic development.

When the monarchy was overthrown in 1958, Kurds hoped that they would get a better deal in a republican Iraq. But no democracy or autonomy emerged in the series of coups and counter-coups

with a National Assembly, recognized the Kurdish language, and said they would negotiate the full territorial extent of the region – including the status of oil-rich Kirkuk and other "disputed territories".

Saddam and the Baathists soon broke these commitments, which had been mere tactical maneuvers. Kurdish nationalists therefore resumed armed struggle. But in 1975, the Americans, the Iranians and the Israelis betrayed the Kurds when they withdrew military and political support from Barzani's Peshmerga (literally "Those who face death"). They did so because the Shah of Iran and Saddam had negotiated a political agreement in Algiers, in which Saddam's price was the end of assistance for Barzani, whose revolt then collapsed.

Betrayal by great and regional powers was the lot of the Kurds of Iraq in much of the 20th century. It was repeated before the world's television audiences in 1991 when President Bush called upon the Kurds (and Shia Arabs) to rise up against Saddam. They did so, but he then left them to Saddam's mercy after the US administration decided not to remove the dictator from power, and that undoing the conquest of Kuwait sufficed for its purposes. The Kurds had been called on to revolt to weaken Saddam, but were left on their own to flee to the mountains.

These successive betrayals are seared in the memories of older Kurds, who have told me, "We were betrayed by Presidents Wilson and Ford, and the first Bush; we should not assume better from their successors."

But betrayal from within was also part of the history of Kurds in the 20th century. Another title on my shelf, *After Such Knowledge: What Forgiveness? My*

Encounters with Kurdistan, unsparingly dissects intra-Kurdish conflicts. British and Arab governments in Baghdad regularly raised troops among Kurdish tribes opposed to Kurdish nationalists, and these tribesmen

Kurds are working to make a new Iraq – a democratic Iraq

did not switch to the nationalist cause until Saddam appeared likely to fall in the first Gulf War. Kurdish nationalists themselves divided into multiple parties and were encouraged by regional powers to fight one another, as well as Saddam. And even after a safe haven was established in Kurdistan in 1991-2 there would be a short, sharp and nasty civil war among Kurds that was not finally resolved until 1998.

The acme of horror occurred during the Iraq-Iran war launched by Saddam Hussein in 1980. Kurdish Peshmerga revived the Kurdish nationalist cause in arms, but when the war was coming to an end Saddam resolved on a bloody final solution. Kurdistan's villages were bulldozed; and Kurds were expelled, quarantined, executed and gassed in a genocidal campaign which left up to 200,000 dead, and up to 4,000 villages destroyed.

Further horror occurred in the 1990s: Saddam hoped to undermine the Kurdish safe haven belatedly established under the protection of the major western democracies by withdrawing all the administrative and financial support of the Iraqi state, and imposing his own sanctions. So Kurdistan suffered under two sets of sanctions: the UN's sanctions against Saddam, and Saddam's own against his "own people".

The 20th-century history of the Kurds of Iraq has therefore been about as grim as it gets. They have suffered racial and linguistic discrimination – exclusion from major public positions in successive Iraqi regimes, including employment in the oil industry; and intermittently enforced Arabization in schooling. They have been subjected to coercive assimilation, ethnic expulsion – from cities like Kirkuk – and forced exile. They have been deliberately under-developed by Arab governments in Baghdad. They have suffered genocide. They have been used by great and regional powers – and are often contemptuously dismissed as the clients of

such powers. They have been disunited, facilitating those who would profit from these divisions.

Given this past, Hiner Saleem's grandfather's reflections about his people's prospects might seem well-founded.

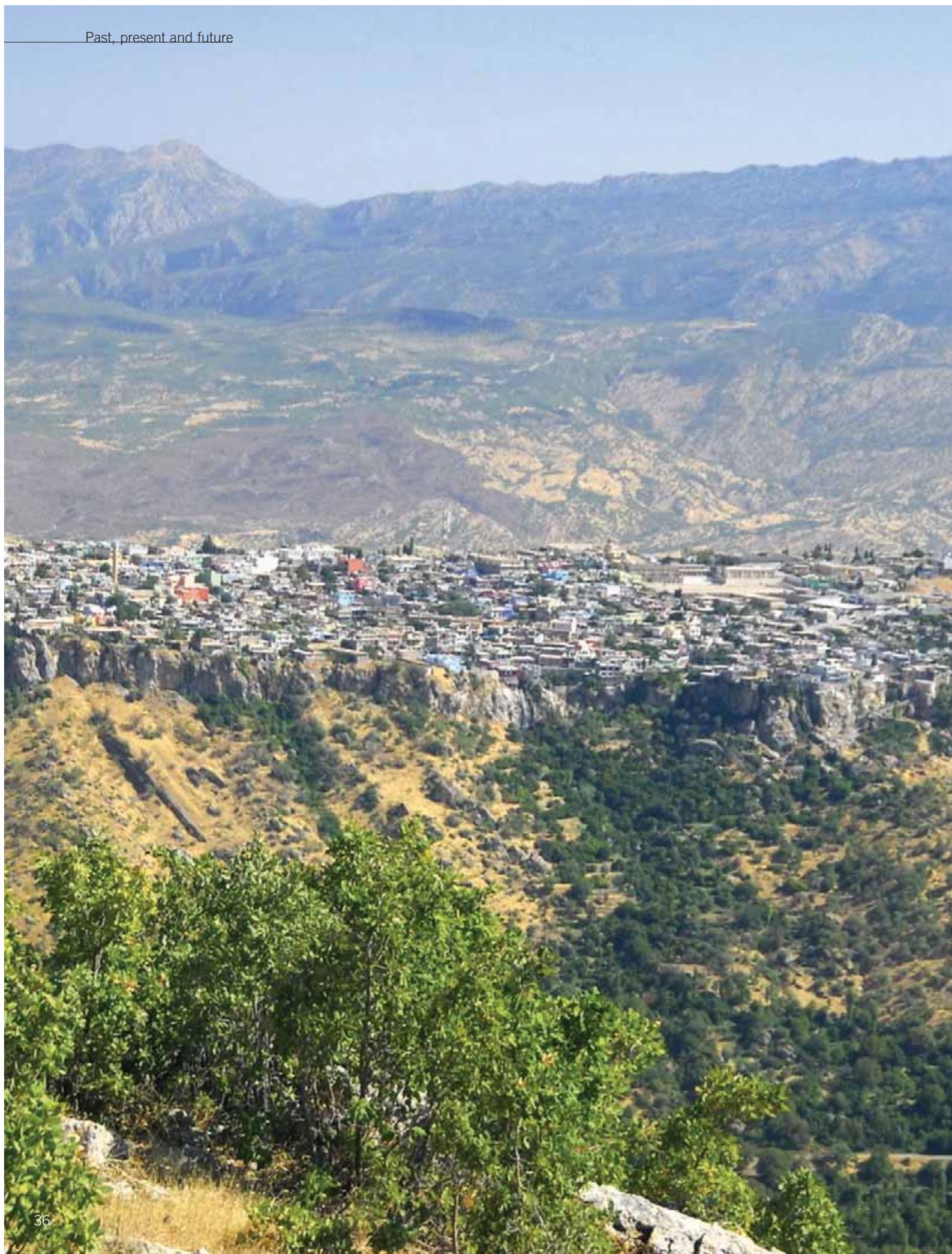
But history is not destiny. The Kurdistan Region's people and political leaders have learned from their history. In this century they have been prudent in their goals and are determined to avoid internal conflict.

Kurdistan's principal parties united with the Iraqi opposition to help the American-led overthrow of Saddam Hussein. They worked constructively to negotiate the new Iraq – in the Transitional Administrative Law of 2004, and the Iraqi Constitution of 2005. They avoided the temptation to opt for a unilateral declaration of independence, and instead settled for negotiating all of their core historic demands in Iraq's constitution of 2005. "Democracy for Iraq, Autonomy for Kurdistan" was their historic slogan. They have worked as best they can to put it into effect.

Kurds are working to make a new Iraq – a democratic Iraq, a federal Iraq which recognizes Kurdish as an official language, and in which their region has the autonomy they have long sought. They are also working – in gainful employment, to develop their region, to build prosperity after war and genocide. They have resolved their internal conflicts. They have rehabilitated the Kurds who collaborated with the Baathist tyranny. They are de-tribalizing, and prioritizing individual human rights, including women's rights. And they are determined to show that they will respect the minorities of Kurdistan.

As you will see throughout this book, the Kurdistan Regional Government, with the support of its electorate, is future-focused, and determined to avoid wallowing in past grievances, however profoundly justified. They will avoid political adventurism, but hold what they have. All should agree Kurdistanis deserve a better 21st century, but they know that is something they must earn. They do not expect or seek the world's charity, just respect for their hard-won collective and individual rights.

Brendan O'Leary is Lauder Professor of Political Science at the University of Pennsylvania and the lead editor of The Future of Kurdistan in Iraq (Philadelphia: University of Pennsylvania Press, 2005).



The Kurdistan Regional Government

Professor Brendan O’Leary offers a guide to the current political scene in the Kurdistan Region

I

n 1992, with the blessing of the US, Britain, and France, the autonomous enclave of Kurdistan in Iraq held elections for the Kurdistan National Assembly – the first truly free and fair democratic elections in the history of the state.

The autonomous entity soon divided along party lines, and separate administrations operated out of Erbil and Sulaimania, dominated by Massoud Barzani’s Kurdistan Democratic Party (KDP) and Jalal Talabani’s Patriotic Union of Kurdistan (PUK) respectively. Each did their best to develop their local economy, but had a hard time enduring sanctions by Saddam’s regime, and the UN-operated sanctions against Iraq. Many claimed that the Kurds would waste their first taste of self-government in Iraq.

But they did not. Within 13 years, Kurdistan’s parties would pull off the remarkable feat of creating a unified, power-sharing government in Kurdistan, while facilitating the formation of a power-sharing coalition in the new federal government in Baghdad. They did so after being the key political and military members of the Iraqi opposition that participated in the overthrow of Saddam Hussein’s regime in 2003.

In January 2005 a fresh set of elections for the Kurdistan National Assembly were held in very different circumstances, after the negotiation of the Transitional Administrative Law, and just before the negotiation of Iraq’s constitution.

Following the elections, the new Kurdistan parliament elected Massoud Barzani as the President of the fully unified Regional Government, with the support of both major Kurdistan parties, and other parties. A Kurdistan unity coalition cabinet is now in office, led by Prime

Many claimed that the Kurds would waste their first taste of self-government in Iraq. But they did not. Within 13 years, Kurdistan’s parties would pull off the remarkable feat of creating a unified, power-sharing government

The new vista has enabled the major parties of Kurdistan to bury their historic divisions

Minister Nechirvan Barzani, the Prime Minister of the previous KDP-led administration in Erbil, with the former Deputy Prime Minister of the PUK administration in Sulaimania, Adnan Mufti, serving as the Speaker of the Parliament.

Simultaneously, nearly all of Kurdistan's parties coalesced for the Iraq-wide elections of January 2005. After these elections a federal coalition government was formed in Baghdad, in which Jalal Talabani became the President of Iraq in April, and Barham Salih, the former Prime Minister of the PUK administration in Sulaimania, became one of Iraq's deputy prime ministers. Both men were re-elected to these positions in April 2006, after Iraq's December 2005 elections.

Between the two Iraq-wide elections of 2005, Kurdistan's parties and leaders were major players in the negotiation of Iraq's constitution, which was ratified by four out of five of Iraq's voters in October of that year, and by an almost unanimous affirmative vote in the Kurdistan Region.

The new constitution of Iraq wholly fulfills the Kurds' long-held demand for autonomy for Kurdistan and democracy for Iraq. Whether that will just be a paper victory is the issue. An old Kurdish poem has it that the lot of the Kurd is one "of a thousand sighs, a thousand tears, a thousand revolts, and a thousand hopes." Many Kurds believe now is the time for implementing hopes, and that sighs, tears and revolts are no longer politically necessary.

It is not difficult to see why. The new constitution of Iraq recognizes the Kurdistan National Assembly, Government and Region, and all of the Region's laws and contracts since 1992. It grants the Kurdistan National Assembly complete autonomy in all but the very small number of exclusive and limited powers of the federal government, and the right to nullify or modify any federal legislation where powers are shared between the federal and regional governments.

It recognizes Kurdistan's exclusive right to provide its own internal security – and recognizes the Peshmerga as the lawful army of Kurdistan, which had been so established by Law Number 5 of the Kurdistan National Assembly in 1992. It also grants the Kurdistan National Assembly and the people of the Kurdistan Region the ability to veto any constitutional amendments that affect their powers and rights.

Kurdish is now an official language of Iraq, as well as in the Kurdistan Region, and the Kurdistan Regional Government (KRG) has the right to have offices to represent the Region in all embassies and consulates in all matters within the Kurdistan National Assembly's powers.

The Iraqi Constitution, remarkably, does not give the federal government any independent right to tax within the Region, and grants the Regional Government legal supremacy over natural resources, because the latter are not one of the exclusive competences of the federal government.

The law governing the formation and powers of the federal Supreme Court requires a two-thirds affirmative vote in the Iraqi National Assembly, and so is most unlikely to be detrimental to Kurdistan's interests.

The constitution therefore makes Kurdistan freer within Iraq than are many new member states within the European Union. It also addresses a matter of profound importance for Kurds: it enables the province of Kirkuk to unify with Kurdistan after a referendum, and provides for the resolution of the boundaries of other disputed territories. If the relevant constitutional provision (Article 140) is implemented, as expected, these measures will unify most Kurds in Iraq within the Kurdistan Region, and add a fourth major city, Kirkuk, into its democracy.

These novel constitutional facts explain why Kurds are the satisfied parties in the new Iraq, determined to protect and implement the new constitution, and to make Iraq's federation work.

The new vista has enabled the major parties of Kurdistan to bury their historic divisions, and at present they operate a tacit agreement, in which the KDP leads for Kurdistan within the Region, while the PUK leads for Kurdistan within the federal government of Iraq.

Kurdistan's leaders mean what they say. They negotiated in good faith to make Iraq work as a democratic and pluralist federation, and they will act in good faith to make it work. What they will not do is abandon any of their freshly recognized rights and

The KRG will defend what it has won against any foreign or external opponents who use violence, but it will never be a party to aggression

powers, many of which make possible their future democratic and economic development – including freedom of investment.

The Kurdistan government, and Kurdistan's major parties, are prepared to make compromises to make the federal government work. Though under the constitution of Iraq they would be entitled to control all of the revenues that will flow from previously unexploited oil and gas fields, they have agreed in principle jointly to make a federally and regionally binding law that would share all revenues, from both old and new oil and gas fields, across Iraq as a whole. They have also shown that they are prepared to defend the constitution with their blood. They have dispatched Kurdish troops to other cities in Iraq to aid the federal government and multi-national coalition forces, even though some questioned the wisdom of this decision within Kurdistan. Peshmerga troops are recognized as impartial in the sectarian civil war that has ravaged central Iraq, though not the south or Kurdistan, and they are acknowledged as the most disciplined soldiers in Iraq.

Kurdistan's leaders have protected the Region from the violence that has occurred in Arab Iraq, and are determined to continue to do so. Presently no American or foreign troops are on Kurdistan's soil. The Kurdistan Region is more than capable of maintaining its own security.

The Kurdistan government is determined to act in a responsible and neighborly way toward both Turkey in the north and west, and Iran in the east. The Prime Minister has put on record that the KRG will not allow its territory to be used to launch attacks on any neighboring country, making it clear that it will not

allow either Turkish or Iranian Kurds to use its soil for military actions. Instead, the KRG promotes a peaceful and democratic resolution of the Kurdish questions in all the neighboring states, Turkey, Iran and Syria.

This is both a principled and a prudent stance, disciplined by historical experience. The KRG has no wish to jeopardize its enormous political gains through rash actions. It will defend what it has won against any foreign or external opponents who use violence, but it will never be a party to aggression.

Politically, Kurdistan's leaders see themselves as having two fundamental goals in the decade ahead. One is to satisfy their people's hunger for full economic and democratic development, to build the free and prosperous Kurdistan for which so many paid with their lives. The second is to implement and defend Iraq's constitution, and to make sure it becomes meaningful, so that it can withstand the inevitable departure of American troops from the rest of Iraq. Kurdistan's leaders have shown remarkable skill in working toward these goals in the last decade. They know they will need to demonstrate the same skills in the decade ahead.

Brendan O'Leary is Lauder Professor of Political Science, University of Pennsylvania. He acted as an international constitutional advisor to the Kurdistan National Assembly and Government during the negotiation of the Transitional Administrative Law (2004) and the Constitution of Iraq (2005). He saw at first hand the effective collaboration of Kurdistan's two major parties.



Looking to the Future

Professor Brendan O’Leary evaluates the likely future of Kurdistan in Iraq

T

he people, political parties and civil society of the Kurdistan Region have many reasons to be cheerful going forward into the 21st century. They have successfully negotiated their autonomy through enshrining federalism in Iraq’s

constitution. No representative democratic Arab politician in Iraq, whatever their views on other questions, overtly proposes unwinding the constitutional rights of the Kurdistan Region.

Kurdistanis have demonstrated their commitment to make Iraq work as a pluralist federation, and are using their resources productively to enhance their prosperity under their locally and internationally recognized regional government.

Kurdistan’s institutions are consolidated: the National Assembly, government, police, army and courts, are all operating according to the rule of law, and will deepen their effectiveness and accountability in the years ahead. Kurdistan controls its own security,

effectively, and has resolved its past internal disagreements in a spirit of genuine reconciliation. Islamist extremism is wholly contained, and dramatically less evident than in any other Muslim majority region of the world. The Kurdistan Region is politically secular, tolerant and inclusive.

Kurdistan’s parties are pivotal players in the reconstruction of Iraq. They have cooperated with the Shia religious parties in making the federation, but are mindful (being mostly moderate Sunnis themselves) not to exclude the interests of Sunni Arabs in post-Saddam Iraq. They are widely recognized as good faith, impartial and effective operators in the new Iraq, so much so that other parts of Iraq are trying to follow their example.

An open Kurdistan, with an increasingly vibrant media and dynamic public space, is a beacon of liberty in the local neighborhood. As importantly, it is showing decisive policy outcomes: improved economic welfare, enhanced public health and life expectancy, and improvement across the span of human development

indicators. It is attracting back some of its diaspora, a dramatic signal of progress.

Kurdistan's north-western neighbor, Turkey, is a new economic powerhouse and another consolidating democracy. Turkey's businesses have major investments in the region, and oil pipe-lines are but one of a number of mutual dependencies that provide bases for mutually beneficial cooperation. The Kurdistan Regional Government (KRG) is determined to deepen peaceful, good neighborly cross-border

The KRG is universally acknowledged as the US's most reliable ally in Iraq. Whatever their judgment on the American intervention in Iraq, no responsible American politician denies America's debt of gratitude to Kurdistan – not least for its sacrifice of its soldiers and resources in bringing down Saddam and in re-building Iraq.

The KRG's responsible pursuit of federal autonomy rather than independence has ensured that it will remain in Washington's good books, whichever political party controls the Presidency or the Congress.

The Kurdistan Region is being rewarded for its prudence, for recognizing its limits, and for its past sacrifices. There are, of course, major challenges ahead

relations with Turkey, not least because its neighbor is a prospective member of the European Union.

The KRG welcomes the prospect of the frontier of the European Union moving to its immediate vicinity, knowing that the EU's expanding democratic space will enhance the stability of both Turkey and the KRG. Sustained Turkish-Kurdish cooperation is the major local external goal of the KRG. It is also in the interests of the Turkish government, which will benefit from a democratic, secular and peaceful Kurdistan as a buffer and mediator with the more turbulent states and provinces to its south and east. Turkey's realists have worked out that the KRG can be its best ally in the neighborhood. Effective diplomatic initiatives should see this vista realized.

Kurdistan also stands to benefit from the dramatically improved relations between the Iranian government and Iraq. No regional power benefited more from the fall of Saddam Hussein's regime. Tehran's political class is delighted that the Shia religious parties are the major players in the Baghdad federal government, and in Iraq's southern provinces. Iran has long-established relations with the parties of the Kurds of Iraq, which they assisted in the struggle against Saddam. The new Iraq that has been primarily reconstructed by the Shia and the Kurds suits Tehran – despite Iran's very poor relations with the US. The KRG and Kurdistan's parties, determined to be mediators within Iraq, and to remain allies of the US, are well placed to use their good offices in dispute resolution.

The US Senate recently decisively passed a resolution, supported by Senators Biden (Democratic Party) and Brownback (Republican Party), which advocates that the US government should support the full implementation of Iraq's federal constitution – exactly the position of the KRG.

As of Fall 2007, all of the major candidates running for the Presidency in both major US parties have recognized America's commitments and obligations toward Kurdistan. This century the Kurds do not expect to be betrayed by the US.

Indeed, all the western democracies know that the stability of the world's economy is linked to securing Iraq's oil production and its distribution, a fact which reinforces the pivotality of the KRG as a democratic and secure polity.

So, despite the continuing deep violence in Arab Iraq, from which Kurdistan is protected by its effective security, Kurdistan's people and parties have every reason to believe that this century is going to be their lucky one, in which their tragic history is put behind them.

The Kurdistan Region is being rewarded for its prudence, for recognizing its limits, and for its past sacrifices. There are, of course, major challenges ahead, which are addressed later in this book, but they are not roadblocks to success.

They will be addressed with the same spirit of optimism, determination and flexibility that Kurdistan's people and politicians have shown throughout this century.

The Kurdistan Success Story

Kurdistan is experiencing political stability, democracy and economic growth

A

unified coalition of parties in the Kurdistan National Assembly led by the two major parties, the Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK), is confidently consolidating a stable, secure and inclusive pluralist society, buttressed by increasingly strong and

open international ties, both economically and politically.

The Kurdistan Regional Government (KRG) is widely and rightly regarded in the US and the European Union as the recent successful transformation story in the Middle East: democratizing, stable and secular, building strong constitutionalized and internationally recognized institutions, and promoting good governance through broadly-based participation, transparency and accountability.

Investors need to know answers to the hard questions about Kurdistan's political stability and its

government's intentions, and that is why in the next article tough questions are posed to Prime Minister Nechirvan Barzani about the KRG's policies on oil and gas, relations with Turkey, and the future prospects for minorities. In the following article, Speaker Adnan Mufti, a leading light in the PUK, reflects on the unity and maturity being displayed by Kurdistan's coalition government. He personifies the inclusive, conciliatory and optimistic determination of the Region's leaders.

Good governance, policy stability and maintenance of the rule of law are central priorities of the Government and the National Assembly in achieving democratic consolidation. Kurdistan's courts are functioning and modernizing, and are part of the institutional bedrock that will make Kurdistan's Investment Law work, as Herish Muharam, the Head of the Investment Board, confidently explains in a detailed interview.

A Vision for the Future



Professor Brendan O'Leary interviews His Excellency, Prime Minister Nechirvan Barzani



Prime Minister, I want to ask you three questions that journalists always ask these days: one is on oil and gas, another is on the Kurdistan Government's relations with the Government of Turkey, and the last one is on minorities in Kurdistan. Let me start with oil. Why have there been public disagreements with Baghdad officials on oil and gas when negotiations appeared to be proceeding smoothly on implementing the constitution?

Let me first set out the facts. In August 2007 the Kurdistan National Assembly passed an oil and gas law to regulate the oil sector in our Region. So far, we have signed eight production-sharing contracts with international oil and gas companies. We expect to sign at least two more in the near future.

We were deeply disappointed by the negative reaction of several officials in Baghdad to these contracts. It is clear to us that many in the Iraqi Oil Ministry are locked in a time warp dating back to the regime of Saddam Hussein, in which Baghdad held

tight control over all the resources of Iraq, and used these resources to create obeisance and loyalty to the center. The Kurdistan Regional Government's (KRG's) production sharing contracts are fully and deliberately consistent with the Iraqi Constitution, which gives the regions of Iraq substantial control over natural resources.

The Kurdistan Region's oil law, passed in August by our parliament, is entirely in harmony with the constitution. It includes provisions for the KRG to share its oil revenue with the rest of Iraq in a ratio 83 percent/17 percent. If we intended to "go it alone," why would we pass a law which requires us to give 83 percent of the revenues to the rest of Iraq? We waited two years for a federal oil law after the constitution was passed, and we engaged in intensive good-faith negotiations for one year. We decided to "lead from the front" given the impasse in the Baghdad parliament.

The Bush administration and the US Congress have been pressing the government in Baghdad to move ahead on a fair, transparent and efficient oil law. So have we.

We have chosen to pass in our own Assembly the very same draft law that was agreed to by all parties in March. We know our friends and supporters in the US, the EU, and in the neighborhood understand we are leading by example to make these valuable resources work for all our peoples. The resources that can ease suffering lie beneath our feet.

The Kurdistan Region has achieved many great things since the liberation of 2003. We are proud to be described as the model for the rest of Iraq: tolerant,

oil in the Kurdistan Region has been more of a curse than a blessing. Our people never benefited from our natural resources. Successive Baghdad governments deliberately left our oil in the ground in an effort to keep our people poor and to deny our aspirations for a better way of life. Now, after so much suffering, we have a chance to turn this curse into a blessing.

The answer to all our present difficulties is found in the principles of the Iraqi Constitution, the US Constitution, the European Union, and many polities around the world – federalism. This is not just a concept to us. Federalism means that we have the liberty to develop our resources in a cooperative framework within Iraq, as required by the constitution.

We want peace and prosperity for the rest of Iraq as well. We will contribute our fair share and more to that goal. But we cannot be asked to postpone our aspirations for prosperity in pursuit of a vision of a centralized Iraq held by an unreconstructed minority. We are trying to lead by example in all that we do. Our oil law, and the contracts we have signed, are nothing more than that.

May I now ask you about the KRG's relations with the government of Turkey? What do you think of the government of Turkey's complaints about the PKK, and of the resolution passed by the Turkish parliament authorizing a Turkish military invasion of Iraq in pursuit of the PKK?

The KRG will not allow our territory to be used to launch attacks on any neighboring country. We are extremely sorry when we hear of violence leading to the deaths of Turkish soldiers and we wholly condemn this violence. The more bloodshed continues, the more complicated

The Kurdistan Region has achieved many great things since the liberation of 2003. We are proud to be described as the model for the rest of Iraq

democratic, peaceful and working toward economic prosperity. We have been given a chance to build a bright future after decades of oppression and violence. Our political system, our judicial system, our physical infrastructure and our educational system are in great need of modernization, but we will persevere with the help of our friends and by the fruits of our labor.

In 2003, we chose voluntarily and openly to remain part of Iraq, and we will continue to do so. In the past,

the problem becomes. There must be an end to this violence. We know that repression does not work. Turkish politicians need to find a new and long-lasting solution to Kurdish questions in Turkey. There will be no solution to this question from the barrel of either a Turkish or a Kurdish gun.

The PKK has expressed its willingness to find a political solution and we have to try, along with Turkey, to find that solution. Twenty years of military conflict

The KRG is utterly serious about improving relations with Turkey. Turkish business investment is vital

have not resolved the problem. The PKK is also not a problem for Turkey alone; it has caused us problems as well. In the past we were unable to rebuild and populate many border villages because of its activities. The PKK fought both the KDP and the PUK in the past.

For the past 16 years we have enjoyed good relationships with Turkey. Its government actually helped us during the Anfal campaign. Along with the UK and US it helped protect the Kurdistan Region. It has been an important neighbor in the past, and it will continue to be one: it is not going to go away, and nor

are we. The KRG is utterly serious about improving relations with Turkey. Turkish business investment is vital for us, and I hope the reverse is understood: we are vital for Turkish business.

The KRG should be included in any security agreement between Ankara and Baghdad. Any American efforts to mediate these difficulties should also include us. The federal government in Baghdad should include the KRG in such negotiations because we control the internal security of the region, and only we can implement Iraq's defense policy in the region.

Realistic observers know that we must have a say in this matter. They will find us reasonable and determined to find a democratic and peaceful resolution to this question.

Thank you Prime Minister. Now, a last question; may I ask you about the future of minorities in Kurdistan? Some minorities are fearful for their futures if the Kurdistan Region unifies with Kirkuk and the disputed territories. What can you say to reassure them?



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First, may I say that I take their concerns seriously, and it is my job in particular to ensure that they will feel secure in a unified Kurdistan Region. Iraq before 2003 had a disastrous history of maltreating its minorities, and indeed its Shia majority. For 35 years Iraq was a Baathist tyranny, dominated by Sunni Arabs.

We believe we have already shown that we can do far better than that admittedly low bar. We talk of nationalities, not minorities, and we protect them all, and their rights. In our region, Turkomen, Assyrians, and Arabs have schooling and administration in their own languages. We are proud of our record of religious tolerance – toward all varieties of Muslim, Chaldean, and Assyrian Christians, and our few remaining Jews, and we will always defend our Yezidis from prejudice and discrimination, whether by Kurdish Muslims or others. We have shown our willingness to protect those who have fled here from persecution. We will protect personal marriage laws, though we will be vigilant in protecting women’s rights and children’s rights.

Second, and more importantly for the future, together with my elected colleagues, and with Kurdistan lawyers and our advisors, we are drafting a constitution for the Kurdistan Region in which I want to see the highest international standards entrenched for the protection of national, ethnic, religious and linguistic minorities. Kurdistan must be a land which protects all nationalities. Judge us on that.

Kurds will be a majority in Kurdistan, but we know what it is like to be a maltreated nationality, and so we will ensure that our constitution, our laws and our security forces operate to best practices in protecting human and minority rights.

Lastly, we have already demonstrated in Kirkuk that we wish to have all nationalities in our coalition lists and to share power at city and local government level. We will continue to do this after unification. We have experience of power-sharing within Kurdistan. We will extend power-sharing. We are open to all suggestions from nationalities and their democratically elected representatives. They will not find me, or my government, inflexible.

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The Kurdistan Region's Consensual Government

Adnan Mufti, the Speaker of the Kurdistan National Assembly, defends the unity program of the Kurdistan Region's coalition government



Adnan Mohammad Rasha Mufti,
Speaker of the Kurdistan National Assembly

Today the people of the Kurdistan Region enjoy a parliament, the Kurdistan National Assembly, which represents all our varied political and national groupings. In order to capitalize on the liberation of 2003, the region's political parties have banded together,

laying aside political differences, to achieve the greatest possible good for our people.

We realized that to effect great and positive change we had no choice but to coalesce, in order to lay solid political foundations for our collective development. Our unity is expressed not only in the Kurdistan Region, but also in the federal Council of Representatives in Baghdad where the Kurdistan Alliance is a powerful force.

The first step towards unification occurred in 1988 when, in the face of Saddam Hussein's military campaigns against the Kurds, our eight political parties gathered together under the umbrella organization of the Kurdistan Front, led by Jalal Talabani (now the President of Iraq), and Massoud Barzani (now the President of the Kurdistan Region) and called for free and fair elections.

After the 1991 uprising against Saddam, the US, the UK and France established the no-fly zone with Operation Provide Comfort, based in Incirlik, Turkey. Thus protected, the people of the Kurdistan Region charged a council of judges to formulate an election law and in May 1992 the first free and fair democratic election in the history of Iraq was held. The elections resulted in a power sharing agreement between the two

The region's political parties have banded together, laying aside political differences, to achieve the greatest possible good for our people

We are creating a place for ourselves out of the ashes of a deeply malevolent dictatorship

principal parties, the PUK and KDP. To ensure representativeness and inclusiveness, five seats were awarded to representatives of the mostly Christian Assyrian population.

Despite these positive steps, some friction between the two major parties of Kurdistan occurred. The principal catalyst of disagreement flowed from Saddam's distorting legacies of maladministration and discrimination. His dictatorial shadow was felt in the divisions of Kurdish politics long after he had withdrawn from some of our region, and he did his best to play upon our internal disagreements.

Despite good-faith efforts from both major parties, the power sharing agreement faltered in 1994. This was a deeply trying time for all – Saddam had withdrawn the military, but also all public services from the region. He had removed all deposits from banks in the region, but still menaced our people with troops amassed on the border of the no-fly zone. Neighboring powers exploited our difficulties and interfered in the region's affairs. We suffered under two sets of sanctions. The world, through the United Nations, was sanctioning Saddam's regime, but he was sanctioning our area of the country, so we were hit twice.

These difficulties produced acts of amazing public service. Our civil servants and teachers worked without pay and our strong social fabric ensured that those who could, helped those in need. But at a political level, they made it difficult to achieve balance.

Four years later, in 1998, after comprehensive and cooperative discussion and negotiation, our two major political parties, with the help of the US, signed the Washington Agreement and put aside their differences. By 2002 we had created a fully functioning parliament with all political parties in the region taking part in government. In December 2002, we sent a united delegation to London to take part in the conference of Iraqi exile groups, and in February 2003 we hosted another such conference in the Kurdistan Region.



Today, our Kurdistan National Assembly reflects the political and ethnic composition of the region. Following the elections of 2005, 39 seats each are held by the KDP and PUK, 15 are held by the two Islamic parties, five by the Assyrians, four by the Turkomans, three by the communists, two by the socialists, one by the Toiler's Party, and one place is shared by smaller parties. A quarter of our members are women.

While party affiliation is still strong, it is no longer the overriding factor in our society. In the execution of its three principal obligations – formulating law, monitoring government activities and holding ministers to account, and allocating the Kurdistan budget – the Kurdistan National Assembly makes decisions according to merit and principle, rather than party line.

In my job as the Speaker of our Parliament I see progress being made every day. Our members of Parliament realize the importance of their task and the responsibility they have towards the people of the region and are acting thoughtfully and diligently.

Building a flourishing democracy is not easy, and we live in a far from ideal world. But the Parliament and Government of the Kurdistan Region are fully cognizant of their great responsibilities. We are in the process of creating a place for ourselves out of the ashes of a deeply malevolent dictatorship. We continually educate ourselves and learn from others. All our attention is now focused on creating a sound future for coming generations. Visitors are welcome to our Parliament. Our National Assembly is deliberately making Kurdistan open to the world – in ideas, in our laws, and toward foreign investment.



Doors Open for Investment

Qubad J. Talabani and Brendan O’Leary
interview Herish Muharam, the Head of the
Investment Board of the Kurdistan Region



Please describe the foreign investment opportunities in the Kurdistan Region.

Kurdistan is the safest place in Iraq and is undergoing an economic boom because of its stability, the political unification of the region, a dynamic business-friendly government, funding from oil income, and a tax structure and legal system focused on making it easier for businesses to invest in the future of Kurdistan. By the way, we hope that the South and Center of Iraq will join in, and deepen, our economic progress when the security situation improves there.

While there is basic infrastructure to provide services to Kurdistan’s population, it is undersized, and suffers from dilapidation because of the lack of Iraqi governmental investment under the 35-year tyranny of the Baath Party. So we are planning major enhancements in infrastructure.

We currently have a construction boom that is causing a huge demand for building materials, from

the fundamentals, such as steel, cement, gravel, marble, etc., through to the finishing materials, such as wood, electrical fixtures, and furniture. This demand is expected to rise even further, once stability is reached in the center and the south of Iraq.

Improvements in the income of Kurdistan’s families, and pent-up demand for consumer goods have created markets once considered beyond the reach of an average family, such as those for new cars, refrigerators, air-conditioners, electronic equipment, etc.

Kurdistan is ready and ripe for major investment projects in fields such as:

- Hospitals and medical centers, to provide modern medical technology and services within the region, instead of obliging patients to travel abroad to receive sophisticated and technically advanced treatments;
- Power supply;
- Water delivery (build-operate-transfer);

We currently have a construction boom that is causing a huge demand for building materials

It is vital to develop and expand our educated labor force

- Sewage collection and treatment;
- Toll roads, and gas stations;
- Oil refining capacity, and retail distribution of refined products including gasoline, kerosene, diesel, and butane;
- Oil and gas exploration and exporting;
- Educational institutes and general support services in this sector;
- Modern planned residential and commercial communities, to house the increasing number of middle-class Kurds, Arabs and others living in the area;

- Manufacturing of PVC, fiberglass, and concrete pipes, to modernize the infrastructure network serving the various towns and communities in Kurdistan;
- Developing the natural sites of Kurdistan for controlled and ecologically sensitive tourism, which has a high potential – we need hospitality centers to serve medium-income Iraqis;
- Developing further our two international airports that are capable of becoming commercial hubs for Iraq and the wider economic region.

We know it is vital to develop and expand our educated and skilled labor force, to help the creation of modern, advanced medium-sized industries, especially those that will help build and assemble the machinery needed for the reconstruction of Iraq, as well as Kurdistan.



Blacksmiths at work in Sulaimania

We have organized conferences, publications and exchanges to introduce Kurdistan to prospective investors



We are an oasis of stability, especially compared with the rest of Iraq, but we want to help our partners in the rest of Iraq – and we are willing to host their suspended manufacturing industries within our secure regional borders if they seek such help.

What difficulties has the foreign investment community had in investing in the Kurdistan Region? And how is the KRG working to rectify those difficulties?

We realized we had multiple difficulties when our experiment in autonomy began. The absence of an effective banking system, and, relatedly, of an insurance system, deterred some investors. We are putting that right, and welcome foreign firms interested in helping us do better.

We realized we had no effective strategic plan, and that consequently potential investors did not know our priorities. With assistance from the United Nations Development Program and USAID, we are putting that right.

We put an end to the Baath party's controls on the economy, and legalized foreign investment activities, especially through Investment Law number 4, which devised a favorable tax exemption law for investors, and creates a board dedicated to eliminating burdensome regulations, and which addresses the traditional barriers that hinder investment worldwide.

We have lacked adequate regional data, both census and economic data, and there was a poor tradition of information management. We are trying to put that right. We have organized conferences, publications and exchanges to introduce Kurdistan to prospective investors, and we have sought to avoid exaggeration, while emphasizing the opportunities that exist for them.

What firms from which countries comprise the major investors in the Kurdistan Region?

We are pleased we are starting to get an influx of foreign investment into the region. Companies from neighboring countries – particularly Turkey and Iran – comprise the greatest percentage. To date, Turkish companies are by far the largest presence in Kurdistan's economic development – a surprising but pleasing statistic.

We are also pleased to state we are getting increased business investment from Asia – especially from Korea and China. Companies from around the world are starting to have a better understanding as to what opportunities exist in the Kurdistan Region. The KRG and the Board of Investment are going to great lengths to facilitate inquiries from the international business community.

We are disappointed at the relatively low number of American and British companies currently operating in Kurdistan. But, as we continue to professionalize our government and continue to build accountable institutions, while also maintaining transparent contracting procedures, we remain confident that this will not be the case for long.

Some observers have noted that Western investment in the Kurdistan Region trails behind investment elsewhere in the Middle and Far East. How do you explain that difference?

The political tyranny and uncertainty in Iraq did not help. We suffered from the sanctions against Saddam's regime. The strife in the rest of Iraq since 2003 has not helped us. Our own conflicts in the last century did not work in our favor.

But we believe that the political stability mapped out for the Kurdistan Region in Iraq's constitution will help encourage more people to take what they should now see as more reasonable risks. Settling the disputed territories will also help. Our own political unification, under our common National Assembly, shows how we have learned from our past and are determined not to repeat past errors.

What are the key items on the investment agenda of your Board?

There are five. First, developing our banking sector; second, our insurance sector; and third, a fully integrated strategic plan to assist investors. Fourth, we wish to facilitate and encourage Kurdistan's private sector, especially in delivering some governmental services. Lastly, we wish to develop a

than competition with the private sector, including the international private sector.

We are racing to catch-up on our blocked development. Unlike the rest of Iraq we were denied power stations, major highways, advanced water treatment plants, heavy industries, agro-industries, airports, convention centers, you name it. I am saying, oddly enough, that Kurdistan was not economically damaged by the Baathists, because Kurdistan was not allowed to have anything to be damaged.

We want to encourage appropriate catch-up – and also to avoid some of the mistakes of other Iraqis, as well as other countries in the region. We are trying to convey the message that ours is a fresh place, which is ready to develop. We now have two operational international airports. The Board of Investment has successfully managed to license five cement plants

The doors and gates of Kurdistan are open to receive potential investors regardless of color, religion or nationality

rigorously honest public and procurement culture, which counters corruption, and which stands to benefit us all, foreign investor and citizen of the Kurdistan Region alike.

At what would you advise a potential investor in the Kurdistan Region to look?

Investors should capitalize on the immediate needs of the people and the government of Kurdistan. Projects which are highly needed currently include oil-refining capacity, the manufacture of construction materials (cement, gravel, bricks, pre cast etc.), electricity supply, and hospital projects. These kinds of projects capitalize on the needs of the people, as well as the services the government wants to provide.

Other type of projects, especially in tourism, may take longer to pay off. But Kurdistan is a “four-seasons” tourism destination; the area is almost untouched; and advanced technology and extensive experience of foreign travel and tourism companies will bring rewards here.

The most neglected sectors are in finance and banking, which have suffered from 50 years of a Soviet-style mentality. They are in dire need of reform from the bottom up. There is no better reform method

over Kurdistan; we have contracted almost 1500MW power supply on Build-Own-Operate basis; and more than 50,000 housing units been licensed.

The doors and gates of Kurdistan are open to receive potential investors regardless of color, religion or nationality. We are now the safe haven of Iraq, rather than from Saddam's Iraq. And investors can use us as a safe house before considering the rest of Iraq.

The Board of Investment has created an Investment Guide, giving information on actual and prospective investment in Kurdistan.

This document is available in three languages on our home page www.kurdistaninvestment.org

What law ensures that investors can extract the profits made on their investments? What key incentives does the KRG provide potential foreign investors?

According to the Investment Law, significant incentives are entrenched, including rights over the repatriation of capital. I would emphasize the following incentives: a ten-year tax holiday; five years exemption from customs and duties for imported materials; full ownership rights in land and properties; and full ownership right for the activities;

FEDERAL GOVERNMENT OF IRAQ INVESTMENT LAW	KURDISTAN REGIONAL GOVERNMENT INVESTMENT LAW
Investors may only rent or lease project land for a maximum of 50 years.	Total ownership of project land allowed, though investor may not own land containing oil, gas or mineral resources.
Prohibits investment in oil and gas extraction/production, as well as banks and insurance companies.	Does not explicitly prohibit investment in these areas, but Supreme Council for Investments may allow investment in any sector it chooses other than those explicitly listed in the law's categories (e.g. hotels, transportation, services).
Full repatriation of project investment and profits allowed.	Full repatriation of project investment and profits allowed.
Project income tax exempt for ten years from date production commences, or offer of services. If Iraqis accounted for more than 50% of original project investment, project income tax exemption may be extended up to 15 years in total.	Project income tax exempt for ten years from date production commences or offer of services; no provision for extension of income tax exemption.
Import of spare parts tax exempt up to 20% of project cost.	Import of spare parts tax exempt up to 15% of project cost.
Hotels, hospitals, universities, schools, tourist institutions granted tax-exempt import of linens, carpets, furniture and other renovation items every four years.	Hotels, hospitals, universities, schools, tourist institutions granted tax-exempt import of linens, carpets, furniture and other renovation items every three years.
Employment of foreign workers allowed, provided no capable Iraqis available; foreign workers may repatriate earnings.	Employment of foreign workers allowed, provided no capable Iraqis available; foreign workers may repatriate earnings.
Vehicles, equipment, instruments, etc. tax exemption from duties, taxes and import licenses, provided they are imported within three years of investment license approval.	Vehicles, equipment, instruments, etc. tax exemption from duties, taxes and import licenses, provided they are imported within two years of approval granted by Investment Commission Chairman.
Foreign investor and capital treated on equal footing with national investor and capital.	Foreign investor and capital treated on equal footing with national investor and capital.
Law silent as to provision of basic services to project area.	KRG will provide services (water, electricity, sewage, public road, telecommunications, etc.) to the boundary of the project.
Law silent as to import of raw materials for production.	Import of raw materials for production tax exempt for customs duties for five years.
Law silent as to additional incentives for project investment in less developed areas or joint projects between Iraqis and foreigners.	Additional incentives for projects in "less developed areas" and "joint projects" between Kurds and foreigners.
Foreign and/or domestic insurance of project allowed.	Foreign and/or domestic insurance of project allowed.
Regions and Governorates shall pass investment laws that do not contradict the federal investment law.	Supremacy of Kurdistan Law (Art. 115 of Iraq's Constitution): "If there is any contradiction (between this law and "other relevant laws"), the provision of this law shall be applicable."

as well as full freedom to repatriate capital, and the freedom of recruitment among locals and internationally ex-patriate labor. We also have a “one-stop-shop policy” to protect investors from routine or cumbersome regulations from other ministries and governmental bodies.

Leasing or selling the project comes out of the investment activity after the completion. A protection measure from compulsory partnership is provided by the Board, meaning that the Board provides safeguards which ensure investments are protected and institutionalized.

There are some similarities between the investment law in Kurdistan and that of the federal government, but your questions highlight an area in which there are major differences.

The federal government’s law is more conservative with the foreign investors. It does not allow full ownership rights in investment activities. We are fully autonomous to make law in this respect; and we are committed to ensure that there are clear and enforceable property rights for foreign investors. The table on the previous page shows that the contrasts are clear.

Are there any investment opportunities in the Kurdistan Region that can also benefit the development of other parts of Iraq?

The obvious sectors that come to mind are: construction materials (cement, bricks, re-bar, etc.); oil refining; electricity supply; pipe manufacture; water purification plants; modular/prefabricated housing units; assembling of pumping units to power the water distribution networks, as well as the sewage collection networks, and other facilities that may require such units; electrical fixtures; and supplies used in housing construction.

This is all in addition to the job opportunities that have been created in Kurdistan – currently, more than 100,000 laborers are coming from the rest of Iraq and working in Kurdistan, and more than 10,000 skilled professionals and graduates are working on the management and operation of existing projects.

There are now more than 35 successful investors working through joint ventures with Kurdish or foreign investors, and we have made several invitations to the Iraqi businessmen living in the rest of Iraq or surrounding countries to come and work in Kurdistan and enjoy the stability of the region.

More than 10,000 skilled professionals and graduates are working on the management and operation of existing projects

Do you have a counterpart in Baghdad with whom you are working closely?

Our counterpart is supposed to be the Board of Investment in the federal government, but there is no strong communication at present because recently the Chairman was dismissed.

As the Investment Board Chairman, what is your vision of the development of the Kurdistan Region 10 to 20 years from now?

To create a Kurdistan Region that is the major financial center of the Fertile Crescent, with the added benefit of having glorious scenery. We know Kurdistan is a land-locked nation, but it is not a dream to emulate Switzerland. It is our ambition.

Does your office recommend foreign investors to work closely with local Kurdish partners in implementing investment projects in the Kurdistan Region?

Indeed, we encourage partnership agreements, but, to protect freedom of competition and transparency, we never recommend any specific partner for any investor to team up with. We normally refer investors to the Chamber of Commerce to discover potential partners.

How is the Investment Board, under your directorship, reaching out to the foreign investment community?

We are attending conferences worldwide and promoting Kurdistan in interested countries. We organize in-country seminars, publications, interviews with international media, and we are opening offices in the KRG’s diplomatic missions, now recognized in Iraq’s constitution. I would say to international readers just let us know if you’d like to meet us. We would like to meet you.

Sarkis Aghajan Mamendu

Bayan Sami Abdul Rahman profiles
Sarkis Aghajan Mamendu, the Minister of Finance
of the Kurdistan Region, and a Papal knight



Sarkis Aghajan Mamendu (center)

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arkis Aghajan Mamendu was appointed the Kurdistan Regional Government's (KRG's) Minister for Finance and the Economy in May 2006. He had previously held the post of Finance Minister and Deputy Prime Minister in the Erbil and Dohuk administration of the KRG.

Mr. Aghajan, born in 1962 in Diyana, Erbil Province, is an Assyrian and a leading member of the Iraqi Christian community. The Assyrian people in the Kurdistan Region and other parts of Iraq are believed to have descended from the ancient Assyrians of Mesopotamia, who ruled over a vast empire across the Middle East.

Mr. Aghajan is known throughout the Kurdistan Region and in Iraq for his commitment to the ancient Assyrian community, through his efforts to rebuild villages and churches destroyed by the previous Iraqi regime and to promote and protect Christian rights.

In 2006, Pope Benedict XVI awarded Mr. Aghajan the Knight Commander of the Order of Saint Gregory the Great for his work with the Assyrian Christian community in Iraq.

Mr. Aghajan sees foreign direct investment and the development of a banking and insurance system as key to the continuing growth and expansion of the Kurdistan Region's economy. He sits on the KRG's supreme council for strategic economic development, which is headed by the Prime Minister.

Sectoral Development amid Kurdistan's Secure Environment

Introducing the range of opportunities

K

urdistan's economy is rapidly diversifying, and is open to investment across the board. The articles that follow indicate a cornucopia of opportunities for both medium- and large-scale enterprises. Dr Anwar Abdullah's article on the Kurdistan

Regional Government's (KRG's) policies on sustainable development is flanked by Professor Gareth Stansfield's on agriculture and agri-business. Both agree that Kurdistan can become the organic meat producer and breadbasket for the wider region.

The permanent Constitution of Iraq 2005 changed a feature of the Transitional Administrative Law of Iraq. The upshot is that the Kurdistan Region has full legal licensing and regulatory authority over telecommunications within the Region – opening up large-scale market-prospects, which are discussed by Botan Mahmoud Osman, Director General of Information Technology for the KRG, and described by Vian Rahman.

Construction is presently the workshop of Kurdistan, driving a local employment boom, and it is vividly described by Bayan Sami Abdul Rahman.

The vistas for tourism are highlighted in Stafford Clarry's hymn of praise to roaming in rural Kurdistan, while Kathryn Cameron Porter describes much that will fascinate the specialist and the amateur in antiquities.

Mehmet Sepil and Michael Gunter argue, contrary to received wisdom, that there is already a huge degree of cross-border investment from Turkey in Kurdistan, and that cross-border economic activity between Turkey and the Kurdistan Region is something from which both sides of the border will benefit.

Tom Hardie-Forsyth shows how Kurdistan's control over its own security, affirmed in Iraq's Constitution, has made the Region safe for business and the foreign traveler. Bayan Rahman interviews Kurdistan's security minister Karim Sinjari, who provides answers to the questions that all sensible business managers will want to have addressed.





Sustainable Development in Kurdistan



Dr. Anwar A. Abdullah outlines the opportunities for the “re-greening” of Kurdistan

K

urdistan comprises what was once known as “Upper Mesopotamia,” where the river basins of the Tigris and the Euphrates have their origins. Here, the “Guti,” the ancestors of today’s Kurds, established the first village-

based agricultural gardens 11,000 years ago.

Earlier still, in the Zagros Mountains, they embarked upon the practice of herding animals. Neanderthal man (60,000 years ago) was the first hominid to witness the beauty of flowers in Shanidar Cave.

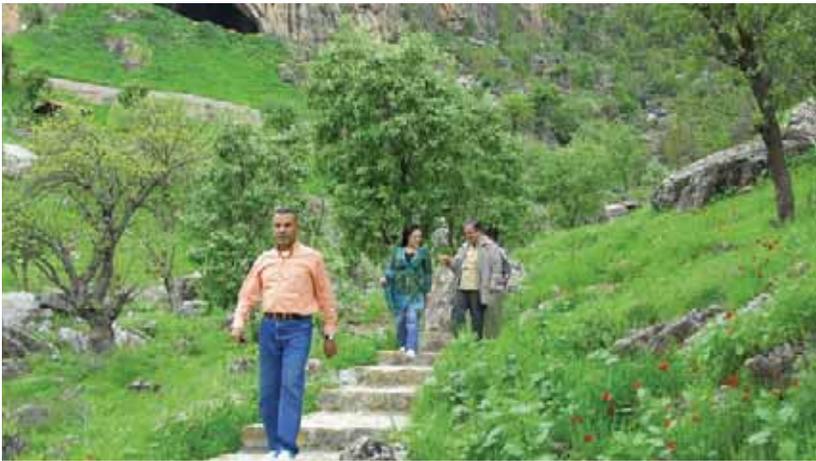
Perhaps that’s why Kurds have been called “the First Flower People.” Echoes of their love and respect for

nature can be traced back to the sayings of Zarathustra in 1200 BC, and subsequently upheld in the Sufi traditions of Kurdistan.

After the destruction inflicted upon our society in the last 50 years, the Kurdistan Regional Government has adopted sustainable development to tackle the economic, social and environmental problems.

Our master plan for Kurdistan’s rural development addresses the need for a Village Revival Program and is augmented by our Village Reforestation Program. We aim to rehabilitate our rural areas, and re-construct villages as trade units.

Out of 2 million hectares (4.94 million acres) of natural forests, what remains today is about 870,000 hectares (2.15 million acres). We want to protect and



Shanidar Cave, in the foothills of the Zagros mountains, where the remains of an elderly Neanderthal man were found

expand our indigenous trees over surrounding mountains and thus protect the soil, and avoid dangers of desertification. An Environmental Protection Law and a Nature Protection Act are drafted and are ready for approval by the Kurdistan National Assembly.

Our long-term plan is to re-construct the physical infrastructure, to mend the social infrastructures of our farming communities, and to enrich rural economies through diversifying sources of income, through crop rotations, village tourism, and arts and handicraft.

Our lands stretch from our lowest spot in Kifri (140 meters above sea-level) to Mount Hasarost (3,607 meters above sea-level) and the potential capacity for agricultural production considerably exceeds that of actual production. Our efforts are directed toward closing this output gap and reviving Kurdistan as the most promising food-provider in the region.

Poultry and fish farming can be managed for high-quality and organic white meat production, while integrated dairy farming can ensure eco-milk products. With our rich pasture-lands, our capacity for livestock can triple to support 15 million animals, and more, if we augment natural with artificial feeding. High-quality taste characterizes Kurdistan's agricultural products, both high-end cash crops and grass-fed red meat.

Apart from our surface waters, our rainfall, with an annual range from 350mm to 1,100mm (14 to 43 inches) is enough to water 85 percent of cultivated lands. This rainfall, together with rich and shallow-to-deep chestnut soils in our valleys, and brown soils on

our foothills, make it highly plausible that organic culture can be exploited on a large scale.

We can certainly pave the way for cost-effective agro-industries – even if air transport is used. Beside growing fruits, such as apricots, peaches, pomegranates, pears, and apples, Kurdistan is a potential vineyard – 80 varieties of grapes exist here, and mature between June and December.

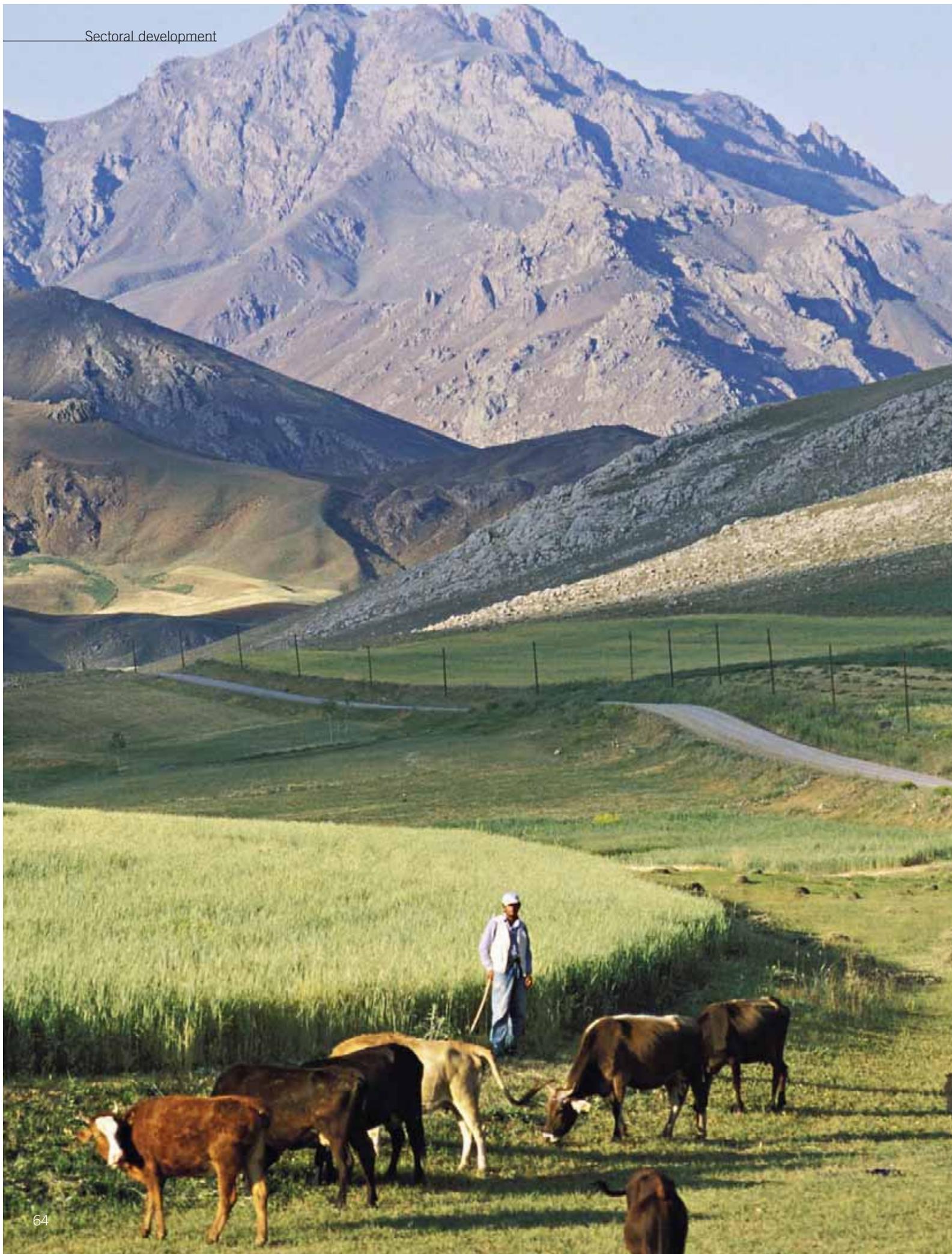
Tomatoes are unique in taste and quality, both for domestic use and for industry. First-class honey is produced from wild flowers, while the mountains are abundant with medicinal herbs. Of our 3.25 million hectares (8.03 million acres) of arable lands, Kurdistan enjoys seven great plains of “dusht” (flat), fertile and accessible land for large-scale mechanized farming.

In addition to barley and rice, the hard wheat produced can be exported for pasta and Italian-style foods. These, together with oil-seed crops, quality tobacco, dry nuts, legumes, and truffles, guarantee prospective agro-industrial investors multiple opportunities to flourish in Kurdistan. Investors are encouraged to make the best use of our flexible Investment Law, and will be most welcome in one of the last gardens of the Middle East.

Dr. Anwar A. Abdullah is a Senior Advisor to the Kurdistan Regional Government.

A village set amid the natural beauty of the Kurdistan Region





Agricultural Renaissance in the Kurdistan Region



Agriculture and agribusiness are key features of Kurdistan's development strategy, as Professor Gareth Stansfield explains

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he Kurdistan Region offers bountiful opportunities for investment in agriculture and agribusiness. Kurds will tell you that both began in Kurdistan.

Endowed with natural geographical and climatic

advantages, the region was one of the earliest examples of humanity's development of agriculture, and supplied the world's first urban civilizations. In addition to being gifted by nature, a large potential market for agricultural products exists inside the Kurdistan Region, in the rest of Iraq, and in neighboring states.

Stereotypical images of Kurdish shepherds and goatherds illustrate accurately the fact that agriculture was, for millennia, the backbone of the Kurdish economy. Historically, the agricultural sector of Kurdistan furnished the markets of Mesopotamia, Syria, Turkey, the Transcaucasus and Iran.

A journey through Kurdistan's rural areas is all that is needed to understand that the region will have a full agricultural renaissance sooner rather than later, and such travel will expose the full extent of Kurdistan's agricultural possibilities.

On the mountain roads linking Dohuk to Barzan, hectares of apple and pear orchards give way to

extensive oak forests. Traveling from Harir down the Hiran valley toward Dokan and Sulaimania, the scene is of extensive farming of sheep and goats, alongside reinvigorated cereal and vegetable production that has benefited from recent investment in irrigation schemes. Larger-scale agricultural schemes, including intensive poultry farming, are being established in response to the expanding urban population. In 1996, for example, the region had only 26 poultry projects, yielding some 200,000 chickens per annum. Now there are nearly 400 projects, producing some 4 million chickens and 120 million eggs.

From Sulaimania, the road toward Halabja bisects what is one of the biggest agricultural areas north of the Gulf in Sharazur, before merging with the lush plains surrounding Halabja. In this tremendously fertile region, kilometers of prime land are interspersed with woodlands and orchards, growing a dazzling array of produce. Pomegranates, almonds, pears, plums, peaches, figs, apples, and quinces can all be found in abundance, supplying the local markets.

Kurdistan, especially in those parts watered by the great rivers of the Greater and Lesser Zab, the Sirwan, and their numerous tributaries, was renowned for its extensive forests of mulberry, walnut, oak, and pine. The prospects for the production of valuable timbers,

but also high-cost nuts (walnuts and pistachios), are obviously attractive – the areas of Iran and Iraq that provide pistachios for the wider Middle East are not nearly as environmentally well-endowed.

Situated in the foothills of the Zagros Mountains, Kurdistan's farmland benefits from ideal environmental conditions that make the earth extremely fertile. Chestnut soils sitting on beds of gravel predominate across 3.25 million hectares of Kurdistan's 4 million hectares of agricultural land – ideal conditions for high-productivity activities.

While fertile, Kurdistan is a land of variety – particularly in its climatic and topographical features. Kurdistan receives, on average, only slightly less rain than Europe. There is a distinct pattern to precipitation, with winter highs and summer lows.

Kurdistan's topography varies from low-lying river valleys through to plains and high mountainous zones. This environmental variety explains the astonishing range of crops that grow in Kurdistan, with cereals, oil seeds and industrial products, vegetables, and fruits interspersed with an ever-increasing forested area.

Indeed, despite the deprivations of the *Anfal* campaign, and the purposeful deforestation of Kurdistan by Saddam Hussein's regime, surveys by the World Food and Agricultural Organization (FAO) in the late 1990s indicated that oak forests covered some

1.9 million hectares, or 36 percent of Kurdistan. Under careful policies of reforestation this figure is rising, which opens up prospects for sustainable and high caliber timber production.

Kurdistan's physical geography will facilitate less obvious areas of agricultural activity. The potential for fish-farming in Kurdistan is considerable. Already, the markets of Dokan and Sulaimania are famed for the (very large) fish caught in the Darbandikhan and Dokan lakes. Fish farms could prove highly lucrative in a region where freshness is highly valued, but the open sea is hundreds of kilometers away.

Truffles lie relatively undisturbed in the oak forests, and could become a high-end export to Europe, while Kurdistan is already famous for its rich honey. The opportunities for developing vineyards are also evident. Local wine producers from the Christian community already produce an array of wines, and there is no reason why the wine industry could not compare favorably with Lebanon's.

Livestock has also played a very prominent role in Kurdistan, and is set fair to increase in importance. Traditional animal husbandry provided goats, cattle, and sheep to local markets, with the activity strongly centered upon satisfying local, and often tribal, demand. Shepherds and goatherds moved their flocks and herds to the rhythm of the seasons, moving their



animals to different grazing zones between the mountains and the plains. The legacy is a hardy stock of animals, ideally suited to the local physical conditions; and widespread local knowledge in the management of livestock activities.

The agricultural sector suffered under Baathist rule, and was inadequately developed. In the 1970s, over half of the region's population was dependent on agriculture, with Kurdistan producing as much as

The KRG recognizes fully the problems of being dependent upon the importation of foodstuffs and realizes that the answer lies in the reinvigoration of the sector, where Kurdistan can have a clear comparative advantage, both over other regions in Iraq and in the regional neighborhood.

The political will of the KRG to resurrect and reconstruct agriculture is a key feature of Kurdistan's multi-stranded market development strategy, and is

There is now a very significant demand for high-quality meat and poultry products on an industrial scale

45 percent of Iraq's wheat, and as much as a third of its barley in 1980. Yet, out of Kurdistan's 4 million hectares of farming land, only 1.1 million hectares were being exploited until the 1980s. This failure to develop was deliberate; it is now being made good, and offers multiple opportunities for external investors.

As the Baathist state began to deploy the revenue accrued from oil wealth by expanding the public sector, the amount of arable and cultivable land fell in Kurdistan – by as much as 30 percent between the fall of the monarchy in 1958 and 1977. However, it was the attempts by Saddam's regime to defeat the Kurdish Peshmerga that would inflict the most damage on agriculture in Kurdistan. The now infamous genocidal Anfal campaign was devastating. By 1988, 1.5 million people had been internally deported or expelled and 3,000 villages razed.

The agricultural sector gained little immediate respite following the expulsion of Saddam from the region in 1991. United Nations mismanagement unfortunately further weakened the sector. Rather than investing in the local economy and buying foodstuffs from local producers, the UN mission to Iraq used Iraq's oil revenue, derived through the oil-for-food program, to buy produce from foreign suppliers – in so doing, undermining local agriculture.

The situation, since 2003, is now strikingly different. Kurdistan is free to develop under its unified regional government. Rural areas have recovered from the deprivations of the Anfal and the economic assaults of the 1990s. Once-deserted villages have now been repopulated, and the Kurdistan Regional Government (KRG) has sought to revitalize agriculture.

shared by the federal Iraqi government, which recognizes Kurdistan as its traditional bread-basket. Faced with a deleterious import-export balance, it is in the interests of the current and future Iraqi governments to spend Iraq's resources domestically, rather than continue dependence on foreign imports of agricultural products.

These shared aspirations and goals are not merely based on rediscovering traditional modes of production. The vision, and the need, is far greater.

Kurdistan's population alone is at least 4 million, with in-migration swelling this number, and these numbers will grow with the likely incorporation of Kirkuk governorate. Perhaps as many as three in four reside in the towns and cities of the region. There is now a very significant demand for high-quality meat and poultry products on an industrial scale, along with demand for cereals, vegetables, and fruit.

Clear opportunities exist for outside investment that seeks to make the most of the abundant natural resources and skills that already exist, by matching them with vertically integrated food production strategies and improved marketing.

Kurdistan's potential is not just of a domestic variety. With well-considered marketing strategies, the Kurdistan Region can again become a major exporter on a regional and international scale.

Gareth Stansfield is Professor of Politics at the University of Exeter in England, the author of Iraqi Kurdistan: Political Development and Emerging Democracy (2003), and the coauthor of The Future of Iraq (2006, 2nd edition).



Kurdistan Goes Cellular



Cell-phones are more than just gadgets in the Kurdistan Region, they are also cutting edge fashion items. By Vian Rahman

E

lectronic gadgets are not just a necessity in the Kurdistan Region, they are a must-have fashion accessory. Owning the newest mobile handset (cell-phone) model on the market is a status symbol akin to owning a shining new Jeep with its leather seats still encased

in polythene. Dohuk, Erbil and Sulaimania, with their wide streets and backdrop of yellow mountains that would not be out of place in the US Mid-West, are dotted with billboards advertising the big brands – Nokia, Sony Ericsson, Motorola, and Samsung.

And Kurdish political anthropomorphism extends to phone handsets. There is a Nechirvan handset, tall and slim like the Prime Minister; a Barzani, which has a red stripe, imitating the Kurdistan president's trademark red turban, and a Talabani, which is substantially sized, as is Iraq's Kurdish President.

LG, the South Korean brand, became a hot favourite in early 2007 when it launched the world's first handset with Kurdish language options. Even elderly women with no interest in electronic wizardry ordered the new phone for the ease and pleasure of reading the screen menu and being able to SMS in their own

language. The love affair with all things South Korean included one of the country's soap operas, *Sad Love Story*, which got massive audience ratings on Kurdistan TV. Men and women across Kurdistan downloaded and shared mobile handset screensavers of their idols, the tragic couple.

Iranian-Kurdish filmmaker Bahman Ghobadi, who sets his feature films in the Kurdistan Region and neighbouring areas, makes playful references to Kurds' love of technology in the award-winning *Half Moon*. One of its characters, a traditional folk musician sitting in a bus bumping hundreds of miles across Kurdistan's rugged landscape, pops out his laptop to email his brother in Germany. It's a far cry from his grandfather's unencumbered nomadism.

This full embrace and love of technology has a lot to do with the Kurdistan Region's previous isolation. Back in the bad old days, Kurdistan land-lines and exchanges were old and inadequate, and Saddam Hussein's regime made everyone nervous about using frequently bugged telephones. He had also made it illegal to use a mobile phone without special authorization.

After the Kurdistan Regional Government took charge of the area one of its priorities was to link people to the outside world as quickly as possible, at first with



satellite phones and internet connections. The region effectively skipped the snail-mail era of communications technology and has leap-frogged into the digital age of mobiles, wireless internet and instant messenger. The region is plugged into the world's communications networks.

Today the Kurdistan Region's mobile network giants are Asiacell and Korek. Both operators were established by Kurdish entrepreneurs before the 2003 liberation of Iraq and when the Kurdistan Region was under a double embargo, one by the international community against Iraq, the other by Saddam's government in Baghdad. Despite these considerable obstacles, Faruk Mustafa Rasool and Sirwan S. Mustafa, the respective chairmen of Asiacell and Korek, launched their services in 1999 and 2001, using GSM technology, the standard in Europe and the Middle East.

The initial offering was very basic. Without any roaming agreements, Asiacell and Korek SIM cards worked only in their coverage area, and the only option was to buy pay-as-you-go top-up cards. Now they have plans to offer monthly price contracts as well as their ever-popular top-up cards, and gradually both companies are signing more international roaming agreements. Asiacell has roaming agreements with 185 operators in 100 countries and five continents. Korek has some roaming agreements, mainly with neighboring countries, and is looking to expand this.

With their first mover's advantage and determined to expand their business, Asiacell and Korek, along with

Kuwait's Mobile Telecommunication's Company, were the three highest bidders in the Iraqi Government's recent auction for 15-year mobile phone licenses. From virtually no mobile phone use eight years ago, today Asiacell has over 2.6 million subscribers and Korek has 1.25 million, mostly in the Kurdistan Region. Asiacell's network coverage from the extreme north to the extreme south of Iraq gives it the potential to attract many more subscribers. Korek is also expanding its coverage to the rest of Iraq, which is quickly winning it new subscribers in areas such as Kirkuk. The company says it is likely to achieve a subscriber base of two million by November 2007.

From virtually no base at all before 2003, mobile phones caught on very quickly in the rest of Iraq after the liberation. Mobile phone subscribers to the three largest companies in Iraq rose to nine million by the end of 2006, out of a population of 28 million.

According to Qtel (Qatar Telecom), to which Asiacell is affiliated, and which was a partner in Asiacell's consortium for the license bid, mobile-penetration in Iraq is 37 percent. While this is a massive jump from just four years ago, with average market penetration of 50 percent in the Middle East, the prospects for Asiacell and Korek look very bright indeed.

Vian Rahman is the web-site manager of the English pages of the Kurdistan Regional Government's web-site, and works at the Kurdistan Regional Government office in London. She has both a "Barzani" and a "Talabani" for her frequent trips back home.

The Kurdistan Region goes on-line

By Botan Mahmoud Osman
Director General of Information Technology for the Kurdistan Regional Government

The Kurdistan Region has experienced strong growth in the communications sector over the last decade. There are four GSM and 3G mobile providers serving more than two million subscribers in the region, but with a population that will shortly near five million, there is room for expansion.

The Kurdistan Regional Government (KRG) is aiming to privatize the communications sector, with the government confined to a regulatory role. One of the major differences between the Transitional Administrative Law of 2004 and Iraq's Constitution of 2005 was the transfer of final regulatory authority over telecommunications from the federal government to regions, such as Kurdistan.

A fiber-optic connection to the international backbone through Kuwait, Turkey and Iran is nearing completion. It will link the region to the global information network, creating opportunities for Internet service providers to supply broadband services.

Currently, Internet services are mainly provided through wireless technology as the region's fiber-optic infrastructure is still in its infancy. A government backbone in Erbil connects all government sites, and there are plans to implement fiber-to-the-home services, which will require inward investment.

Over the last three years, PC ownership has increased dramatically, both in offices and homes. There are now over 100 local information technology companies, some of which are certified partners of Microsoft, Oracle, Cisco, and other industry leaders.

In 2007, the Department of IT was established in the Council of Ministers, tasked with formulating and implementing a strategy to propel the KRG towards e-Governance. The strategy is formulated in partnership with PricewaterhouseCoopers. This initiative aims to improve the government's inter-operability and interaction with citizens, investors and the private sector.

The KRG plans to publish tenders through a leading online marketplace used by 70,000 international companies, thereby increasing competition, transparency and efficiency.

The KRG recognizes the influence of intellectual property rights on competition and creativity in information and communications technology. It has a framework agreement with Microsoft to purchase software for the government and education sectors and helped develop a Kurdish version of Microsoft products.

The KRG believes these measures will create a launch pad for business with the rest of Iraq and pave the way for the people of Kurdistan to become full citizens in the global information society.



Investment Opportunities and Planning Strategy in the Kurdistan Region

Minister of Planning Osman Shwani outlines the objectives of the Kurdistan Region's planners



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he Kurdistan Region occupies a strategic location in the Middle East. It links Iraq, Iran and the Gulf States with Europe through Turkey. It occupies a quarter of Iraq's land and has at least one fifth of its population. It is a unified, tolerant and diverse region within well-

defined geographical boundaries. These facts all have potential economic benefits.

The Kurdistan Region has huge reserves of various natural resources, fertile land, abundant water, very attractive natural sites and topography, stable weather, improving human capital and expertise, and well-trained technocrats assisting us from around the world. But it is not without its difficulties. It is land-locked. Historically it has been surrounded by hostile regimes. And it was left underdeveloped, especially by Saddam's regime. Infrastructure and utilities, such as road, railway, airport, power, water, and communication systems were not developed, or are in strong need of

radical upgrading. Services such as post offices, banking, hospitals, social security, hotels and hostels were equally neglected. Aggravating these problems were the absence of a manufacturing base, manual and low-scale farming technologies, and underdeveloped education systems.

The Kurdistan Regional Government (KRG) is currently adopting a strategic plan to develop our economy. We have set ourselves economic and social objectives in line with our vision and core values. We aim to have an effective and balanced growth process, prosperous people, and a stable democratic environment. We know that our investors, both foreign and domestic, must be rewarded and secure.

The KRG's Ministry of Planning has taken the lead responsibility in this process, collaborating and coordinating with all ministries and governorates. An agency has been established to oversee implementation; resources have been committed; a common vision has been stated; a road map has been agreed; and an implementation program has been set.

An extensive awareness campaign has taken place among the KRG's leadership, senior staff in the ministries, public sector employees, private sector and civil society organizations. Our political, economic and social objectives have been clearly defined. We are planning on the assumption that we will be a region within a federal, pluralist and democratic Iraq. We wish to achieve sustainable economic development with high caliber public services; we want the Region regulated by an enabling, rather than a bureaucratic, state.

To support these goals, special emphasis has been given to information management and official statistics. Work is ongoing in establishing a center for the collection, analysis and display of statistics, data and information using geographical information systems principles. Our priorities include working on:

INFRASTRUCTURE: Investment opportunities are available to develop roads, railways and tunnel networks, including a highway linking Turkey and Iran through Kurdistan. In addition, work on power, water, airports, communications, the post office and banking requires input from domestic and foreign investors.

CAPACITY BUILDING: Kurdistan has a balanced human resources strategy. We need to use the expertise of well-trained technocrats from around the world, both among our diaspora and elsewhere. We wish to reduce the high level of illiteracy owed to negligence by previous Iraqi regimes. We are in the process of reforming our education system. We are tackling children's literacy, adult literacy, and especially female literacy – a key goal in successful development. Steps have been taken to increase the effectiveness and capabilities of our public administration. A Regional Center for Administrative Development and Training has been established to review the public sector system and to provide training for government employees at all levels. A large number of vocational and technical centers will be established to train the unemployed, and re-train public sector employees to enhance their skills.

AGRICULTURE: Kurdistan has very fertile land. Most of the farming land is rain fed; the rest is irrigated. Wheat is one of the main agriculture products of the Region and meets the regional demand. Most of Iraq's water flows through or originates in the Kurdistan Region, where most major dams are located. This huge water wealth has not been properly developed. There are

significant investment opportunities in agriculture and water management: in building farming infrastructure, cold stores, and warehouses; scaling-up farming production; in building water, irrigation, and distribution systems, including submersed dams and hydro-power generators; and establishing critical support activities (such as tissue-culturing, and developing environmentally friendly insecticides).

OIL AND GAS: As confirmed by the federal government of Iraq, existing oil reserves comprise 112 billion barrels, with an additional 100 billion barrels presently unexploited, of which about half is located in the Kurdistan Region. Kirkuk holds natural gas reserves of about 55 trillion cubic feet, which represents half of Iraq's natural gas reserve. Investment opportunities are huge in this field.

TOURISM: Kurdistan has a unique topography with great potential to become an attractive site for both high-end and mass tourism, especially given its wealth of archaeological sites. Such tourism will complement the regular pilgrimages to Iraq's religious sites. Investment opportunities exist in establishing and improving air transportation facilities; developing hotels and tourist site attractions; and establishing hospitality training facilities.

INDUSTRY: A sound manufacturing and industrial platform is yet to be developed. Kurdistan has no oil refinery and petrochemical plants, and no major organized utilization of agricultural products on an industrial scale. Opportunities for investment are available in oil refineries; chemical and petrochemical complexes; rehabilitating and establishing infrastructure oriented factories (to make cement, steel, bars, glass, pipes, and wires and cables); in modern food manufacturing industries; in fertilizer manufacturing facilities; and in hi-tech industries and research and development sites, possibly in collaboration with our universities.

The re-building and renewal of Kurdistan is underway. Join us in helping to make it the pivotal region in a new Middle East. We are a cultural and geographic cross-roads. We are determined to be constructive citizens and good neighbors. We are leaving the dark days of our history behind us. We want to be students and teachers, productive workers and managers. Political and economic liberty have dawned in Kurdistan, and we intend to let them flourish.

Boomtowns in the Kurdistan Region



Bayan Sami Abdul Rahman looks at Kurdistan's construction boom

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urdistan has long been famous for its mountains, but in recent times its skyline has become better known for construction cranes and rising tower-blocks. Its city streets are filled with cars and delivery trucks as the region's economy fuels an emergent middle class.

One of the drivers of the economy has been the construction boom that swept Kurdistan after the liberation of Iraq in 2003. Since then, locally operated hotels have opened, road systems have been widened and improved, such as the road connecting Erbil to Salahadin, and flyovers and underpasses completed, in order to ease the traffic in the major cities.

Much of the construction work has been generated and financed by the private sector. Though the Kurdistan Region is an emerging market, and lacking some of the certainty offered by more mature economies, investors from the United Arab Emirates, Jordan, Lebanon and Kuwait are already in Kurdistan, many looking at real-estate projects. Many of the sizeable contractors are from neighbouring Turkey, but the local business community has produced quality contractors, some of which have international partners.

Significant housing projects at or near completion include the Naz City apartments and the English Village housing estate in Erbil. Among one of the most active companies in Kurdistan is ICCB, founded by Shwan Al-Mulla. ICCB is behind the Empire World leisure and residential development in Erbil, and a nearby industrial city consisting of five factories. The National Real Estate Company of Kuwait is investing in the construction of a complex of apartments, offices, hotels and shopping facilities in the Region's capital, while Sigma International Construction is building a

Much of the construction work has been generated and financed by the private sector

luxury housing project in Khanzad, near Salahadin, called "American Village".

A hotel and leisure complex in a 26-floor tower is one of many projects planned in Sulaimania. One of its key investors is Farouq Rasool, the founder of Asiacellular telecoms company. Other projects in the city include the campus of the American University of Iraq near the airport, another one of the city's key projects of recent years.



In Dohuk, there are plans for a major highway to Erbil and a cement plant in Sumel district, with an investment of \$328 million.

One of the region's most striking construction projects is Erbil International Airport's new terminal

Long-term plans for the three major cities envisage industrial zones, housing for low and middle-income families, as well as luxury homes, new large and small hospitals for the main cities, and a major highway network connecting Iraq's northern hub to the Turkish and Iranian borders.

The oil industry is also expected to drive development and construction as the companies that

have won concessions begin to produce oil, and the services and industries surrounding these explorations begin.

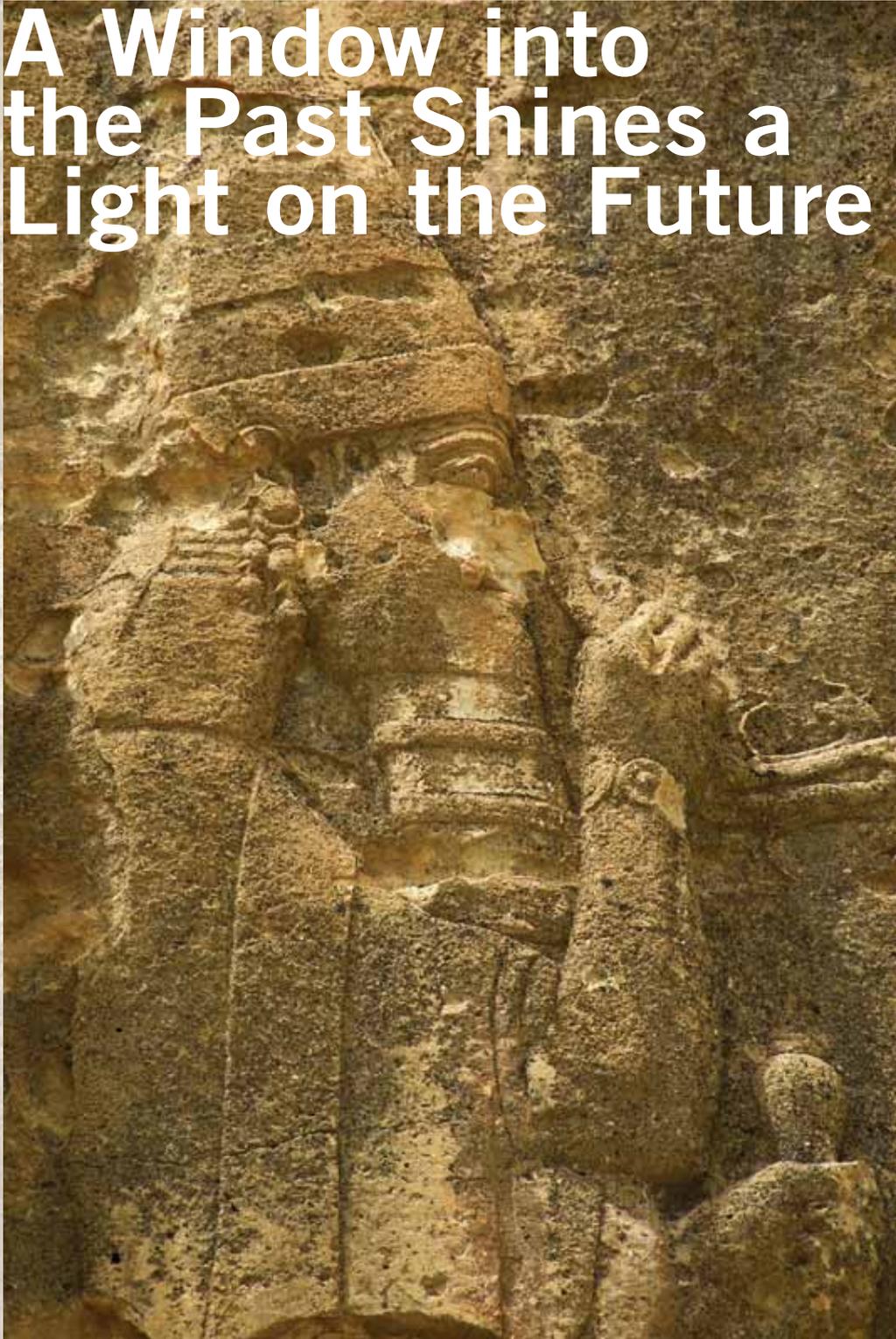
Other areas that will generate construction are tourism and logistics, both of which are gathering momentum. Already there are holiday cottages at Lake Dokan, and chalets and rides at the Pank multi-million dollar resort in Rawanduz.

One of the region's most striking construction projects is Erbil International Airport's new terminal, a \$300 million project funded by the Kurdistan Regional Government. Designed by the Scott Wilson Group of the UK, with Makyol of Turkey as the main contractor, the new terminal will have one of the longest runways in the world. The new terminal is expected to begin operating in 2008, with the capacity to handle 2.75 million passengers a year.

Clearly, those passengers will be able to enjoy views of not only the Kurdish mountains, but also the construction machinery that will mark Kurdistan's horizon for some time to come.

Kurdistan's Treasures:

A Window into
the Past Shines a
Light on the Future



The antiquities of Kurdistan are surveyed by Kathryn Cameron Porter

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he people of Kurdistan possess a wealth that cannot be measured in monetary or political currency.

They have archaeological and anthropological treasure that provides a window from the past into a secure future. A walk across today's ancient landscape traces the footsteps of the

earliest humans, and through time and travail, leads us to the bright tomorrow of a modern society benefiting all of its citizens.

Today's Kurdistan lies atop layers of history, spanning many millennia and civilizations. If recognized, archaeologically authenticated, and protected, the many significant sites within the region will deepen pride in place, as well as international prestige. Transcending local politics and geopolitics, Kurdistan's treasures belong to all of humankind; they must be preserved and protected for future generations.

In 1970, Saddam's regime conducted an archaeological survey of Iraq, which identified more than 7,000 sites, almost half of which are in the Kurdistan Region. Most of these sites have been preserved by nature itself, and provide an amazing

cultural opportunity to the people of Kurdistan.

Kurdistan's treasures of antiquity span from prehistoric cave paintings and the first evidence of agriculture, to religious sacred sites. They include ancient churches, Roman

temples, and shrines of ancient religions, among thousands of significant sites. Ancient edifices and artifacts reveal peace agreements, the domestication of animals, record keeping and urbanization between 12,000 and 8,000 years ago.

The capital city Hawler, or Erbil, is widely believed to be the oldest continuously inhabited metropolis in the world. Jarmo, situated in the foothills of the Zagros Mountains, has offered a rare glimpse of how some of

the first farmers lived, enabling archaeologists to discover the origins of food production.

Robert Braidwood of the University of Chicago's Oriental Institute excavated the site of Jarmo on the Chamchamal plain, with his wife, Linda, during the late 1940s and early 1950s. They found evidence of a well-established, thriving village community. They have left us the story of the world's first agriculturalists. Shards of pottery, goddess figures and sickle blades used for reaping can be found today lying open across the magnificent landscape. Walking along a ridge with a rushing stream below, it is easy to imagine the ways of those who once lived and thrived on this fertile land, their ancient lifestyles mirrored in the lives of today's farmers.

The past is almost palpable, as Karim Aga Khan points to 'castles' in the distance situated at the confluences of rivers and streams. These are the remains of old citadels covered by time and etched by the hooves of today's grazing animals.

Directly north of Chamchamal is one of the oldest sites known of humankind's existence. Shanidar Cave is actually amid a complex of caves across Kurdistan showing evidence of the first migrations of humankind. It links directly to a recently excavated early-man site in Armenia that displays the first known human artwork – carved mammoth tusks and the bones of giant cave bears – once worshipped by early peoples. Shanidar Cave has never been excavated to virgin soil because of lack of resources. It would be wonderful to be with the Kurdish archaeologist who fills this gap in our knowledge. One day, perhaps, tour directors will conduct the ultimate walking tour from one cave to the other, stopping at myriad sites along the way.

The oldest continuously inhabited city in the world would make a perfect backdrop for a renaissance in knowledge of Kurdistan's treasures. There are lessons here for all of us.

Kathryn Cameron Porter, founder and President of Leadership Council for Human Rights, has spent her career working on critical human rights issues, specifically ones dealing with the Kurds and with women.

Citadel in Erbil



Planes, Automobiles and Little Motorized Canoes

Michael Howard looks back on his first trip to the Kurdistan Region



I first traveled to the Kurdistan Region of Iraq in spring 2001. I had convinced my skeptical editors in London that a trip there would be worthwhile. It was one of the best decisions of my life.

Six years and thousands of words later, I still struggle to describe the feelings of awe when, looking down from a plane as it begins the descent to Erbil International Airport, I catch a glimpse of the proud and unchanging mountains of Kurdistan. And I am still regularly confounded by how, after all the suffering the Kurds have experienced at the hands of others, they can find it within themselves to welcome visitors to their homeland with such unshakeable hospitality.

Now, Iraqi Kurdistan is served by two international airports – in Erbil and Sulaimania – with more than 50 European and regional flights a week. In December 2006, Austrian Air landed in Erbil, becoming the first international scheduled airline to fly into Iraq since the fall of Saddam Hussein. Other destinations link the regional capital to Frankfurt, Dubai, Amsterdam, and Stockholm. At Erbil, a new runway is being constructed. Due to start service next year, it is long enough, or so locals say, to accommodate the space shuttle.

But let's return to 2001, when just getting to Kurdistan was an ordeal. Then, the self-rule area was the region's

little secret. The trouble was that none of the Kurds' neighbors was willing to share it – especially with foreign journalists. The mystery intrigued me. What were they trying to hide? Why were they afraid of the rather remarkable story of Kurdistan getting out?

I knew the autonomous Region comprised most of the three northern provinces of Iraq and that together they covered an area roughly the size of Switzerland. Like Switzerland, the Kurdistan Region had mountains and valleys aplenty, but no seaboard. And unlike Switzerland, there were no airports and no railways. I knew also that Iraq's Kurds had established self-rule in 1991, in the wake of the Gulf War to reverse Saddam's conquest of Kuwait. They enjoyed the protection of the US air umbrella, patrolling the northern no-fly zone. And remarkably, given the prevailing conditions, the Kurds had held elections and put together a parliament.

But life under self-rule was tough. Unlike today, the Kurdistan Region had no official status. It survived in the margins, often by hand-to-mouth, suffering from the double whammy of the international sanctions on Iraq and internal sanctions imposed by Baghdad. Compounding the misery, the Region's two main parties had engaged in a needless bout of fratricide during the mid-1990s. (There were a number of reasons behind the fighting, but struggles over scarce resources mattered.) Nevertheless, peace prevailed under the auspices of the

1998 Washington agreement. The Kurds traded in their Kalashnikovs for cement mixers. And the foundations of their current success were laid.

In 2001, for reasons almost entirely to do with personal survival, I knew that routing through Saddam's Baghdad was not an option. I would have to enter Iraqi Kurdistan through one of the neighboring countries. I traipsed around the London embassies of Turkey, Syria and Iran. At each one I was told it would be impossible for a journalist to cross into Iraqi Kurdistan. In fact, Turkey hadn't knowingly allowed a journalist to cross its southern borders for six years.

Needless to say, the blanket rejection merely bolstered my determination. After mulling over various options with some Kurdish friends in London, I decided to try a route that would take me first to Damascus, and then to northeast Syria, from where I would cross the river Tigris into the Kurdistan Region. But not as a journalist, my wily friends insisted. I needed a cover. I would enter Syria on my normal British passport with a regular tourist visa. Once at Syria's frontier with Iraq, I would need an Iraqi ID that would pass muster with the Syrian border police.

I understood that in the main Sheikallah bazaar in Erbil, close to the foot of the city's historic citadel, there was a man who would produce an Iraqi ID for me within a month. All he needed was a photograph and \$100. Well worth it, I thought, but a month was too long to wait.

My spirits were sinking when a friend informed me that one of the document makers from the Sheikallah bazaar had popped up in London. Presumably he'd made the journey into the UK, using the results of his handicraft. Four days later, my Iraqi ID was handed to me outside a kebab restaurant on the Edgware Road.

It looked authentic. It was laminated. It bore both my photo and the kind of stamp that apparently entitled me to UN food rations. My confidence was growing. Just to be sure, on arriving in Damascus I showed my ID to a local representative of one of the Kurdish parties who was helping to facilitate my trip.

Over a beer in one of the capital's more discreet hotels, he closely scrutinized the fake card. Suddenly he threw it to the floor and began to grind it with his foot. "There," he said, handing it back, "now it doesn't look quite so new." He was, I learned later, famed as one of the master forgers of the Kurdish resistance movement. He shall remain nameless, but he now holds the rank of Iraqi Ambassador.

The next stage of my trip was the flight north to the city of Qamishli, in the mainly Kurdish north-east. Taking us there was a small Yakovlev jet, apparently purchased by Syrian Air from the Soviets a few decades earlier. It

looked as though it should have been scrapped long before the the Berlin Wall was built. The garish and stained orange-checked interior of the aircraft evoked British pub carpets of the 1960s. The unnerving whine of the engines brought back unpleasant memories of the dentist. A less than reassuring sign next to my seat declared: "Escape Rope!"

A few weeks earlier, the plane's "built-in airstair" had fallen open as the plane touched down in Qamishli, scattering luggage on the runway. I wasn't taking any chances. I secured my bags to some netting at the back of the aircraft with what I took to be a spare "Escape Rope!"

Exiting the rudimentary airport at Qamishli, I was approached by a gnarled old cab driver. He ushered me into his gnarled old cab. It was only when settled in the back seat that I focused on what appeared to be the bullet holes in his windscreen.

Two hours, and 200 potholes further on, we arrived at the banks of the river Tigris. A small house by the river housed the local Syrian *mukhabarat*. It was their job to scrutinize anyone who wanted to leave for Iraqi Kurdistan, now tantalizingly close across the river.

This would be the first big test for my ID. I sat in a sweaty office, drinking impossibly sweet tea, swishing flies from my face, and feigning interest in what appeared to be a Syrian game show on a wall-mounted TV. Behind a large scuffed desk hung a portrait of the late Syrian president Hafez al Assad. And the equally sinister man sitting at the desk began to ask me some questions.

"What business have you in Iraq?" "I have family there." "Family? You don't look like an Iraqi." "That's because I am a descendant of Alexander the Great." "Really, sir? Look, I know you are a journalist, so let's get to the point. Give me \$200 to broaden the waters of cooperation... and you can cross the river." "Done."

And so down to the banks of the great river Tigris, which seemed to be hurrying past at a great rate. On the gravelly shore before me was a motorized canoe-like craft, which appeared to be made of tin. It was clearly no match for the muddy brown torrents. I was wrong. The slight craft, laden with me and my baggage, hit the opposite shore a few nervy minutes later. I disembarked and trudged up the bank towards a cluster of buildings that served as a customs post. And as I passed a large brightly colored sign which said: "Welcome to Kurdistan," I realized I had nothing to declare but my relief.

Michael Howard has been reporting from Iraq for the Guardian since 2001. He is also a regular contributor to the Economist magazine.

A Business Visitor's View of Kurdistan

By Michael Thomas,
Director General of the
Middle East Association



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he Middle East Association (MEA), the leading organization for British companies with business in the Middle East, has led two highly informative and productive trade missions to Kurdistan and is planning to create a Business Forum to connect

businessmen in the region with their counterparts in Britain and elsewhere.

The two visits have not only changed the perceptions of life in Iraq, but also opened the eyes of British delegates to the fact that in the north of Iraq at least, there is normality and a sense of urgency to build the country after the suppression of Saddam Hussein.

Opportunities abound in all sectors. Consultants are badly needed. Agriculture and employment is a priority and the country is trying hard to re-establish its credentials as a supplier of agricultural produce to the rest of Iraq and beyond.

The Kurdistan Region prides itself in being secular in its outlook. All religions and customs are tolerated, which bodes well for the future security of the region. The areas visited by the delegates were Erbil, the regional capital, and Sulaimania, two very different major cities.

Erbil is the center for government and planning. A new airport has been built and there are some large hotel developments being constructed. The airport will have a profound effect not only on communications with the region, but also on trade.

It is probable that Erbil will become the major gateway for trade with the rest of Iraq and as a center for commerce. There is already an international trade and exhibition center near the airport. Sulaimania seems to be

more of a private sector driven city, where as Erbil is the center for government. Both cities are go-ahead and hungry for investment and joint venture.

The emerging oil industry in the Kurdistan Region is beginning to take shape, with Hunt Oil taking the lead. This is likely to lead to significant developments in the sector in the near future.

Currently, much of the country's revenue received from the federal government is dissipated among the population in an essential, but somewhat unproductive, system of employment support. The creation of light industry is an absolute priority, as is the training and further education of the local population. The will and the spirit of the Kurdish people is something that is not lacking.

Without exception, delegates returned from Iraq with a feeling that they had arrived at the right time and were there at the beginning of the construction of this important region. Opportunities for traders abound and the country currently suffers from a lack of appreciation of quality standards, which is hardly surprising given its recent history. This is something the Kurdistan Regional Government is urgently trying to address.

The question of security is, of course, something that is uppermost in everyone's mind when dealing with Iraq. While it is true that, in the border regions of Turkey, Iran and in the south, there are difficulties, these do not manifest themselves in central Kurdistan and members of the delegations were able to walk around the towns with confidence both in the day and in the evenings.

Because of the huge potential of Kurdistan and the tremendous welcome that we received during our visits, the MEA is planning a forward program of support in terms of trade delegations, attendance at exhibitions and, most importantly, a business forum which will connect businessmen in Kurdistan with the rest of the world through the MEA.

Michael Thomas is the Director General of the Middle East Association. The MEA, established in 1961, has a wide-ranging membership covering all sectors of industry and commerce and its members are responsible for about 75 percent of all UK investment and trade with the Middle East.



Roaming Kurdistan: Mountain Adventures

Stafford Clarry writes of the joys of roaming in Kurdistan, and provides Kurdistan's equivalent of the London underground map



On a map of Iraq, draw a diagonal line from the northwest at the Iraq-Turkey border crossing near Zakho, down to the southeast, to Halabja, near Iran. Above the line, for the trek of a lifetime, roam around the rugged mountains, avoiding the four

main cities of Duhok, Erbil, Sulaimania, and Kirkuk.

The Kurdistan Region of Iraq is secure and politically stable. Anyone – visitors as well as residents, women as well as men – can move anywhere at anytime,

alone. No armed guards, weapons, body armor, or armored vehicles are needed; this is in stark contrast to the rest of Iraq.

It is no accident. Decades of sacrifice were spent on security and stability. The first internationally-observed free and fair elections in Iraq, the 1992 Kurdistan elections, led to the formation of a regional parliament and government that function to this day.

They administer recovery from Saddam's despotic regime, which destroyed more than 4,000 communities. Many were small mountain hamlets and villages, but some were major towns with more than

More than 3,500 communities have been reconstructed and resettled, and it is the rebirth of these mountain communities that await the adventure traveler

30,000 people. Since liberation in 1991, more than 3,500 communities have been reconstructed and resettled, and it is the rebirth of these mountain communities that await the adventure traveler.

Roaming the mountains of Kurdistan is relatively easy, and very enjoyable. There are no highways, but roads and tracks are plentiful. Many were built by the regime to chase citizens who became insurgents fighting for their rights. Other byways, some to mountain tops, were built during the eight-year Iraq-Iran War. Once restricted to military use, all are now open to residents and guests.

Here's a suggested adventure. First, arrange an experienced local driver-interpreter with a Toyota Land Cruiser – the Kurdistan SUV of choice, as it is strong, comfortable, reliable, and relatively common. Bring good digital cameras and perhaps sunscreen. That's it; almost everything else is locally available.

Begin at the Turkey-Iraq border post of Ibrahim Kahlil where legend says the Prophet Abraham could be

found. Move east along the mountains bordering Turkey to Begova and cross over the Mateen mountain range to Bamarne and onward to Amadiyah, the not-to-miss ancient Silk Route town, high up on a plateau.

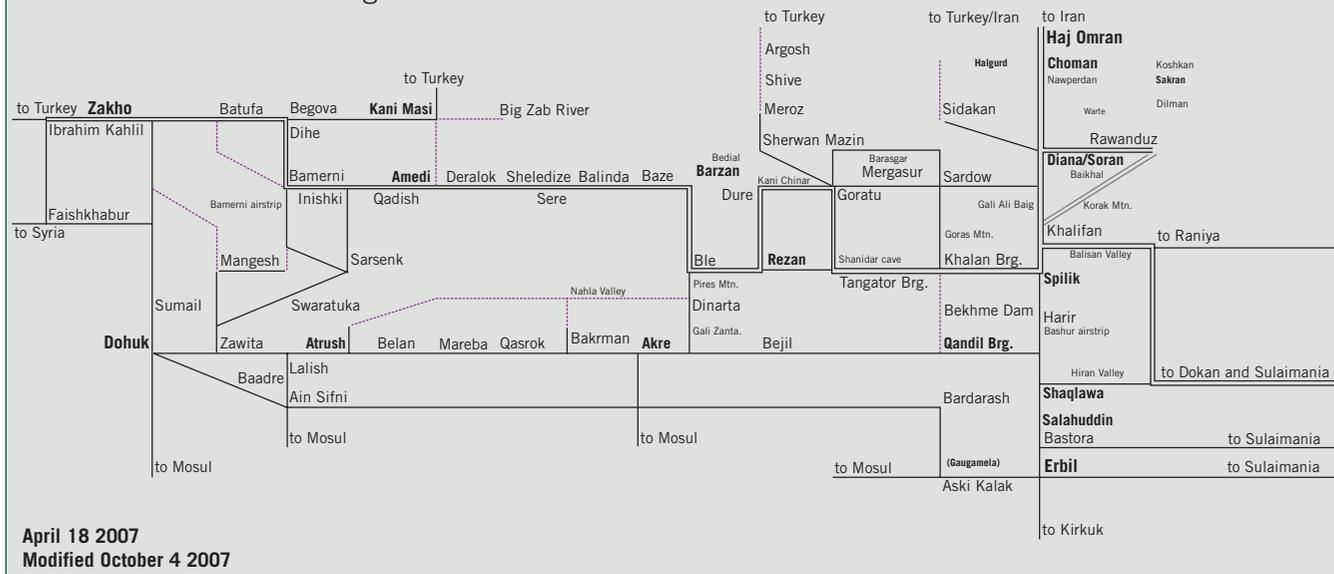
After Amadiyah, head toward the Big Zab River to remote Barzan and the modest memorial of the legendary Mulla Mustafa Barzani.

Continue onward to Rezan, then up to Dure before descending deeply on a cliff-hanging road into a spectacular gorge leading to Kani Chinar spring on the banks of another river (a good spot for swimming and fishing). On the way down, watch out for wild goats. By local custom, tree cutting and hunting are prohibited in this area.

Then head for the Shanidar Cave, famous among world archeologists for the 50,000-year-old remains of a Neanderthal man. His body was surrounded by flowers, providing the earliest indication of feelings, and perhaps speech, among human-like beings who appeared to have been mourning the death of a loved

Dohuk – Erbil Routes

This schematic “subway” map only indicates locations relative to others. Distances are not according to scale.



one. From Shanidar, wander through the deepest canyons in the Middle East on the Hamilton Road via the waterfalls at Gali Ali Baig (which decorates the

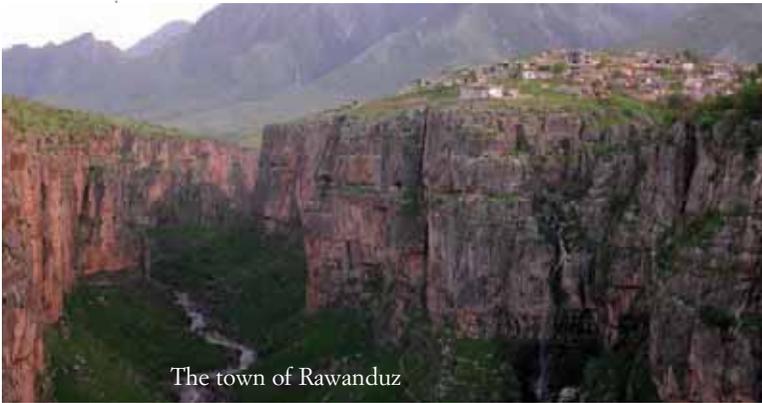
On both sides of the road are the highest mountains in Iraq

5,000 Iraqi dinar note). Continue on one of Kurdistan's most scenic routes up through the mountains to Haj Omran near the border crossing with Iran, a promising site for future downhill and cross-country skiing. On both sides of the road are the highest mountains in Iraq, offering unique mountain-and rock-climbing opportunities.

valley via Sargalu and Qala Cholan, then up over Azmar mountain down to Sarchinar. Skirt through Sulaimania and out to the huge spring at Ahmad Awa, with nearby rare terracing on steep hillsides in the mountains bordering Iran.

And then on to Tawela, an interesting town up in the mountains, right on the border with Iran. Much of Tawela was destroyed during the Iraq-Iran War, but some of its particularly fine herringbone stonework remains, and reconstruction continues. Tawela is where the unique Kurdish *kalash* shoes are made, with their white crochet tops and blue pounded-cloth soles. It takes ten people to make each pair, skills developed during cold winter months when men had little else to do. Tawela is also the source of some of Iraq's best walnuts.

Near Tawela is Halabja, the site of the infamous assault where the regime of Saddam Hussein used



The town of Rawanduz

Built in 1928-1932 to shorten travel between the British and Persian Empires, the story of the Hamilton Road is well told in *Road Through Kurdistan* (republished in 2005) by Archibald Milne Hamilton, the New Zealand-born engineer who built it.

Coming back down from Iran, follow the high road via the Jundian "magic spring" up to Rawanduz, an ancient triangular-shaped town with deep chasms on two sides and high mountains on the third. Nearby, on a ridge, is a new tourism complex with bungalows, restaurants, tent sites, and an all-season toboggan run on a track over the cliff. Continue on, travelling down through the canyons of Gali Ali Baig via the huge spring at Baikhal.

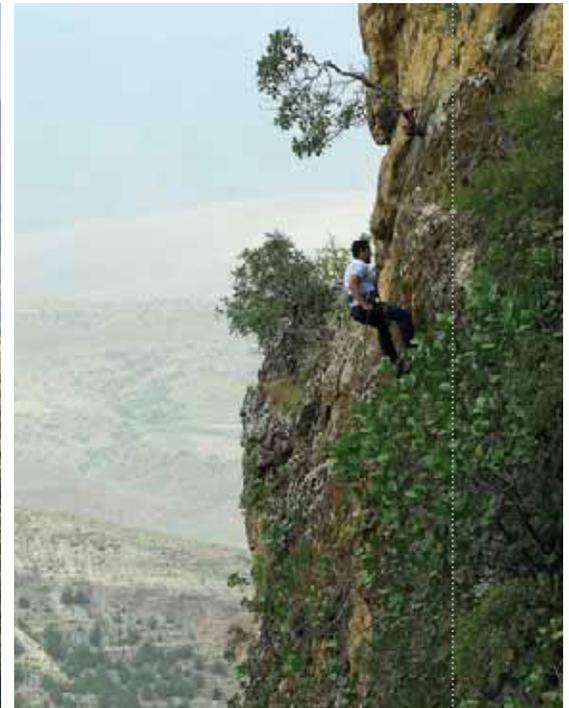
Further down, at the town of Khalifan, hang a left through scenic Balisan valley and onward to the resort town of Dokan, near the largest reservoir lake in Kurdistan. Continue up from Dokan through the Jafati



Kalash shoes being made in Tawela



The town of Amadiyah



Rock climbing in Kurdistan

Fall is the best time to climb the highest mountains, after the snows have melted

chemical weapons, killing an estimated 5,000 civilians.

All these travels can be accomplished in two or three days, though it would be much more rewarding to take at least a week. There are innumerable side-trips off this core route, including the main site of the pre-Christian and pre-Islamic Yezidi religion at Lalish; ancient Assyrian archeological sites at Khanis, and other places; the plain of Gaugamela, where Alexander the Great defeated the Persian King Darius; and mountain villages with Christian churches that are hundreds of years old.

Kurdistan's Christians speak a derivative of Aramaic, the language spoken by Jesus Christ. Kurdistan is perhaps the only part of Iraq where Christian villages (also, before the 1950s, Jewish villages) have been existing peacefully among Muslim communities.

When's the best time to visit? Springtime is gorgeous, especially during April, though March and May are also excellent months – snows are melting, springs and streams gush, the land turns green, and wild flowers are everywhere. There is no better time to be in Kurdistan, and no better place to be.

Fall is also a pleasant time, like spring, though the land is brown after the flaming hot summer. This is the best time to climb the highest mountains, after the snows have melted. It is also the time when shepherds with their flocks and traditional, black, goat-hair tents start moving down from the high meadows to lower pastures. They live as they have lived for centuries, though today they have pick-up trucks, satellite TV systems and generators, and mobile phones.

Winter, primarily December through February, is the wet time of the year – rainy, cold, and clammy in the plains, with snow at the higher elevations. It's the transition time between the hot-dry old year and the welcoming cool-green *Newroz*, or new year.

Every season in Kurdistan has its special moods. At no time need it be avoided. The land and its people are most welcoming and hospitable. They will welcome you.

With many years in international relief and development, Stafford Clarry served with the United Nations in Kurdistan from 1991 to 1999, and has been an advisor to the Kurdistan Regional Government since 2000.

Doing Business in the Kurdistan Region of Iraq – a Turkish Perspective

An interview with
Mehmet Sepil,
CEO of Genel Enerji



Please describe Genel Enerji's work in the Kurdistan Region? What is the project? What is the investment? What are the benefits?

Once the offer to utilize the Taq Taq oilfield became available we focused on how to assess and develop the opportunity. With Mehmet Emin Karamehmet, the Chairman of the Cukurova Group, we made a decision to enter into this project under the name of Genel Enerji and accepted the political and economic risks that existed in 2002.

Genel entered an agreement with Addax Petroleum in July 2005, and the partners later formed Taq Taq Operating Company (TTOPCO) to conduct all petroleum operations.

Since the handover of the Taq Taq oilfield, we have invested approximately \$150 million and have made remarkable progress. We estimate that we will invest approximately \$4 billion throughout the life of the project. We have completed five appraisal and development wells with excellent flow results. Taq Taq can easily achieve its anticipated sustainable plateau production rate of 200,000 barrels of oil per day.

As for the benefits, we believe that the Taq Taq project will be a first, and a major contributor to the economy of the Kurdistan Region and the Iraqi people. There will be considerable positive externalities, especially in capacity-building and manpower enhancement, as well as job opportunities.



How long has Genel Enerji been operating in Kurdistan?

Since the handover date of the Taq Taq field, February 25, 2003.

As a Turkish businessman, please describe your experience of work in the Kurdistan Region.

I have been working on several infrastructure and construction projects in the region.

There are many and growing opportunities for Turkish entrepreneurs here. There is a visible increase in the variety of investment. We worked very closely with the KRG authorities and have developed productive and efficient relations.

What changes would you make to attract greater foreign investment in the Kurdistan Region?

First, I would make sure that banking operations are in accordance with international standards. Second, I would make less restrictive the procedures and regulations for opening the representative or liaison offices of international service companies, which are relevant to the oil, banking, telecom, etc., sectors. The goal should be to make Erbil like Dubai. Third, I would increase the number of scheduled flights to and from different locations. Lastly, I would establish fully-modernized international-class hospitals.

Do you believe the Turkish private sector has a constructive role to play in Turkish-Iraqi Kurdish relations in a broader sense?

Definitely. As long as we cooperate and work closely, the Turkish private sector will have a constructive role to play in developing good bilateral relations. Turkey is the Kurdistan Region's neighbor; we should become good friends.

What is the scale of Turkish business operations in the Kurdistan Region?

Approximately 90 percent of the investment in the region has been carried out by Turkish companies.

What are some of the barriers to greater Turkish-Kurdish commercial and trade relations?

The PKK issue matters. It partly, but not entirely, explains insufficient contacts and engagements between the highest-level Turkish and Kurdish political authorities. But the business classes are also to blame: we have not made enough efforts to develop cross-border cooperation and relationships, even though it is to our mutual advantage.

What advice would you give to potential Turkish or other foreign investors looking to start business in the Kurdistan Region of Iraq?

I strongly advise them to visit for a better assessment of potential investment opportunities in the fields of oil and gas, energy and electricity, infrastructure and

construction, and health and environment. The legal framework for investors has improved. The KRG Oil Law and Investment Law, and related regulations, have already been adopted and implemented.

What has been the most interesting part of your company's efforts in the Kurdistan Region of Iraq?

Signing the first PSA with KRG authorities in 2002 during Saddam's regime; taking many risks; having a lot of correspondence, consultations, and meetings, especially with KRG authorities, to develop the Taq Taq field; and establishing a productive understanding among the parties concerned.

How would you describe the KRG's efforts to accommodate Genel Enerji specifically and Turkish investors more broadly?

Since we commenced our investments, our relations have improved much more than we dared expect. We are very pleased to receive great help, support, and understanding from the KRG authorities. As far as I know, other Turkish investors also receive similar support with their investment and trading.

In the event of Turkey joining the EU, what major cross-border investment activities do you expect to develop in the Kurdistan Region? And, what if it doesn't?

There would be significant economic and political implications if Turkey accedes to the European Union. With all EU countries' economies open to the Kurdistan Region through Turkey, there would be positive impacts on economic growth, international banking, technological progress, trade liberalization, financial sources, foreign investment, modernization, improvement of energy sources and systems, to name just some consequences.

Personally, I think that Turkey's importance for the EU will increase in conjunction with the establishment of the idea of the EU as a global power.

A politically and economically stronger Turkey, which has successfully addressed its internal and external problems, and which has close commercial ties in all sectors with neighboring countries, especially with oil-rich Iraq, will definitely be an indispensable partner of the EU and NATO because of its political significance in the Middle East.

If the European Union blocks Turkey's accession then all of our citizens will still have good reasons to develop positive cross-border relations that will benefit the Turkish, Iraqi, and Kurdish people.





Turkish Business and the Kurdistan Region

Professor Michael Gunter explains why the Government of Turkey has very good reasons to get on well with the Kurdistan Region in Iraq

T

he US removal of Saddam Hussein's regime, Turkey's EU candidacy, and the Turkish Justice and Development Party's historic parliamentary and presidential electoral victories in 2007, have created a new and promising future for the relations between the

Kurdistan Region and Turkey.

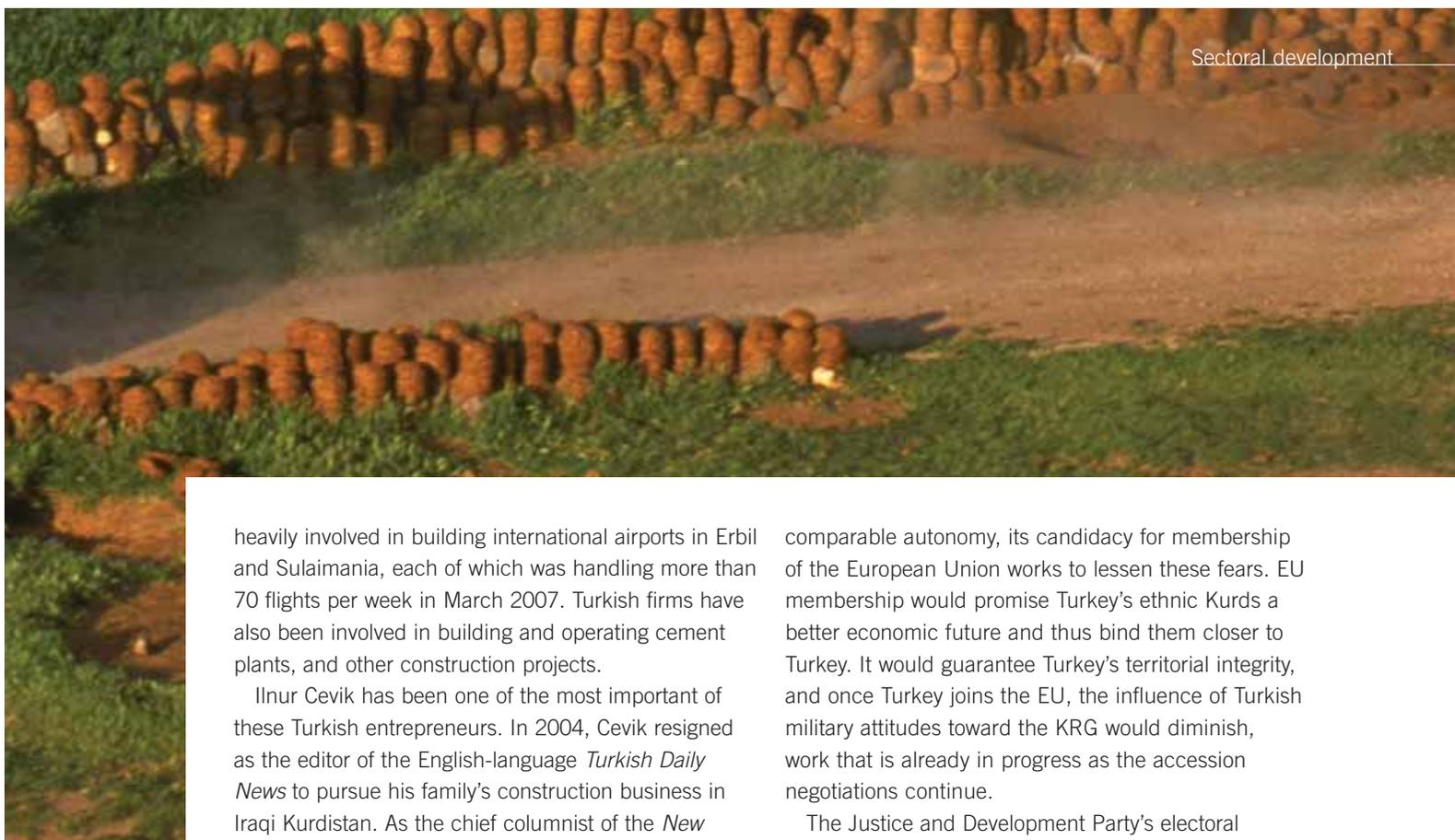
Historically, Turkey and Kurdistan shared mutually profitable and stabilizing economic and political relations as members of the Ottoman Empire. The late Turkish president Turgut Ozal (1927-1993) even declared: "It must be made clear that those in the Iraqi Kurdish area are relatives of Turkish citizens. So the borders are to some extent artificial, dividing people into two sections."

In recent decades, however, cooperation between the two entities has been constrained by the fear among Turkey's nationalists that Kurdish nationalism in Iraq would lead to Kurdish secession from Turkey. In addition, economic cooperation was hampered because

of the problems created by Iraq's wars against Iran and the United States, and the United Nations' sanctions against Iraq, which also hurt Turkey.

That past is now being put behind by both the Government of Turkey and the Kurdistan Regional Government (KRG). Former Turkish Economy Minister, Ali Babacan – now Minister of Foreign Affairs – recently stated that, "I think the key for Turkey and its neighbors is openness, both in terms of societies and in terms of trade and two-way investment." He explained that "high volumes of trade and cross-investment are good ways of bringing about more security and stability."

The KRG strongly agrees with Babacan's assessment. Clearly, economic cooperation between the two governments and their peoples constitutes a win/win situation. Given the current security problems in Arab Iraq, many foreign investors have been attracted to Iraq's peaceful and stable Kurdistan Region. Chief among them have been Turkish firms, which have been



heavily involved in building international airports in Erbil and Sulaimania, each of which was handling more than 70 flights per week in March 2007. Turkish firms have also been involved in building and operating cement plants, and other construction projects.

Ilnur Cevik has been one of the most important of these Turkish entrepreneurs. In 2004, Cevik resigned as the editor of the English-language *Turkish Daily News* to pursue his family's construction business in Iraqi Kurdistan. As the chief columnist of the *New Anatolian*, Cevik is an advocate of Turkish-KRG economic relations for two reasons. Firstly, vigorous economic relations would help alleviate the economically depressed situation in southeastern Turkey, and lessen Turkish Kurds' support for radical groups, such as the Kurdistan Workers' Party.

Secondly, Turkish-KRG economic relations would help bind the two governments together, with Turkey as the senior partner. By the end of 2005, Turkish-Iraqi trade, much of it involving the KRG, had reached \$2.6 billion. In January 2006, two of Turkey's largest banks, Vakifbank and Akbank, announced that they would open branches in Erbil, Sulaimania, and Dohuk, as well as Kirkuk. Turkish trade and economic relations with the KRG were expected to reach \$3 billion in 2006.

From the Turkish point of view, these economic relations with the KRG hold out prospects for satisfying and diminishing Kurdish nationalism, and encompassing it within Turkey's overall Middle Eastern economic initiatives, which have included the Arab states and Israel.

While Turkish governments have presented major political problems for the legitimacy and thus for the stability of the KRG, Turkish businesses, by contrast, have brought much-needed investments and thus implicit legitimacy to the region. But the new political environment in Turkey seems likely to encourage Turkish governments to come into line with their businesses.

Though Turkey still fears that the success of the KRG might inspire Turkey's Kurds to demand

comparable autonomy, its candidacy for membership of the European Union works to lessen these fears. EU membership would promise Turkey's ethnic Kurds a better economic future and thus bind them closer to Turkey. It would guarantee Turkey's territorial integrity, and once Turkey joins the EU, the influence of Turkish military attitudes toward the KRG would diminish, work that is already in progress as the accession negotiations continue.

The Justice and Development Party's electoral victories in 2007 have further reduced the military's influence in Turkey. The electorate voted decisively in favor of civilian control over the military, more democracy, an open society, a market economy, and EU membership, and rejected inward-looking nationalism and anti-EU and anti-globalization stances.

In any case, the still influential and staunchly secular Turkish military should be pleased with the regionally high secular standards being pursued by the KRG. Most Kurds tend to be Islamic moderates. Indeed, one Turkish adage has it that "compared to an unbeliever, a Kurd is a good Muslim."

In addition, the Turkish Armed Forces Pension Fund has engaged in highly profitable trade with the KRG. Furthermore, more than half of the KRG's scientists, engineers, and technicians are women. Female enrollment in the KRG's growing number of universities equals, and in some cases surpasses, male enrollment. Given these facts, it is safe to conclude that Turkey's economic and political interests lie in a politically stable and economically prosperous KRG. It is no longer just in Turkey's interests to have good neighborly relations with the Kurdistan Region, it is increasingly likely to become policy.

Michael Gunter is Professor of Political Science at Tennessee Technological University, a former Senior Fulbright Lecturer in International Relations in Turkey, and the author of numerous books on Kurdish questions.

The Transformation of the Peshmerga: a Personal Account



Kurdistan's Peshmerga have become a fine army and police, according to Tom Hardie-Forsyth

T

he Greek general and historian Xenophon told in his *Anabasis* of the retreat of the "Ten Thousand", a Greek force that made an unsuccessful expedition to Persia in 401 BCE. On their way back they went through Kurdistan.

When they reached the Zagros mountains, Xenophon asked a Persian guide about the people who lived in the region. The guide replied that they were a fierce and warlike people called "Karduchis", who had never been subjected by any king. He added that the Persian king had once attempted to occupy their lands, but he failed after losing 100,000 soldiers.

Xenophon decided to proceed with caution, but his army started looting and then burning Kurdish villages. The Kurds responded by lighting fires on the tops of mountains to inform their kin of an invading army, and then began a guerilla war against the invading forces. At last, after being bogged down for seven days, Xenophon decided to negotiate safe passage. He found someone who spoke Kurdish, and told the translator to ask why the Karduchis were fighting his army. The Kurds replied, "It is you who are fighting us. You are

invading our country and burning our villages and houses." When Xenophon promised to stop burning their villages, they left his men to pass safely without further trouble.

Anyone who knows the Peshmerga (literally, "Those Who Face Death") will immediately recognize the essential, almost timeless, qualities of the Kurdish soldiers described by Xenophon. Against all odds they will defend their land and people, but will also provide security and safety to well-intentioned strangers.

I first had the privilege of meeting the Peshmerga in March 1991 when, as a captain in the British Army, I was deployed to help defend tens of thousands of Kurds fleeing for their lives after a popular uprising against the genocidal Baath regime was defeated in the first Gulf War. The mass flight had occurred because, to their everlasting shame, the western-led coalition allies failed to support the Kurdish uprising for which they themselves had called. What is not still fully appreciated is that even at this dire time, before the allies found their consciences and instituted the "Safe Haven" operation, only the thinly spread Peshmerga stood between thousands of innocent people and annihilation.



Since these terrible days, I have had the professional and personal pleasure of witnessing the transformation of a beleaguered people into a polity which represents the best model for enlightened leadership and secular democracy in Iraq, and arguably, throughout the Muslim Middle East. This morphing from disaster to

Assembly – one of the laws implicitly validated by Iraq's Constitution of 2005, which recognizes the KNA's laws made since 1992. The Peshmerga's lawful status is further bolstered by an unambiguous article in the Constitution of Iraq, which allows the recognized regions of Iraq to establish and organize their own

Only the thinly spread Peshmerga stood between thousands of innocent people and annihilation

democracy could not have been achieved without the parallel, and willing, transformation of the Peshmerga from the doughty mountain fighters that they have always been into the best and most disciplined units in Iraq – proud, but totally under the control of the civilian authority, and officered by professionals well educated in the modern, and forward-looking Zakho Military Academy.

The Peshmerga are the lawful army of Kurdistan, by Law Number 5 (1992) of the Kurdistan National

police, security forces and guards, and grants regions a monopoly over their domestic security.

The soldiers of the Peshmerga are both subject to strict and fair military discipline and are trusted, rather than feared, by the civilian population. It is no accident that the authorities in Baghdad are constantly requesting that more of these professional units be deployed throughout Iraq and that the Chief of Staff of the Iraqi Army, easily the most trusted security force in Iraq, is a Kurdish general – General Babakir Zebari.



Sacred pools (golbasi) surrounded by mosques and Koranic colleges (medresse)

Safety and Security

Karim Sinjari, Minister of State for the Interior, answers questions on law and order in the Kurdistan Region



H

How would you define the role of the Interior Ministry in the Kurdistan Region?

The Ministry of the Interior is responsible for the internal security of the region. It was legally established by the Kurdistan National Assembly

(the regional parliament) in 1993, which itself is recognized in the Iraqi Constitution. Our aim is to protect the law as passed by Parliament, while protecting human rights, the civil society and democratic establishments. This was achieved by creating a relationship based on trust between the people of Kurdistan and the government and security forces.

The Kurdistan Region is peaceful and stable, unlike the image that most people have of today's Iraq. How do you explain that success?

The security we enjoy today exists because of three main factors: the loyalty, dedication and experience of our security forces; a clear understanding of who is in our region; and the active cooperation of the public, who trust and support the security forces. The security of our people is our highest priority. We are always vigilant and never complacent. Terrorism is a global phenomenon and we in the Kurdistan Region are not untouched by it. But thanks to these factors, the Kurdistan Region remains peaceful, both for the local population and for visitors, be they from other parts of Iraq or from abroad.

Security is a key question for any potential foreign investor or company wishing to visit or work in the Kurdistan Region. What assurances can you give them?

We believe that economic progress, reconstruction and development are founded on stability and security.

Our broad aim as a government is to build a democratic and prosperous region. We can only do that if we continue to maintain a peaceful and stable environment in which people can go about their daily lives without fear and intimidation, and international companies feel secure, be it from criminals, extremists or terrorists.

The fact is that our robust security efforts have led to an environment where there has not been a single attack of any kind on foreign business and civilian assets. The companies and business professionals that are here know and understand this reality. That is why they are comfortable to live and work here. And that is why we often tell investors who are in doubt, to come to Kurdistan and see it themselves. Talk to the local and international people who are here and you will understand the truth of our security.

Already people are voting with their feet. The number of foreign companies and investors based in the Kurdistan Region is increasing, as is the number of countries they represent. We also see many trade delegations here now and there have been several international trade fairs over the past few years, all of which have been problem-free.

The Kurdistan Regional Government's policy is to attract foreign direct investment and it is our job at the Interior Ministry to ensure investors and the business community have a safe environment in which to do their work.

The lives of many Iraqis have been affected by terrorism and insurgency. What about in the Kurdistan Region?

There is no insurgency in the Kurdistan Region. Terrorist organizations have tried to operate here, but they have not been able to establish a pattern to their attacks. This

is principally because of our very effective counter-terrorism operations to find and prevent the terror attacks before they can occur. As an example, our last attack was in May 2007, when a suicide truck-bomb exploded in Erbil, killing and wounding several people. That was the first terrorist strike in Erbil in two years.

Of course, we are not immune to terrorism, and security is our top priority; but neither are Britain, the United States and our regional neighbors.

Our security forces and police are ever vigilant and we have the trust and support of a population that wants to maintain our tolerant society and the institutions that make it work.

The world's attention is on keeping terrorists at bay in Iraq. But what about crime prevention? How does your Ministry work in this field?

Crime prevention is a key part of our work. In our fight against crime, we pay great attention to crime statistics and their analysis, and then work to identify trends and patterns. We then work with sectors of civil society to find solutions to the various problems causing crime. The Kurdistan Regional Government has worked to build a tolerant, democratic and civil society. We strive to maintain and improve on what we have built, while at the same time protecting our citizens from criminals.

As with any society, we do face problems from time to time with violent crime. The vast majority of these unfortunate incidents are related to social problems. Accordingly, stranger on stranger violence in our society is almost completely unheard of.

And we are very fortunate to be able to say that the rates of common street crime, such as theft, are at levels that are far below comparably sized cities in other parts of the world.

The police and security forces under Saddam Hussein's regime were feared and despised by the public they were supposed to protect. What impact did that have when a Kurdistan police force was being established after 1991?

You are right that it is important to understand the difficult conditions that we have had to deal with while building the security institutions that we have today.

In 1991, the no-fly-zone was established, and Saddam Hussein withdrew all of his administration from Kurdistan, leaving us nothing upon which to build a government. Economically, too, we suffered. None of the overseas aid received in the 1990s was directed

towards our security forces. This was caused by the double embargo imposed on Kurdistan: the United Nations had sanctions against Iraq and Saddam Hussein had his own internal sanctions against Kurdistan. So, until 2003, our security forces received only training that we could provide ourselves, and little in the way of equipment and the infrastructure to support their work. So, as the world progressed in law enforcement capabilities and technology, time stood still in many regards, or even slipped backwards for us in our training and equipment.

Nevertheless, we were able to raise the levels of education and understanding among our security forces. We established a Police College in 1997 to train men and women to lead our police force. Programs of study range from six months to three years, depending on the students' qualifications and experience. We are very proud that we have female recruits in all our classes.

Have the KRG's security forces and police received much financial or other assistance from the coalition of multi-national forces since the liberation of Iraq in 2003?

At the beginning, we received little financial or practical support from the Coalition. Perhaps we were penalized for our own success. By that I mean that there were some who saw our security success, so they incorrectly assumed that we needed little to improve our security forces.

Our region is peaceful and there is no insurgency here, so very little of the resources allocated to Iraq were spent in Kurdistan. The proportion of Coalition funds that have been spent on security in Kurdistan is dwarfed by that which has been expended elsewhere and, in many cases, spent on the same thing again and again. But more recently, we have received better support from the Coalition.

We have received some training and equipment from Republic of Korea forces who have a camp in Erbil. We have also received some resources from the Multi-national Security Transition Command-Iraq and the Civilian Police Assistance Training Teams (CPATT), including the first steps to build a new police academy that will be the first of its kind in Iraq. It will be built with \$10 million from CPATT and \$5 million from the KRG's budget. But we are not dependent on such sources, and will always be vigilant in protecting our security policies, forces, and budget.

The Road Ahead

There are hard tasks ahead, but the KRG intends to address them cooperatively, democratically and peacefully

N

o one knows the future. In 1988, the Kurdistan Region experienced a genocidal assault from Saddam Hussein's regime as the eight-year-long Iran-Iraq war drew to an end.

No one then predicted that 20 years later the Kurdistan Region would be a democratic and economic beacon in the region, the secure and dynamic part of Iraq, the place that would most obviously benefit from the impact of the two Gulf Wars between the US-led coalition forces and the Baathists, the authoritarian pan-Arab socialists who governed Iraq in a one-party

dictatorship between 1968 and 2003. In the light of that recent volatility, what can be said of the future stability of the region?

It would be misleading for anyone to suggest that there will be no challenges ahead that might threaten Kurdistan's stability. But in the next two articles, constitutional advisors to the Kurdistan Regional Government address major challenges that are presently being addressed. Without being starry-eyed or idealistic they show that the prospects for sustained conflict-resolution between the Kurdistan Region and its neighbors are much better than suggested in many American, European and Middle East media.



Part of the border between the Kurdistan Region and Iran



Future Challenges: Kirkuk



How the Kurdistan Regional Government must handle unification with Kirkuk.
By Professor Brendan O'Leary

U

nder Iraq's constitution of 2005 the territorial status of the "governorate" (province) of Kirkuk and other disputed territories must be resolved by December 2007.

The Kurdistan Regional Government (KRG) and all Kurds

ardently want to unify with these territories, either by referendum or agreement. So, what will happen, and what will be the consequences for Kurdistan, and for foreign investors?

Everyone who writes about Kirkuk usually places the words "oil rich" before it, suggesting that is all one needs to know. The city sits atop 6 percent of the world's and 40 percent of Iraq's proven oil reserves, according to Lawrence Kumins (*Iraq Oil: Reserves, Production and Potential Revenues*, CRS Report for Congress, April 2005). Newspapers often call the city of Kirkuk a "tinderbox", and speculate that Sunni Arabs and Turkomen and the Turkish Army will forcibly seek to prevent Kirkuk's unification with the Kurdistan Region (though they make no such predictions about the other disputed territories).

So, is the controversy over Kirkuk's status all about oil? And should we expect profound armed conflict over

its status? The sensible answer is "No". In fact, potential controversies over the oil-field and its revenues are resolved; and it is unlikely that Sunni insurgents or the Turkish Army will prevent the unification and consolidation of the Kurdistan Region. Indeed, the stabilization of Kurdistan, and northern Iraq, will be consolidated by the resolution of the status of Kirkuk, judgments shared by sensible Arab Iraqi, Turkish, EU and US policy-makers.

Kurds certainly care about Kirkuk and the disputed territories because they regard them as part of Kurdistan, with present and past Kurdish majorities, or with such majorities before Saddam's "Arabization" programs (i.e. ethnic expulsions and coercive assimilation) were implemented.

Some outsiders contest Kurdish claims to Kirkuk governorate and city. So do some (but not all) non-Kurds, in Kirkuk city, some Sunni Arab politicians, and some Shia Arabs.

What are the facts? Let us focus on Kirkuk because no sensible person contests the presence of strong Kurdish majorities in places such as Sinjar or Chamchamel.

The last relatively reliable census in Iraq was held in 1957. Though the Baathists (authoritarian pan-Arab socialists, who governed Iraq in a one-party dictatorship

between 1968 and 2003) subsequently tampered with it, I have had translated and inspected the original census-data in my University's library. Of the three largest communities in the governorate – Arabs, Kurds, and Turkomen – the Kurds constituted the plurality, approximately 48 percent of the governorate as a whole (49 percent if unknowns and foreign citizens are

Saddam gerrymandered the boundaries of the governorate, to include Arab villages and to exclude Kurdish ones

excluded). Outside of Kirkuk city, Kurds were indisputably the majority community.

By contrast, in the city – situated in the middle of the governorate, and then home to less than a third of the governorate's population – Turkomen (37.6 percent) were the largest group, just outnumbering Kurds (33.3 percent), who in turn outnumbered Arabs (22.5 percent). The most objective summary is that in 1957 Kirkuk was a multi-ethnic city, within a larger and heavily Kurdish population in the rest of the governorate.

Because Kurds were the poorest of the major groups in 1957 their population growth likely made them the largest community by the 1960s. But after 1968, especially under Saddam's Baathists, the city and the governorate were subject to brutal demographic engineering. Saddam gerrymandered the boundaries of the governorate, to include Arab villages and to exclude Kurdish ones. He encouraged mostly Shia Arab settlers from the South with handsome bonuses; the preferential hiring of non-Kurds in the oil-field and related industries; the expulsion of Kurds (and Turkomen); the falsification of citizenship records; and the confiscation of properties. His plans were far from completed before the first Gulf War because, until his fall, he continued to induce Arab settlers to settle, and to expel and "de-nationalize" Kurds, Turkomen, and Christian Assyrians.

There is better evidence of the facts on the ground than debatable projections from the 1957 census. Two sets of elections and one referendum took place in

Kirkuk governorate in 2005. The Kurdistan lists, which included Turkomen and Assyrians, won a decisive majority in each election, including on the second occasion, when there was a high turn-out and no Sunni Arab boycott. In the referendum, the governorate's electorate endorsed Iraq's constitution by a clear majority, 63 percent voting "yes", and 37 percent voting "no" on a 79 percent turn-out. The results were validated by the Independent Electoral Commission and the United Nations Electoral Assistance Unit. In voting "yes" local voters were endorsing the mandatory referendum to enable the governorate to join Kurdistan after "normalization".

These votes confirm that Kurds are once more the majority group in the governorate – and the largest group in the city, which now has more people than the surrounding rural areas. The return of some Kurdish expellees in 2003, and the flight of some Arab settlers after the US-led military victory, has led to a de facto reversal of some of Saddam's work.

What the KRG has sought after 2003 is a peaceful and democratic way of reversing Saddam's ethnic engineering before the conduct of a referendum, i.e. "normalization". This expression means restoring the pre-1968 boundaries, facilitating the right of return of expelled





Kurds and Turkomen, and encouraging the settlers encouraged by Saddam with financial packages to leave (and not allowing them to vote in the referendum if they choose to stay). “Normalization” is mandated by the constitution and agreed by the Iraqi federal government.

Incorporating Kirkuk governorate and city in an autonomous Kurdistan has been a consistent objective of Kurdish parties. They argue that it is part of the geography of Kurdistan. Any traveler from Hêwler (Erbil) to Kirkuk observes no visible geographic demarcation between Kirkuk and the existing Kurdistan Region. The

they constitute the majority group in both the province and the city, and point out that Saddam’s expulsions and “Arabization” should not be rewarded or treated as irreversible. Reversing injustices should not be treated as equivalent to the original crimes.

Saddam’s manipulations, and Kurds’ arguments were, of course, shaped by knowledge of Kirkuk’s natural resources – the world’s second largest exploited oil-field is beside the city.

But unlike Saddam, the Kurds are willing to play fair. Under the provisions of Iraq’s Constitution, the

Incorporating Kirkuk governorate and city in an autonomous Kurdistan has been a consistent objective of Kurdish parties

area is part of the plains beneath the Zagros Mountains. Kurds maintain that the region, if not the city, has been part of Kurdish-speaking civilization for at least two centuries, and though the governorate has numerous significant minorities, that should not affect its status as part of Kurdistan. Kurds insist that were it not for Saddam’s manipulations, no one would dispute that

revenues from Kirkuk’s oil-field will be shared across Iraq as a whole, irrespective of the outcome of the referendum on Kirkuk’s status. So, any change in Kirkuk’s territorial status will not mean that Kurdistan gets all Kirkuk’s oil as is frequently and falsely suggested. This is a remarkable constitutional compromise, and the negotiators of the constitution



deserve credit for separating the issues of oil from those of regional boundaries.

How do the non-Kurds of Kirkuk feel about likely unification with the KRG? They differ. They are not Kurdish politically, and do not favor an independent Kurdistan. But they are not uniformly hostile to Kurds, and some believe that security will be better within the

In the highly segregated city, Arab and Turkomen districts are materially much better than those of Kurds

KRG, the stable and safe part of Iraq. Most, when pressed, recognize that the Kurds have suffered injustices. The city's professional Assyrians, mostly Christians affiliated with the Catholic Church, usually believe they will be better off under the KRG.

In the highly segregated city, Arab and Turkomen districts are materially much better than those of Kurds, with the former being newer and more desirable. The Baathists manipulated planning regulations to prevent Kurds and Turkomen from maintaining their properties, which means that many are now beyond repair. Large parts of the city will need to be re-built, which leads some to favor a resolution in favor of unification with Kurdistan, where the three major cities of Dahok, Erbil and Sulaimania are thriving in construction booms.

Some Arab politicians in Kirkuk told me that the Peshmerga were organizing the expulsion of Arabs, but this is denied by Kurdish spokesmen, and was not supported by Assyrian and Turkomen politicians whom I met. There is, however, a noticeable difference in viewpoints between the Sunni and Shi'a Arab politicians. The former, "old city" Arabs, not among the recent settlers, are keener on constructive cross-community relations.

Turkomen politicians privately concede they are no longer the largest group in the city, though they invariably argue that the city was founded by Turkomen. The Turkomen Front, sponsored by the Government of Turkey, fared much less well in elections than Turkish commentators expected. So Turkey has lost interest in using their votes as leverage.



Sunni Turkomen politicians find it difficult to explain why Turkey did nothing for them during the high-tide of Saddam's Arabization. The Turkomen Shi'a, by contrast, seek alliances with Shi'a Arab politicians. Erfan Kirkuly, the Secretary-General of the Iraqi Turkomen People's Party and the Assistant Governor on the City Council in 2004, told me: "We are a national community, but we did not come from Turkey; we do not want to be used as political pawns [by Ankara]; we can sort out our own matters; we should compete not on the basis of ethnicity, but on the question, 'Who serves Kirkuk best?'"

Like all non-Arabs I have met, Kirkuly remarked that Kirkuk is the richest city in the world, if valued by the resources underneath it, but it has the worst services

The natural resources of Kirkuk must be used to benefit all the local populations, and used to create a decent material infrastructure

of any major city in Iraq. There is no question that large-scale reconstruction will be the first priority of the KRG after an affirmative referendum on accession, and that this will offer positive improvements for all communities.

Journalists call Kirkuk a tinderbox because it is multi-ethnic and because each of the major groups (Kurds, Arabs, and Turkomen) and the smallest (the Assyrians) claim to be its original inhabitants. Saddam's manipulations led all communities, and all their politicians, to have emotional and material stakes in its territorial status. And at interfaces in the segregated city ugly episodes have occurred, and jihadists have made attacks.

Yet, the city has been comparatively quiescent in relation to expectations since 2003. That is because the Kurdistan security blanket now extends to much of governorate – after the Americans reversed their initial decision to ask the Peshmerga to withdraw – and because most Kurds have patiently awaited justice rather than taking the law into their own hands.

Any realistic assessment of the security situation by the Iraqi federal government and the American military will conclude that Kirkuk's security will be best managed by the KRG. Kurdistan's parties know that after unification it will be vital to have sustained power-sharing and proportional representation arrangements in the city, and a representative police service. They have already made good faith efforts with partial success in these directions, and have members from all minorities on their lists.

The Property Claims Commission must work – and return properties or compensate those who lost out. There must be sufficient and transparent funding for the settlers who were induced to come – who benefit twice, from Saddam and from the new Iraq – but the price of peace is worth it. Reports from Kirkuk suggest that thousands of families are signing up to relocate.

The KRG realizes that the natural resources of Kirkuk for the first time must be used to benefit all the local populations, and used to create a decent material infrastructure. Fair employment in the oil industry is a

sine qua non of social peace. Prime Minister Nechirvan Barzani knows the KRG will be judged by how it treats the minority nationalities and religious communities of Kirkuk, and is ready for the challenge – promising that Kurdistan's regional constitution will be exemplary in its protections for minorities.

The KRG is keen to demonstrate to Turkey that the unification of the Kurdistan Region poses no threats to Turkomen, or to Turkey. The KRG is working to make Iraq's constitution work; it seeks the recognition of its constitutionally authorized autonomy, not secession. It is confident that the newly elected Government of Turkey, which is prioritizing its economic development, will not wish to encourage military adventurism over Kirkuk, and that both the European Union and the US will encourage Turkey to respect Iraq's constitution.

In the controversies ahead – over the time-table, the electoral register, the voting, and the implementation of Article 140 of Iraq's constitution – bear this analysis in mind. Instability is more likely to arise from the failure to implement Article 140, rather than from its implementation. The unification of Kirkuk with the rest of Kurdistan is most likely to occur, with much less international and domestic resistance than predicted. It will occur slowly, without a big bang.

The process of unification will extend the zone of peace and stability within Iraq, provided the KRG lives up to its promises to its minorities. A fourth large urban center will add to the region's infrastructural construction boom, and increase its proportionate entitlement to Iraq's shared oil revenues. The Kurds will only have themselves to blame if they mishandle the minorities of Kirkuk. Their leaders have no intention of allowing that to happen.

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Federal-Regional Relations in Iraq

Jonathan Morrow explains what Iraq's Constitution means for Kurdistan



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ny investment involves some sort of contract; and sooner or later, any foreign investor in the Kurdistan Region will want to know whether the person or institution offering a contract – whether for oil, minerals, or telecommunications – has the

lawful right to do so. Under what legal system will rights and responsibilities under the contract be enforced? And what will be the applicable legislation? How can one get straightforward legal advice on the legal system of a federal Iraq?

Those investing in the Kurdistan Region will not need to spend too much time with lawyers. The federal constitution that confirms the powers of the Kurdistan Region is remarkably straightforward. All powers not given exclusively to the federal government are, in the Kurdistan Region, powers of the Kurdistan Regional Government (KRG). It is a formula that will be familiar to anyone who knows how federal constitutions work.

Because the exclusive powers of the federal government are very limited, the powers of the KRG are very broad. Oil and mineral exploration and development are regional powers; water management, except for international rivers, is a regional power; taxation is a regional power; and telecommunications is a regional responsibility. Company and civil law regimes are regional. Kurdistan has the constitutional right to maintain its own widely-respected military, the Peshmerga, as the Kurdistan regional guard. Kurdistan will maintain its own courts, which administer both Kurdistan and, where necessary, federal law. Almost

every aspect of commercial and public life in the Kurdistan Region is governed by KRG law.

The fact that the KRG had these powers confirmed in the federal constitution has prompted some debate. There are some Iraqis who favor a more centralized Iraqi state, similar to the Republic of Iraq under Saddam Hussein and his predecessors, and who have suggested that regional powers are too extensive.

Even these critics, however, recognize what the constitution plainly entails, and what their complaints acknowledge is that the KRG's powers are, in fact, a continuation of the powers it has exercised since its *de facto* regional autonomy began in 1991, and which has now evolved into an open and mature system of parliamentary democracy. The Iraq constitution simply confirms powers that Kurdistan already exercised.

As a matter of constitutional law, then, the extent of Kurdistan's powers is uncontroversial. The consensus within the community of Iraqi and international legal experts has confirmed that Iraq is indeed a loose federation in which the Kurdistan Region has extensive authority to regulate commercial life.

In this respect, Kurdistan resembles federal regions around the world – including in Canada, Australia, and the United Arab Emirates. These constitutional powers are heavily entrenched, with any decrease in the KRG's powers requiring the support of the Kurdistan National Assembly and the people of Kurdistan. Indeed, one may say that the Kurdistan Region has greater autonomy within Iraq than many member states of the European Union have within European treaties.

A draft constitution for Kurdistan will soon confirm its powers under Iraq's constitution as a matter of Kurdistan law.

The Kurdistan Regional Government is engaged in constructive dialogue with the federal government to implement the constitution of Iraq, and on ways to improve the legal system and the investment climate of parts of Iraq outside Kurdistan.

The KRG is aware of certain technical deficiencies in the Iraq Constitution, and is cooperating with the federal parliament in its mandatory review of the text. The Kurdistan National Assembly has made public its position that it cannot support any changes that might decrease the powers of Kurdistan, but is helping to identify a set of amendments that will satisfy all parties.

The KRG recognizes the need, in the Iraqi federation, for strong regions to delegate certain responsibilities to federal institutions. Consistent with the principles of cooperative federalism in Canada, Australia and other successful oil exporting federations, Kurdistan has entered into voluntary agreements with the federal government on oil development and revenue sharing, which the KRG has agreed may be reflected in ordinary Iraqi legislation.

These voluntary arrangements will ensure that Iraq's oil sector develops, according to agreed Iraq-wide principles, to raise petroleum production levels, and that all the Iraqi people will share in Kurdistan's

A draft constitution for Kurdistan will soon confirm its powers under Iraq's constitution as a matter of Kurdistan law

financial success. These arrangements do not affect Kurdistan's strong constitutional foundation.

The KRG has been exercising its constitutional powers in a manner designed to maximize inward private sector investment. The Kurdistan National Assembly – a model of parliamentary democracy in the Middle East – has enacted, in 2006 and 2007, a world-class investment law, and a world-class oil and gas law. A mining law and an environmental law are in progress. A Kurdistan Region taxation law of 1999 provides for a



simple and clear tax regime. No federal taxation applies in the Kurdistan Region. The KRG ministries understand their constitutional responsibilities and are ready to administer Kurdistan law to the mutual benefit of the foreign investor and the people of Kurdistan.

And what about lawyers? Investors looking for more detail will find that several major law firms in the US and UK, who have affiliations with local lawyers in Kurdistan, are able to advise. Almost every specialist energy firm in North America and Europe has advised existing investors in Kurdistan's oil sector, whose production-sharing contracts with the KRG have been praised as consistent with the highest international standards. Kurdistan's own lawyers are well attuned to the interests and concerns of foreign investors.

In other words, the Iraq Constitution, and the legal regime within Kurdistan, are already well understood. The Kurdistan Region, with the support of the Iraq Constitution, is open for business.

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Economic Development in Kurdistan



Growth can solve Kurdistan's development challenges.

By Dr. Zeki Fattah, Senior Economic Advisor to the Prime Minister

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he economy of the Kurdistan Region has gone through a remarkable transformation within a very short space of time.

The collapse of the previous regime marked a transformation in fortunes for the region. The double economic sanctions were

lifted, i.e. the international sanctions on Iraq, and Saddam's sanctions against Kurdistan.

The Kurdistan Region's legitimate annual share of the country's oil revenue has now been formally instituted. Though reliable data is still in the making, it is visibly evident that the region is enjoying a flurry of economic activity and high employment. There is also ample evidence that the region is undergoing comprehensive economic and social development.

The previous regime left behind a legacy of waste and destruction. All sectors of the economy were affected. The infrastructure, the agriculture sector, health and education were all left in a dilapidated state. None of the requirements for the functioning of a modern economy was available. This state of affairs, however, offered an important impetus for investment and development.

The Kurdistan Regional Government (KRG) has begun in earnest rebuilding the economy, and preparing it for joining the globalized world economy. It is pursuing this goal by introducing a liberal economic policy, building the required economic and social institutions, developing local technological capabilities, and opening up the economy to foreign investment and partnership. In the political sphere, this policy has been consolidated and accompanied by establishing a democratic regime and upholding the rule of law.

The Kurdistan Region's sizable and growing share of oil revenues has helped to create a lucrative market for local and foreign investors. Its aggregate per capita oil revenue went up from a negligible sum in 2003 to nearly \$3,000 per person in 2006.

It is likely, given the OPEC export quota for Iraq (3.5 million barrels per day, at time of print), and the price of oil (at over \$95 per barrel), that in a more stable environment Iraq's annual oil revenue could rise to \$120 billion. Under this likelihood, the per capita oil revenue in Kurdistan could exceed \$6,000 per person; an increase that has the potential positively to transform the average annual per capita GDP.

All reminders of the previous regime's controlled economy have been removed. The principles of liberal

political economy are fully applied. The free flow of goods and people is upheld, and a competitive market structure is being established. There is a conscientious effort to confine government's role to formulating economic policy, regulating the economy, and upholding the rule of law. The Kurdistan Region is also

The KRG has just introduced a very liberal foreign investment law. This law equates foreign investors with Kurdistan investors in all privileges and rights

making serious efforts to achieve high levels of economic and social development.

An increasing share of the KRG's budget is allocated to building the infrastructure, including electricity, water, housing, transportation, telecommunication, education and health, as well as other social development indicators. Major efforts are being

made to develop commodity production sectors. There are plans underway to restructure the agriculture sector toward cash crops and to increase its productivity and export capacity. There are also plans to rejuvenate the tourist sector.

Building a modern industrial base is underway. It includes establishing a comprehensive industrial zone around the capital city of Erbil, to house modern building materials industries (at the first stage), chemical and petrochemical industries (at a later stage), as well as science parks, research and development centers, standards and quality control and information technology centers.

There are also plans to establish free trade zones (in Sulaimania and Dohok) to promote the free flow of goods and manufacturing products for the export market. The Kurdistan Region is currently witnessing an unprecedented expansion in conventional building industries (cement, brick, tiles, etc). Unprecedented growth is also taking place in conventional manufacturing industries. All this has created an acute shortage in the labor market, which has had to be met by importing foreign labor, a remarkable turn-around in development.

In all its economic activities the KRG relies on the private sector for implementing projects and activities. It adheres to the policy of promoting joint ventures and



share-holding ownership. The private banking sector is picking up and several private and regional banks have opened branches. But there is more scope for expansion. There is particularly scope for insurance companies to operate in the Kurdistan Region and lucrative bonuses for foreign banks and insurance companies to work there. The Central Bank of Iraq has a branch in Erbil, and preparation is underway to establish a Kurdistan capital market.

To promote more investment, the KRG has just introduced a very liberal foreign investment law. This law equates foreign investors with Kurdistan investors in all privileges and rights. It poses no restriction on foreign investors regarding local partnership, employment of local workers, or land ownership. It provides generous tax exemption, and allows dispute settlement by recognized international legal firms. This was introduced in 2006, and has already attracted sizable foreign investment to the region.

To ensure efficient application of the Investment Law, however, there is a need to introduce three complementary laws and to upgrade an existing one. The three new laws include the Competition Law, Consumer Protection Law and the Environment Law. The Law that is to be upgraded is the Labor Law. The current Labor law is the Iraqi Law of the 1950s, which is out of date with the requirements of the market. The KRG is being assisted by several international organizations and friendly countries to institute these laws, including USAID, several United Nations agencies and the World Bank.

With the growth take-off underway, there is an acute realization that the demand for a variety of skills will be steadily rising. Efforts therefore are being implemented to overhaul the education system. The teaching programs in the higher education system are being reviewed and management systems examined to make them more responsive to the market and local development needs.

In addition to the current four universities, a new American university and an English university have been established, together with several technical institutes and training facilities. International organizations and friendly governments are playing an active role in assisting the Kurdistan Region to carry out the reform of its education system. External foundations are welcome to assist.

The region is in the process of restructuring and upgrading its engineering and scientific resources. The

aim here is to establish Kurdistan-based engineering, design and consultancy firms so that these resources can be integrated more effectively in the investment and production process in the region.

Lastly, while the KRG is following up on the federal Iraqi oil law that is to be presented to the Iraqi Parliament, it has itself already promulgated its own natural resources law in line with the provisions of the Iraq Constitution. The KRG has commenced entering into business contracts to utilize its oil and gas resources.

The current environment of democracy and stability have created dynamics of their own. They have attracted back Kurdistan's people and their savings that were once lost to migration. These changes have energized the private sector, which was moribund during most of the last three decades. The huge private savings which were hoarded or kept in homes because of lack of trust in the banking system under the previous regime have now found their way into the marketplace.

This sudden business influx has not been without some negative implications. It has raised the population's expectations, and increased demands for all government services. Given the inherent limited capacity in the government apparatus, the influx of funds and increased demand for government services intermittently has created conditions for inefficiency and corruption. The KRG has used a three-pronged strategy to address these problems.

1. It has engaged the World Bank Division for Governance, Transparency and Anti-Corruption to restructure its financial management system and train its officials. This process is still on going and the aim is to apply accountable E-government.
2. It has made arrangements with well-appointed British management institutions to train its high level officials in the ministries and decision makers in public offices.
3. It has utilized United Nation facilities and programs allotted for Iraq, and set up several Information Technology Centers to provide training facilities for a large number of trainees all over the region.

These policies are in addition to several other measures usually practiced to increase transparency and accountability in government operations, such as parliamentary overview and monitoring, and a free press. Kurdistan is not simply open for business. It is open for clean business.

Kurdistan's Natural and Human Resources

Sometimes, abundant natural resources can be a curse. They may encourage a government and population to live off rent; they may lead to conflicts over ownership and distribution; and they may attract the covetous eyes of neighboring and great powers.

The Kurds know all this. In the past, the Kurdistan Region was actively prevented from developing its oil and natural gas by central governments in Baghdad, which feared these resources would lead Kurds to strike out for independence. Kurdistan's water and hydroelectric power capacities were grossly under-used, now leaving the region with extensive opportunities for catch-up. Kurds saw Baathists manipulate the demography and boundaries of the city and governorate of Kirkuk and corrupt the United Nations because of oil. They are determined to amend the historical record, and to show that abundant resources can be accountably and sensibly managed for the future, as well as the present.

Kurds have not sought to play dog in the manger. They have agreed to share the revenues from all currently exploited oil and gas fields across Iraq as a whole, according to a per capita formula. They have passed their own laws, which require them to apply the same formula to new or unexploited fields of gas and oil. So, though by the constitutional law of Iraq the revenues from such fields are theirs by right, they are willing to share with their federal partners, in return for reciprocity.

Kurdistan took the lead in advocating an independent and transparent trust fund for the distribution of oil, and sharing revenues across the federation. It is



An irrigation canal diverts water from a tributary of the Euphrates river

determined to ensure that its people do not live by oil and gas alone – and will use its resources for infrastructural and educational development, industrial and agricultural diversification, and to develop energy supplies for when the oil and gas runs out.

A great deal about Kurdistan's natural resources and the Kurdistan Regional Government's (KRG's) policies in these domains is not well understood. In what follows, Kurdistan's oil and gas laws are explained. In an interview with Dr. Ashti Hawrami, Dr. Khaled Salih, spokesman for the KRG, poses the questions all investors need to have answered over possible disputes between officials in Baghdad and the KRG. The Minister for Electricity outlines Kurdistan's ambitious plans to use nature's oldest gift to Kurdistan, its mighty rivers. Finally, Dr. Zeki Fattah describes the linkages between Kurdistan's resource-wealth and its economic development in recent years.

The Kurdistan Region's Oil and Gas Law



Jonathan Morrow explains what investors need to know



At the center of the strategy of the Kurdistan Regional Government (KRG) to attract foreign investment is the oil and gas law of the Kurdistan Region, approved unanimously by the Kurdistan National Assembly on August 6 2007, and approved and issued by

President Massoud Barzani on August 9.

Very little petroleum exploration activity was carried out in the existing Kurdistan Region under successive Iraqi governments in the 20th century, a fact which Kurds put down to deliberate under-development policies, especially under the Baath party dictatorship. But geological evaluations indicate the presence of petroleum in large quantities in Kurdistan – including many areas of the Kirkuk governorate, which will shortly vote on unification with the Kurdistan Region.

The KRG believes that within the current boundaries of the Region lie approximately 15 percent of Iraq's total probable reserves. Following the demarcation of the Kurdistan Region's permanent boundaries pursuant to Article 140 of the Constitution (which will enable Kirkuk

governorate and other disputed territories to join the Region) the KRG expects that this percentage will increase to approximately 25 percent, i.e. approximately 45 billion barrels of oil and 100 trillion cubic feet of gas.

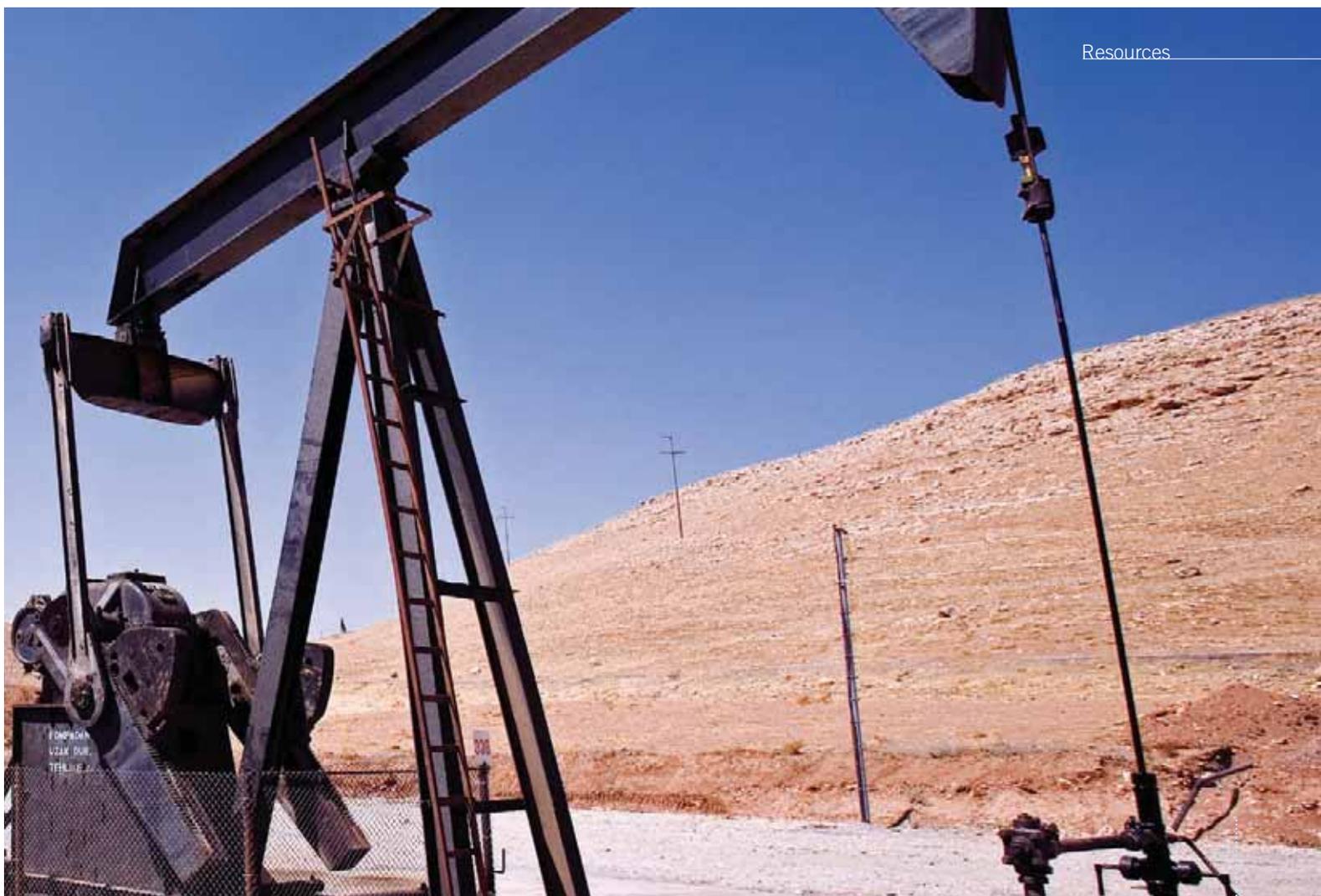
OVERVIEW

The Law is a standard, modern, and concise statement of the rights and responsibilities of investors in the petroleum resources of the Kurdistan Region. It can be downloaded from the KRG website in English¹.

The Law is consistent with the Iraq Constitution of 2005, and is consistent with the draft Iraq Oil Law and draft Iraq Revenue Sharing Law. It is modeled on some of the world's best petroleum laws, and promotes the interests of clarity, competition, free enterprise, the maximization of government returns, and transparency.

The draft Law was first published on the KRG website in August 2006, and has since then been the subject of extensive and intensive consultations with the Iraqi public, oil companies, NGOs, and of course with the KRG Ministry of Justice and Ministry of Finance.

The Law is attractive to foreign investors and will also maximize returns on the petroleum resources of the



Kurdistan Region to the people of the Kurdistan Region, and Iraq. The Law identifies the Ministry of Natural Resources (“the Ministry”) as the authority responsible for negotiating and executing petroleum authorizations, and establishes a special ministerial council of the KRG (the Regional Council) to approve the contracting decisions of the Ministry of Natural Resources.

The Law anticipates that “production sharing contracts” (or PSCs) with private investors will be the principal type of petroleum authorization executed by the Ministry. The Law also establishes a set of standard commercial terms for PSCs. It provides that only KRG taxation will apply to petroleum operations in the Kurdistan Region, and that the KRG may exempt contractors from tax.

PRODUCTION SHARING CONTRACTS (PSCs)

A PSC is a contract in which the contractor is obliged to explore, and where possible develop, petroleum on a certain area of land. The vast majority of the petroleum produced from such an area belongs to the government. In return for their investment, the contractor is entitled, once petroleum is produced, to recover their costs and

to receive a small additional percentage of the petroleum; that is, the contractor receives a “share of production.” The PSC was first developed in Indonesia in the 1960s, and has been used by many successful petroleum-exporting states to harness the speed and expertise of international oil companies while maximizing returns to the people of the host country.

Before the Law passed, the KRG had concluded PSCs with five contractors: DNO, Genel/Addax, Western Oil Sands, Heritage and PetPrime, each with a market capitalization of well over \$2 billion. The two earliest PSC holders, DNO and Genel/Addax, have published positive test results from appraisal wells at the Tawke and Taq Taq fields respectively. Following the entry into force of the Law, the KRG has concluded PSCs with Hunt Oil, Perenco S.A. and Heritage Oil and Gas. No security problems at any petroleum exploration or development site in the Region are known to the KRG.

Forty-eight separate contract areas or “blocks”, both existing and prospective, were published on the KRG website on June 29².

The KRG has an ambitious plan to contract for the remaining blocks as quickly as possible, on commercial

terms also published on June 29³, to increase Kurdistan's petroleum production to one million barrels of oil per day within three years.

The most obvious export route for the oil will be the Ceyhan pipeline, which passes through Turkey, and which is the subject of a bilateral treaty between Turkey and Iraq. Other routes, including through Basra, are possible. The KRG has longer term plans to use its

The most obvious export route for the oil will be the Ceyhan pipeline, which passes through Turkey

natural gas resources to fulfill local requirements for power generation and distribution, and for export through Turkey to Europe.

THE IRAQ CONSTITUTION AND PETROLEUM RESOURCES

The power of the Kurdistan Region to enter into contracts for the production of petroleum in the region is clearly recognized in the Iraq Constitution. Petroleum management is not identified as an exclusive competency of the federal government, and therefore it is a power of the region (Article 115).

The Iraq Constitution also confirms the validity of petroleum contracts that the KRG had concluded before the entry into force of the Constitution (Article 141).

The federal government does have certain responsibilities in relation to petroleum management in a region. Article 112 states that the federal government has an obligation to jointly manage oil and gas extracted from "present fields" (or "current fields" as it is sometimes translated from the Arabic), provided that the federal government shares its revenues from those fields throughout Iraq according to population.

Since there are no petroleum fields in the current borders of the Kurdistan Region that can be classified as "current fields" – that is, fields producing commercial quantities of petroleum in the summer of 2005, when the Iraq Constitution was negotiated – the federal government has no managerial role over exploration and production in existing Kurdistan. For

this reason, the Kurdistan Region Oil and Gas Law is the only applicable petroleum law in Kurdistan.

COOPERATIVE LEGISLATIVE REGIMES WITH THE REST OF IRAQ

The KRG recognizes, however, that it is desirable that it develop its petroleum sector in cooperation with the rest of Iraq. OPEC quotas need to be carefully allocated within Iraq; infrastructure, including pipelines, needs to be shared; and marketing efforts should be in concert.

The Iraq Constitution, indeed, requires joint decision-making between the Kurdistan Region and the federal government on "strategic policies" in the oil sector.

Petroleum produced in the Kurdistan Region for export will not be "Kurdistan petroleum": it will be Iraqi petroleum, and will significantly increase Iraq's current low levels of production.

Moreover, at such time as the borders of Kurdistan are altered pursuant to Article 140 and the "current fields" of Kirkuk become part of the Kurdistan Region, the KRG fully acknowledges that oil and gas extracted from those fields will require joint management between the KRG and the federal government.

On the revenue side, petroleum revenues need to be pooled and apportioned so that all Iraqis benefit from the resource.

The Constitution clearly identifies ownership rights on the part of the people of the Kurdistan Region (Article 111), and permits revenues from new fields to be received and managed by a region (Article 112). However the KRG believes that, without prejudice to these rights, it is in Kurdistan's and Iraq's common interest for all revenues from Kurdistan and other parts of Iraq to be pooled and shared fairly throughout the Iraqi population.

For these reasons, the KRG has been a strong proponent of two federal laws to govern these matters: the draft Oil and Gas Law of Iraq, and the draft Revenue Sharing Law of Iraq.

THE DRAFT IRAQ OIL AND GAS LAW

In February 2007, the Iraq Council of Ministers approved the text of a draft Oil and Gas Law for Iraq⁴. This draft is supported by the KRG. The features of that draft include:

- recognition of the KRG's authority to issue authorizations for petroleum activities in the Kurdistan Region;
- the establishment of an intergovernmental institution, the Federal Oil and Gas Council (FOGC), to serve as the peak federal regulatory

MAI Photo



KRG Representative to the US, Qubad J. Talabani, testifies to the US Senate Foreign Relations Committee, defending the Kurdistan Region's constitutional rights to develop its natural resources

- and policy-making body, on which the KRG will be represented;
 - a mechanism for the amendment of pre-existing oil and gas contracts, if those contracts are deemed by an independent panel of experts appointed unanimously by the FOGC to be outside any pre-agreed set of commercial criteria;
 - the restructuring of the Iraq Ministry of Oil, the details of which are to be determined by a separate Ministry of Oil law.
- That draft has not yet been enacted by the Iraq parliament. There were some efforts in the spring and summer of 2007 to alter the text of the draft law, which would have diminished incentives on the part of the Iraq

The KRG believes that it is in Kurdistan's and Iraq's common interest for all revenues from Kurdistan and other parts of Iraq to be pooled and shared fairly

- the foreshadowing of the creation of an "Iraq National Oil Company" (INOC) that may, if decided by the FOGC, manage certain current fields, with rights and responsibilities to be determined by a separate INOC law; and
- National Oil Company to increase Iraq's oil production, and would have diminished the powers of the KRG. The KRG opposed those efforts, and will continue to insist on its constitutional rights. The KRG supports the passage of the draft law as agreed in February 2007.

THE DRAFT IRAQ REVENUE SHARING LAW

In June 2007, the KRG agreed to the text of a draft Revenue Sharing Law for Iraq⁵.

The features of that draft include:

- the forwarding of all petroleum revenues to a single sharing account, including petroleum revenues received by the KRG;
- the allocation of a percentage of those revenues for core federal government functions from which all citizens of Iraq, including those in regions, benefit;
- the establishment of a KRG account with the Central Bank of Iraq, into which a 17 per cent share of remaining revenue shall be paid automatically each month by a committee consisting of the Prime Minister and the KRG Minister of Finance; and
- the supervisory role of a “Commission for Monitoring Federal Financial Resources”, which will include a representative of the KRG.

That draft has not yet been enacted by the Iraq parliament. The KRG supports the passage of the draft law as agreed in June 2007. Pursuant to this law, approximately 87 percent of all revenues the KRG derives from petroleum operations in the Kurdistan Region will go to support federal or provincial government services outside the region.

THE KRG OIL AND GAS LAW SHOWS THE WAY FORWARD

The KRG Oil and Gas Law gives full recognition to the cooperative federal principles set out in these two draft Iraqi laws, and in particular permits the KRG to waive its constitutional rights and delegate certain powers to federal institutions.

There are other features of the KRG Oil and Gas Law that the KRG believes are consistent with best practices in the world, and that should be used as a model in the rest of Iraq:

- PSCs: the KRG believes that the federal government should make use of risk/reward contracts, as in the Kurdistan Region, so that private companies are attracted to make timely investment in Iraq, producing early returns. This policy is crucial for Kurdistan under any revenue-sharing regime.
- clear signing authority: the KRG Law and associated policy identifies a clear approvals process for contracts and establishes a clear regulatory regime. The KRG hopes that this philosophy will be followed in Baghdad.

- transparency and anti-corruption provisions: the KRG law mandates the publication of information related to KRG contracts, and contains penalties for corrupt practice. All KRG revenues will be under the authority of the Kurdistan parliament, a public body with robust capacity for oversight.

MODEL PSC

Together with the Law, the KRG has published a Model PSC to be used by all investors in the upstream Kurdistan petroleum operations⁶. The Model PSC, as with the Law, has been the subject of extensive public comment. The standard commercial terms to be used in any Kurdistan PSC, including cost recovery, profit sharing, and production bonuses, take into account relative degrees of risk in exploration blocks. The KRG believes that these terms are comparable to any terms in the wider region.

NEXT STEPS

With the entry into force of the KRG Oil and Gas Law, the KRG will move quickly to contract out the remaining exploration blocks. Building on the foundation of the six existing PSC holders, the KRG will continue to invite experienced international oil and gas companies to invest in Kurdistan. Those investors will be encouraged, pursuant to the Law, to partner with reputable local companies. Meanwhile, the Ministry will encourage private sector investment in downstream infrastructure, including storage facilities, pipelines and refineries.

Prospective investors are encouraged to contact the Ministry at mnr@krgoil.com. The KRG is seeking to develop its resources with investors of different sizes, and from a range of different countries, including Iraq itself, for the benefit of Kurdistan and all Iraqi citizens.

Jonathan Morrow is an Australian lawyer based in Washington DC and is a principal of Windham Resources Group LLC (jsm@windhamresourcesgrpup.com). He is a legal advisor to the Ministry of Natural Resources in the Kurdistan Regional Government.

Useful links

- | | |
|--|--|
| 1. http://www.krg.org/s/?s=1 | 4. http://www.krg.org/s/?s=4 |
| 2. http://www.krg.org/s/?s=2 | 5. http://www.krg.org/s/?s=5 |
| 3. http://www.krg.org/s/?s=3 | 6. http://www.krg.org/s/?s=6 |

Profile of Bayan Sami Abdul Rahman – KRG Representative to the UK

Bayan Sami Abdul Rahman worked for 17 years as a journalist for several British newspapers, including the *Observer* and the *Financial Times*, before taking on her current role as the KRG's High Representative to the UK.

The daughter of the late Sami Abdul Rahman, a veteran of the Kurdish movement, she was born in Iraq in 1965. Like many Kurds in Iraq, she and her family were forced to leave their country in 1974. She lived in Iran before moving to Britain in 1976.

Ms. Abdul Rahman is a University of London history graduate and has a diploma in journalism. An article she wrote in 1992 about her first visit to Kurdistan after 18 years in exile won her the *Observer* newspaper's Farzad Bazoft Memorial Prize. In 1997, Ms. Abdul Rahman joined the *Financial Times* and worked for the newspaper in the UK, as well as in Japan.

Today Ms. Abdul Rahman represents her government to the UK, promoting the Kurdistan Region as an investment destination, as a beacon for democracy in the Middle East and as a key and positive player in the future of Iraq.

Ms. Abdul Rahman is married to actor/director and BBC journalist Mozaffar Shafeie, who is from Kurdistan in Iran.



Profile of Qubad J. Talabani – KRG Representative to the US

Qubad Jalal Talabani is the Kurdistan Regional Government's top representative to the United States, a position he has officially held since October 2006.



As the KRG's primary voice in Washington, Mr. Talabani works closely with the all branches of the US government, the media, academia, the Kurdish diaspora, international businesses and research institutions to provide critical analysis and up-to-date information about the situation in the Kurdistan Region of Iraq.

In the aftermath of Operation Iraqi Freedom in spring 2003, he served for one year as a Senior Foreign Relations Officer for the Patriotic Union of Kurdistan (PUK), operating mainly out of Baghdad and Sulaimania. In that position, he worked closely with the US-led Coalition Office of Reconstruction and Humanitarian Assistance (ORHA), and when the Coalition Provisional Authority (CPA) was formed he became the PUK's top liaison official with that body. In 2004, Mr. Talabani also served as a key PUK negotiator during the drafting of the Transitional Administrative Law (TAL), Iraq's first post-Saddam constitution.

From 2001 until spring 2003, Mr. Talabani served as the Deputy Representative of the PUK in Washington DC. In 2000-2001, he was a Special Assistant to the then PUK Representative in Washington, Dr. Barham Salih. Presently, Dr. Salih is Iraq's Deputy Prime Minister.

Mr. Talabani's service reflects his family's decades-long and deep commitment to Kurdish politics. His father, Jalal Talabani, is the President of the Republic of Iraq and Secretary General of the PUK.



Key Questions on Oil and Gas



Dr. Khaled Salih interviews Dr. Ashti Hawrami,
Minister of Natural Resources in the
Kurdistan Regional Government

W

Why do you need a regional oil law in Kurdistan?

Let me start by putting the oil and gas law of the Kurdistan Region in context. The process started with the drafting

of the Iraq Constitution. It is now an open secret that the issue of oil and natural resources was one of the most difficult questions to be resolved during the final stages of Constitutional negotiations. But the representatives of Iraq's major political parties agreed on wording that became two specific articles, namely 111 and 112.

One important aspect of this agreement, ratified by the voters in the referendum on the constitution, is that

governmental competences over oil and gas are not among the exclusive powers of the federal government, i.e. they are not listed in Article 110. That makes oil and gas a shared power between the federal government and the regions – and governorates not organized in regions. And, as a consequence, the Constitution grants primacy to regional laws in this domain, because where a power is not within the competence of the federal government, regional law prevails in any clash with federal legislation.

Article 111 makes the ownership of oil and gas very clear, and I would like to quote it, because opponents of Iraq's Constitution seem to want it to disappear in part or in whole. In English it states: "Oil and gas are owned by all the people of Iraq in all the regions and governorates." In short, regions and governorates have ownership powers.



Once the Constitution was approved by the Iraqi National Assembly, and then by an overwhelming majority of the voters in the Iraq-wide referendum, in August and October 2005 respectively, oil industry analysts and most responsible politicians expected a federation-wide oil law to be enacted quickly to attract investments into the country.

However, almost a year passed without any discussion in Baghdad, or any discussion between the federal government in Baghdad and the Kurdistan Regional Government (KRG). When Iraq's Prime Minister, Dr. Maliki, came on his first visit to Erbil in summer 2006, the KRG provided him and the federal Oil Minister, Dr. Shahristani, with a discussion document to be considered for a draft oil law. We did not hear anything formal from Baghdad about our proposal, but several weeks later we were advised that Dr. Maliki had formed an Oil and Gas Committee tasked to prepare a draft oil law. This was a very positive step, and Dr. Maliki, as well as Dr. Barham Salih, the Chairman of the Committee, reminded the members of their duty to adhere to the Constitution in drafting the law.

It took us several months of hard work, overcoming numerous set-backs, to reach a final draft, which was presented to Dr. Maliki on December 17, 2006. That draft, however, was materially and unilaterally altered by some officials in Baghdad, and then, to our amazement, publicly announced as an agreed document between the parties. It took us until mid-February 2007 to correct

the unauthorized changes, and to release a corrected draft in its agreed form. Regrettably, a few months later that agreed draft was changed yet again by some junior officials in Baghdad, in such a drastic and improper way that we were forced again to express our disagreement. Not only was the federal constitutional framework ignored, but the officials who intervened with the agreed February draft argued that they had revised the text to make it consistent with what were referred to as "future revisions to the Constitution." They had imagined that the Iraq Constitution would be amended to create strong federal government control, ownership and centralization at the expense of regions.

The same mischief was exercised on a draft revenue sharing agreement that was supposed to accompany the oil law. These machinations meant that by summer 2007, two years after the Constitution had been drafted, and four years after our liberation from Saddam, we were without an agreed oil law.

At that point, our own long-awaited Kurdistan regional draft law was discussed and approved by our cabinet, submitted to the Kurdistan National Assembly, and approved unanimously on August 6, 2007, after an eight-hour parliamentary session. This was a crucial step for the Kurdistan Region and Iraq. Our law is in full harmony with Iraq's federal Constitution, and creates a modern, investment-friendly and transparent legal framework for the oil industry to work in Kurdistan. We are in no doubt that it will provide a much-needed fillip to Iraq's public revenues. Our law is

a constitutionally valid statute, endorsed and ratified by a democratically elected legislative body, recognized in the country's federal constitution.

Why have there been conflicts with the Oil Ministry in Baghdad?

Public statements coming out of the Ministry of Oil in Baghdad have been unfortunate because some officials do not seem to have read the Constitution of the country well.

First, the 'old' (i.e. pre-2003) KRG oil deals are already covered by Article 141 of Iraq's Constitution, which endorses KRG legislation and decisions made after 1992, unless they have been amended by the regional authorities, or unless they contradict the Constitution. So, we have either to look at what the regional authorities have to say on these matters, or consider whether these agreements are somehow unconstitutional. Ministers in the federal government in Iraq, and Oil Ministry officials in particular, have no authority to issue verdicts on constitutionality, and need to recognize the text of the constitution as it is, not as they might like it to be. The contracts negotiated before 2003 have been subject to revision under our 2007 regional law, and they have been subsequently endorsed by the Regional Oil and Gas Council.

Second, the new contracts, those made since our new law was passed, are perfectly constitutional, for the reasons I gave in my previous answer. The KRG has unambiguous power and authority to sign agreements in areas under its jurisdiction, including agreements relating to oil and gas. In fact, we hope that sooner rather than later, when other federal regions are formed in the rest of Iraq, they will follow our example.

Because Kurdistan's relatively favorable security situation allows people to live in peace and freedom, the public expectations of our government are visible and increasing. People in Baghdad need to consider matters much more carefully. In addition to creating work opportunities in our region, we will be contributing massively to Iraq's public revenues, not just Kurdistan's, when oil and gas exploration leads to discoveries in Kurdistan, and then to production and exports. We have committed ourselves to the revenue-sharing principle over currently exploited fields in the Constitution, and have voluntarily agreed to revenue-sharing over new fields in our agreed draft revenue-sharing law.

In normal circumstances you would expect people to be more rational. You would expect Baghdad officials to encourage Kurdistan in its forward-looking steps to improve the oil industry, in our attempts to bring in revenues for the whole of Iraq; and our transparent way of doing business. I am still hopeful that reason will prevail.

Should these difficulties and different approaches deter potential investors?

Investors understand the risks involved when they invest in any country or region. They will, I hope, be satisfied that the Kurdistan Region in Iraq is the most secure area of Iraq. The Kurdistan Region has an elected parliament and government, and a democratic political process. We have passed a modern investment law, and an internationally praised oil law. Potential investors should not miss the opportunity to come to our region, and, when circumstances permit, expand their ambitions to the rest of Iraq. Our country is rich and diverse. Our diversity is a sign of our strength that we invite investors to come and see for themselves.

How will Kurdistan avoid the political curse of oil, namely corruption?

When we published the first drafts of our oil law on the KRG website, we received several encouraging comments and suggestions, both domestic and international. We have incorporated many of the suggested measures to strengthen transparency in our emerging oil sector. While we are developing the oil industry we must continuously watch for potential pitfalls, and strengthen our legal and administrative measures where necessary, to ensure that the international standards we have adopted remain effective. Since this is the first time in our history that we are directly managing the oil in our own region, we have to take advice from experienced people, including on good governance and best practices. We will remain open to such advice. Our people, our parliament, and our free press will be vigilant on these matters.

How will Kurdistan avoid the economic curse of oil, namely dependent development?

We need to learn from the examples of countries which have managed to avoid being too dependent on their oil revenues. We are working on different mechanisms to strengthen our economy, to focus on diversification of our enterprises, and to encourage private business development and participation. We shall use our oil revenues to encourage diverse economic activities. We shall not encourage dependent passivity in our population, as the Baathists did early in their regime. We must prudently invest in several expanding fields, so that we can gradually move away from dependency on oil revenues as the only source of government income. That, as your question suggests, will have many beneficial consequences for our political as well as our economic development.

KRG UK Representation

The KRG's UK Representation is based in the heart of London's "Little Middle East," centred around Edgware Road, with its eastern shops, restaurants and offices offering travel and services to the region.

The lively setting, close to Marble Arch and Oxford Street, mirrors the energetic and active nature of the young team within the KRG's London office.

The team's backgrounds and various skills reflect the experience of many Kurds who, through circumstances, have had to travel the world. Among them, the KRG UK team speaks several languages, including Kurdish, English, Arabic, Farsi, French, Italian and Japanese, and



its staff have previously worked in banking, the media, marketing, transportation and cultural institutions.

Key to its work and strategy is to ensure that Kurdistan is seen for what it is: a peaceful and democratic part of Iraq with a forward-looking and stable Regional Government that wants to encourage foreign investment.

Daily work in London ranges from answering inquiries from the British and international media, think-tanks, and business people, as well as from colleagues in Kurdistan; to arranging legal documents for members of the Kurdish community in Britain, and attending or hosting seminars and debates on Kurdistan and Iraq. The team is often interviewed on flagship current affairs TV programs and radio shows and recently gave testimony to the Iraq Commission.

The UK Representation has five main components to its work: media, trade, parliament, the diaspora and cultural/educational. It has helped bring three British trade delegations to Kurdistan, as well as parliamentarians, journalists and doctors. It hosts seminars and events for the Kurdish community in Britain with visiting KRG officials, and also supports the diaspora in other ways.

The London office hosts an annual summer reception to thank the KRG's friends in the British parliament and among the international media and business community. Whenever you are in London, feel free to contact us.

Email: uk@krg.org
Tel: +44 (0)20 7170 4300

KRG US Representation

The Kurdistan Regional Government's representation in the United States works to develop, deepen and strengthen Kurdistan's political, economic and cultural interests in the United States. Located in the heart of Washington, DC, the US Representation provides American institutions with up-to-date, comprehensive information on Kurdistan and a visible, accessible presence for all questions, communications and opportunities.

The KRG-US team focuses on organizing and strengthening its ties to the US government, research institutions, non-governmental organizations, the media, the diplomatic community, the US business community, and the American people. From press engagements, meetings with US policymakers, developing ties to the American private sector, and creating links with academic institutions, the KRG-US is enlightening all parts of the US about the Kurdistan Region and its many attributes. The team is dedicated to promoting the safety and stability of the region, reflecting the positive developments happening in Kurdistan in the political, cultural and economic levels and to encourage all to make investments of all kinds in stability and friendship.

As part of the effort, the US Representation promotes Kurdish educational and cultural links in the United States. The KRG-US office hosts an annual *Newroz* celebration for its Kurdish and American friends. It will soon inaugurate a

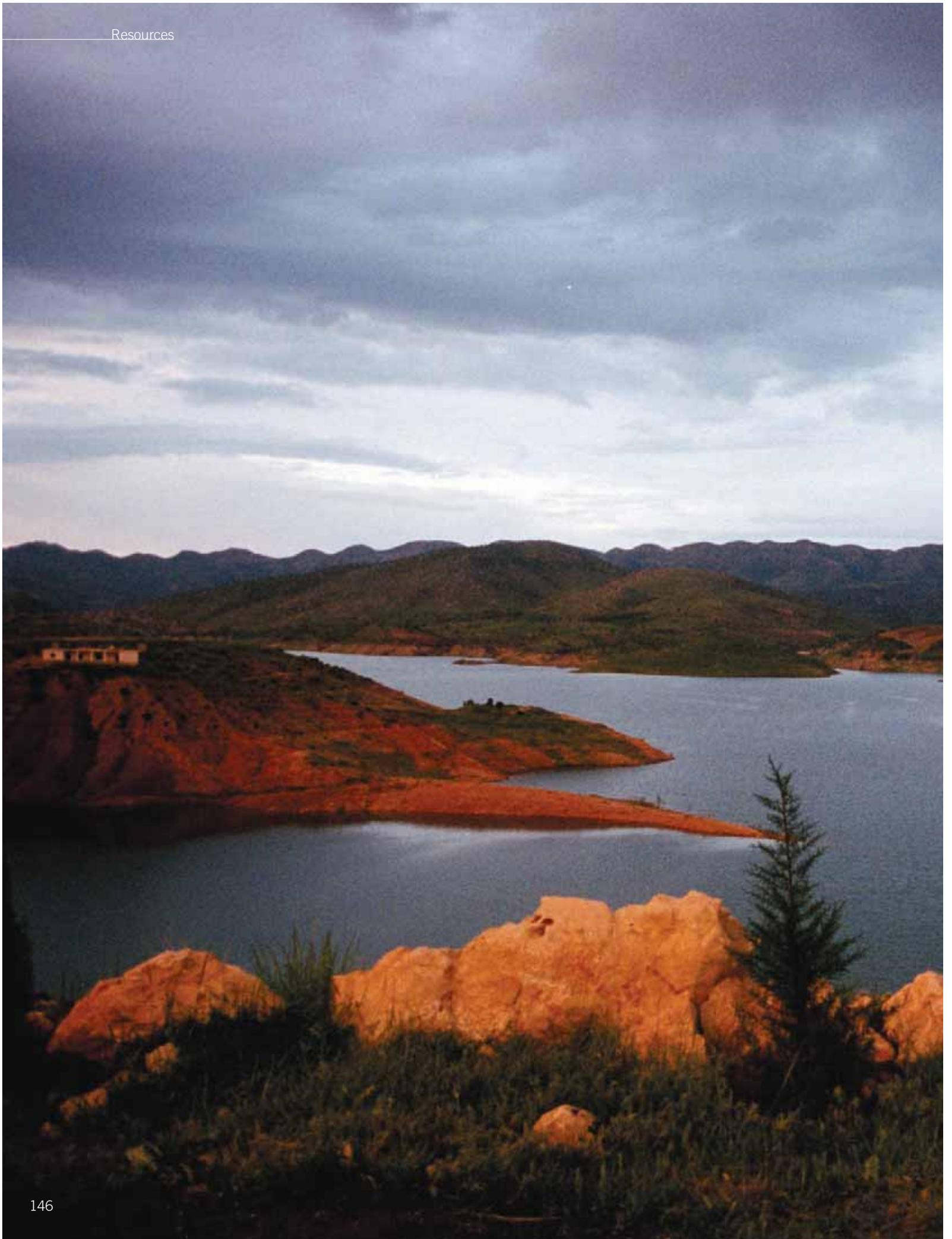
Kurdish cultural program, featuring performances and original artwork by prominent Kurdish artists.

A prime effort of the KRG-US office is serving the needs of the Kurdish community throughout the United States. The US Representative travels regularly throughout the US to meet with members of the Kurdish community as part of maintaining an open, working dialogue and to continue to enhance the role Kurds play as residents of the United States. As part of this outreach and cooperation, the office has launched a grassroots campaign to identify key issues of concern to Kurds in the United States, as a first step in bringing attention to those issues and lobbying on behalf of Kurdish interests.

As the main point of contact between North America and the Kurdistan Region, the KRG-US office provides multi-layered assistance to Kurdish and American citizens traveling to Kurdistan. The US Representation works with official US congressional delegations, as well as American business and academic groups with preparations, connections and travel to Kurdistan.

The KRG-US office is home to a vibrant team and invites you to contact them directly with any questions and suggestions.

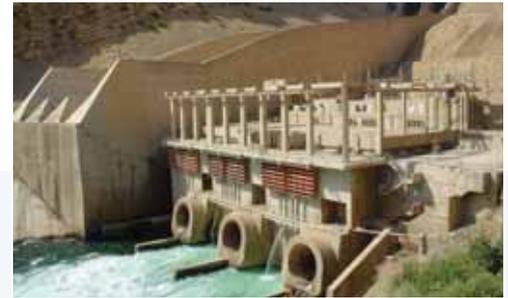
Email: us@krg.org
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Capitalizing on Kurdistan's Water Resources



Bayan Sami Abdul Rahman, of the KRG office in London, illustrates the power in Kurdistan's rivers



The image of families enjoying holiday chalets, water-side cafés and fishing in the Kurdistan Region's blue waters comes as a surprise to those whose view of Iraq is one of desert and violence. But Kurdistan's rivers, waterfalls and major lakes at Dokan,

Darbandikhan and Dohuk, with their scenic vistas, are key tourist attractions for day-trippers and holiday-makers.

Another misleading stereotype is that Iraq is rich only in oil and gas. The Kurdistan Region is rich in oil and gas, but it is also rich in many other natural resources and minerals – from Penjwen in the East, bordering Iran, where there are rich sources of iron ore, to Erbil in the west of the region, which is said to have the largest known rock sulphur deposit in the world. Geologists also think there are deposits of copper, gold, marble, limestone and gypsum.

But one of the least discussed natural resources of Kurdistan is water, which is plentiful. The first water wheels – used in irrigation – were developed in the Far East over 2,000 years ago. And with oil speculators expecting the price per barrel to reach \$100, the world's attention is focusing on renewable sources of energy, such as hydropower, which is perhaps the

longest-established renewable energy technology. That suits Kurdistan just fine.

The topography and an abundance of rivers in their youthful stages lend themselves to many opportunities to create hydropower. Kurdistan also has significant rainfall. So, if harnessed properly, the region's natural water resources could supply the entirety of the Iraqi grid with hydropower – as well as assist in reviving agriculture.

In contrast to much of the Middle East, Kurdistan is not parched. The major perennial river is the Tigris, which has several tributaries within Iraq: the Khabor River, the Greater Zab, the Lower Zab, the Sirwan River and the Hamrin River.

Development of dams has been underway for some time. There are already three large dams with multipurpose reservoirs in Kurdistan: Dokan, constructed in 1959, and Darbandikhan, constructed two years later, are together capable of providing in excess of 640 MW of electricity; while the Dohuk Dam is used mainly for irrigation. There are also 12

small dams and water features in different areas in Kurdistan.

There is significant untapped potential for donor and private sector involvement. The unfinished Bekhma Dam on the Greater Zab River is one of the largest possible regional development initiatives, with a capacity of over

Dams can play a significant role in developing Kurdistan

17.1 billion cubic meters – in contrast to the Dokan Dam, which has a capacity of about 6 billion cubic meters.

Bekhma is located 100 km from Erbil city and is designed to control 17.1 km³ of water, essentially for hydroelectricity and irrigation. Work on the dam began in the late 1980s, but halted in 1991 after the Gulf War, though studies and discussions continue. The project is an integral part of a program to use the abundant runoff of the Greater Zab River through constructing a large multipurpose dam for irrigation, power generation and flood control.

The dam will increase the irrigable area by 565,000 hectares (1.39 million acres). Maximum release through spillways (channels for carrying away excess water) by flood routing will be controlled to 8,000 cubic meters per second and a powerhouse with an installed capacity of 1,500 mega watts (MW) will generate electricity for the neighboring cities of Erbil and Mosul.

There is also scope for a series of small hydro projects, which would bring with them not only power and irrigation, but also the many other development opportunities that come with hydro investment. Unlike large-scale hydro schemes, small-scale systems cause far less environmental disturbance. With proper management, any negative ecological effects are negligible.

Naturally, part of the planning and policy of the KRG is to ensure the environmental impact on the agricultural industry is kept to a minimum as any significant development in this area must form part of the wider sustainable development policy for the region. Additionally, there is much attention paid to conservation measures and policy.

Four locations in the Kurdistan Region have been designated as important areas for birds by Birdlife International. These sites must be carefully integrated

with existing and proposed dam areas. Depending on the season, the tourist and ornithologist will find bearded and Egyptian vultures, Eurasian griffons and Radde's accentor. Other animals will also be protected from adverse development. The Eurasian lynx wildcat may still inhabit Kurdistan, and the Sind ibex and wild goats of Kurdistan are classified as vulnerable species.

Binnie and Partners, a British engineering company (now a multinational company called Black & Veatch), developed the first country-wide hydrological survey of Iraq between the late 1940s and early 1950s. This is still the main source for any new dam design. Black & Veatch confirms that the first hydro-electric schemes in Iraq were, in fact, in Kurdistan in 1959 and 1961, which underscores the potential within the region. The early dams were primarily built for irrigation purposes, then for hydropower and flood-control.

Dams can play a significant role in developing Kurdistan and re-building Iraq and, with the right policies, balance the development of arable projects with Kurdistan's needs for energy.

The Federal Ministry of Water Resources in Baghdad, run by a Minister from the Kurdistan Alliance, is now soliciting bids for a series of new dams and working in close cooperation with the KRG's Ministry for Water Resources. The Federal Ministry of Water Resources has already put out for tender the following dams for hydropower and irrigation: in Khazir Gomel, Bastora, Mandawa, Shadala, Bekhma, and Mosul.

The KRG's Ministry for Water Resources puts emphasis on the need for international cooperation on sharing water resources and transparency in issuing hydrological data.

Kurdistan's water resources are managed by the ministries of water, environment and municipalities in coordination with the same federal ministries, though the Kurdistan Region enjoys strong constitutional powers in this domain (interested readers can consult Brendan O'Leary's essay, "Federalizing Natural Resources", published in *Iraq: Preventing a New Generation of Conflict* (Boulder, Co, and London: Lynne Rienner, 2007), edited by Markus Bouillon et al).

The KRG's priorities are extending the domestic use of water, water sustainability, and the efficient use of water for agricultural production and energy, through the use of new technology and careful demand management. Working closely with the Environment Ministry, harmonization of water, land and forestry policies is crucial to improving soil, conserving water and preventing land degradation.



Nine Maxims for Wise Investors

Jonathan Morrow counsels on the basics

The Kurdistan Regional Government (KRG) has an oil sector that is straightforward and easy to access. The following is a basic guide to what is required for successful investment in the Kurdistan Region's upstream oil sector.

1. *Be able to demonstrate successful oil exploration and development experience, and good corporate citizenship.*

The KRG is required by Kurdistan Region Law to contract only with credible operators.

2. *Come to the Kurdistan Region.*

Kurdistan is well serviced by commercial flights from Dubai, Amman and Istanbul. Direct flights from European hubs are likely in the near future, as demonstrated by the recent experiment with Austrian Airlines flights from Vienna. Meet with government, business and civil society leaders. Meet with the Kurdistan Region's existing investors. You will be impressed.

3. *If possible, establish an office.*

If you have a local office with expatriate and local staff, it will be easier to get to know the Kurdistan Region and conduct early survey work.

4. *Get to know the acreage.*

If you are interested in a particular block, do your homework. Find any existing geological data (some of it is held by the KRG; much was dispersed in the 2003 hostilities in Baghdad); confer with the Kurdistan Region Ministry of Natural Resources. Visit the area – with basic precautions, road travel in the Kurdistan Region is easy and safe – and be ready to demonstrate a familiarity with its geology, geography, and natural and human environments.

5. *If possible, find an experienced local partner.*

There are several well-qualified energy-sector companies in the Kurdistan Region and Iraq. Kurdistan Region Law requires that the KRG give preference to prospective contractors with qualified local partners. The Ministry of Natural Resources

How To Invest in Kurdistan – Five Key Steps

1. Contact a KRG liaison office

The KRG has regional liaison offices all over the world to facilitate communication between interested investors and appropriate KRG contacts in Kurdistan. KRG representations abroad will disseminate crucial sectoral information relevant to investors' interests.

2. Visit the Kurdistan Region

Kurdistan has largely been insulated from the violence in Iraq. The KRG has created a stable security situation where foreigners are welcomed. With incomes on the rise, Kurds are eager to forge long-lasting business partnerships with international investors.

In order to clear up any misconceptions about the Region, the KRG strongly recommends that interested investors meet with local government and business leaders, and witness Kurdistan's outstanding economic progress first-hand.

Currently, airlines provide flights into Erbil and Sulaimania International Airports from Europe and the Middle East, and the Department of Foreign Relations will be happy to organize your visit.

3. Submit an application to the Board of Investment

The Board of Investment is the KRG institution that reviews and processes investment applications. Its "one-stop-shop" design eliminates bureaucratic hassle and provides a decision within 30 days of submission. At this stage, the Investment Board grants all relevant permits and licenses. An application can be found on the Investment Board's website: www.kurdistaninvestment.org

4. Talk to other investors in the Kurdistan Region

The KRG Department of Foreign Affairs plays an intermediary role by connecting interested investors with existing investors and local business leaders who have experience in the Region.

5. Set-up shop

The KRG works alongside foreign investors to create a mutually beneficial economic relationship. While our relatively untapped markets show promise for investors who arrive early, foreign direct investment is also essential for advancing Kurdistan's economic development and integration into the world economy.

For further information, tel: +44 (0)20 7170 4300

does not recommend any particular local companies, but can provide guidelines on suitability and transparency criteria. You will also find many local oilfield service companies to work as subcontractors.

6. *Be ready to move quickly.*

The KRG is looking for operators who can begin exploration activities immediately upon signing. There are early requirements in the Model Public Service Contract (PSC) for seismic activity, exploration wells and environment impact assessments. All contractors must have offices in the Kurdistan Region.

7. *Deal with the KRG.*

All acreage in the Kurdistan Region is subject to the Oil and Gas Law of the Kurdistan Region, and no other petroleum regime applies. The Oil and Gas Law renders invalid all pre-existing Iraqi petroleum law in the Kurdistan Region by operation of Article 115 and 112 of the Constitution. Matters that may require cooperation with the federal government, including sharing of some infrastructure, financial services, customs, and export permissions, have been taken up by the KRG.

8. *Make a bid.*

Using the minimum terms on the commercial term sheet and Model PSC (available on the web at

www.krg.org), submit a proposal to the Ministry of Natural Resources, contactable by email at mnr@krgoil.com

9. *Finally, think big and long-term.*

The KRG sees its PSC contractors not simply as investors or technicians, but as long-term partners in the sustainable growth and prosperity of the Kurdistan Region and Iraq as a whole. The Kurdistan Region is positioning itself as a commercial hub for the rest of Iraq, as a model parliamentary democracy, and as a safe, reliable investment destination which is committed to human rights, the rule of law and good governance. The Kurdistan Region is also committed to the highest standards of environmental protection and the diversification of Kurdistan's and Iraq's energy supplies.

If they follow these nine golden rules and share this vision, foreign oil and gas companies will be an important part of the certain success of Kurdistan's petroleum sector.

Jonathan Morrow is an Australian lawyer based in Washington DC and is a principal of Windham Resources Group LLC. He is a legal advisor to the Ministry of Natural Resources in the Kurdistan Regional Government.



Rich Rewards for Adventurous Investors

The promising Kurdistan Region offers a wealth of opportunities for foreign investment.
By Tanya Goudsouzian

T

he first time Mark Berger visited Erbil was in November 2003, on a cargo plane ferrying 30 tons of currency as part of the US government's aid to the region. He remembers the runway being covered in weeds, and the "airport"

consisting of two or three portable cabins.

"To witness the change at the airport since then is to witness optimism and determination," he says. "The airport has attracted \$330 million of funding, and coupled with the entirely new international airport of Sulaimania, provides a strategic external link."

Berger, Chief Executive of Alfagates, which is supplying support infrastructure for oil- and gas-related operations, has been involved with "challenging and high growth business environments" for 17 years.

Berger visited Kurdistan in 2004 and 2005 by road and by air, and set up a permanent base in 2006. "Since then we have become busy establishing infrastructure for foreign investors," he says.

For the investor seeking prospects for business in countries with historic reputations for conflict, Iraq's Kurdistan Region begs consideration. Despite the deteriorating conditions in the rest of Iraq, Kurdistan



Mark Berger,
Chief Executive of Alfagates

remains remarkably stable, and shows considerable signs of commercial promise and sustained economic development.

This is most obvious in the fast-growing city of Erbil, where construction sites are as common as *kebob* restaurants, or in the city of Sulaimania, which has always been known as a center for

culture and the arts. One can palpably sense the excitement of people who have waited decades for a chance to build.

"Whatever your product or service, it is probably needed," says Berger. However, he warns: "This is a strategic investment climate, and those with a purely short-term interest will find it tough to justify the financial commitment, irrespective of the benign legal framework."

Recent reports have painted a tantalizing image of Kurdistan. In an article published on September 2

“Read up on the local history and culture, and engage personnel who speak and write Kurdish”

2007 in the *New York Times*, Tom Friedman describes the Kurdistan Region as “an island of decency,” and marvels at the “flood of new investment... that had gone into new hotels, a big new convention center, office buildings, internet cafés, two new international airports and Iraqi malls.”

The Kurdistan Regional Government (KRG) is an imperfect parliamentary democracy, though exemplary by regional standards, and it is committed to critical self-improvement. It is certainly committed to economic improvement. Prime Minister Nechirvan Barzani has often expressed his vision to emulate the meteoric success of Dubai as a regional business hub.

The Kurdistan National Assembly enacted a series of new laws in 2006, mirroring some of the conditions for doing business in the much-marketed Arab emirate of Dubai. These laws ensure tax holidays, the absence of exchange controls, easy immigration and visa requirements, and allow comparatively unusual freedoms in rights to own and control businesses, and

land, explains Nick Hills, an international legal consultant, who has been working in the Kurdistan Region since 2006.

While local businessmen have complained that the laws grant too many benefits to the foreign investor, the aim is to lure foreign expertise to a region that still bears some of the physical scars of Saddam Hussein’s wrath, as well as Kurdish infighting in the 1990s.

But even the most zealous Kurdish politicians, trumpeting the advantages of their region, would urge one to read the fine print on how to do business there, especially if one is inexperienced in the ways of the Middle East, and unfamiliar with the conditions in the Kurdistan Region.

For his part, Hills advises would-be investors to do their homework. As a step-by-step guide for the freshly arrived, he offers the following: “First, be assured that there is a market for your product. Secondly, make sure that you are continuously and effectively represented in the Kurdistan Region, either by a dedicated employee and/or by a local agent/partner.

“Thirdly, make sure that appropriate high-level contact is established at all necessary ministries and government departments. Fourthly, take legal and tax advice, and ensure you comply with all laws and regulations.

“Fifthly, make regular visits to the Kurdistan Region because consistency and continuity engender familiarity with local businessmen and officials.





Nick Hills, international legal consultant

“Finally, read up on the local history and culture, and engage personnel who speak and write Kurdish.”

Hills, who has been working in the Middle East since 1976, mainly advising on government contracts on oil, gas, energy and petrochemical projects,

cautions against assuming Kurdistan is exactly like the rest of the Middle East, because “in many ways, it is better and easier, provided you prepare properly.”

As a senior consultant with TRC, a firm offering business consultancy services to clients concerning Iraq, he concedes that there are always difficulties in an emerging business market, but “with the Kurdistan Region, the positives by far outweigh the negatives.”

“The business climate is exceptionally encouraging,” he says. “There are massive opportunities in the petroleum service sector; in light to medium industry; in construction and real-estate development; in transport and logistics; in telecommunications; and, of course, in the top-line petroleum and petrochemical industries.”

He adds that there have been improvements in banking and the machinery of credit financing. Moreover, should investments hit a snag for any reason, “the law and the courts are long established, and effective, and the courts have an excellent reputation.”

Security is available and there are manifold protections available in the Civil Code and Commercial Law in terms of establishing, preserving and enforcing security. “Properly advised and properly structured, the risk element is entirely manageable and no more onerous than elsewhere in the Middle East region,” he says.

Since his company set up a base in the Kurdistan Region in 2006, Berger says that they have not met with “any difficulty that cannot be overcome with patience, persistence and the application of common sense.”

He continues: “Two of my cardinal rules for operating in this type of business environment are, first, manage your local relationships, and second, look to the future.

“Bureaucratic snags provide the opportunity to develop relationships with the very government officials whose awareness of our business provides a platform for

our progression. Lack of communications infrastructure will slow down business for most, but provides opportunities for us.”

Berger offers sage counsel: “Ensure that you are seen and heard, and that your message is kept simple. Prepare to impart your ideas to officials and the private sector, and develop your operations plan by listening to both.

“Be aware that you are the exponent of value to the region, as well as to your shareholders. You may be surprised that representations made to officials are listened to, and this is a major advantage for those who enter the market sooner rather than later.”

For investors already operating in Kurdistan, the shaky political issues with Turkey and Iran have had minimal effect on the business climate.

“I trust the KRG to act responsibly to retain the confidence of international investors. I trust our Kurdish and international advisors to look over my shoulder so that AlFagates can focus on looking forward,” says Berger.

What are generally considered more of a nuisance are day-to-day operational issues, such as telecommunications. In Hills’ words: “Snags are practical rather than material.” The need to improve mobile telecommunications and to speed up internet connections (at sensible prices) is essential, he says.

“The foreign investor visiting or working in the Kurdistan Region needs broadband speed internet connection readily available in the office, hotel, etc.; he or she needs to be able to use his or her home country GSM mobile everywhere in the Kurdistan Region; and he or she needs to be able to use his or her BlackBerry everywhere... to keep in touch with the rest of his or her business and the world generally. I cannot emphasize how critical this is and what a serious drag it imposes on the work we are all doing in the Kurdistan Region.”

All things considered, however, most foreign investors already operating in the region have no major complaints. Hills, for his part, says his business is going “fantastically.”

“The early bird catches the worm,” he says, and encourages others to follow suit.

However, Berger laments that, even though his operations are doing well, “lack of awareness that the Kurdistan Region is safe is an impediment to recruiting key international staff.”

Tanya Goudsouzian is a journalist who works in Kurdistan and the Gulf.

American Investment in Kurdistan

The early bird catches the worm, says Terry Dunmire, Director of Business Development, DynCorp International

“R

ugged individualism” defined the unique American spirit after we won our independence from Great Britain more than 200 years ago. A renewed burst of our

national character will be an important element in understanding how to develop and implement a successful investment strategy in the Kurdistan Region.

While the largest US companies have thus far stayed away from direct investments in the Region, opportunities abound and the rewards are great for those who are adventuresome. In fact, the “Other Iraq”, the democratic and stable part of Iraq, is fast becoming the place where serious and experienced businesspeople recognize the tremendous wealth of investment opportunities. The production sharing and oil exploration agreements announced recently demonstrate the commitment of the Kurdistan Regional Government, under the leadership of Prime Minister Nechirvan Barzani, to further economic development and provide for the long-term prosperity of his people.

To date, the Canadians, the French, the Turks, the Koreans and other nationalities have scooped up good investments, while the Americans have languished behind.

For an American businessperson, the risk management calculus may have been different. Of the \$21 billion identified for Iraqi reconstruction, only \$647 million has gone to the north – a mere 3 percent, which is unjust, and sends mixed messages. The US government had, until recently, been urging support for a strong centralized government in Baghdad. In consequence, moves to engage in investments in Kurdistan may have been perceived as favoring the regional over the federal government. There has been an implicit fear that support for business investments in Kurdistan somehow de-legitimizes the federal government in Baghdad, and thereby works against US policy and interests.

But the opposite is true. A strong, secure and vibrant Kurdistan will help, not harm, the basic requirements of reconstruction, of state-building in Iraq. Its economic development already assists the federation; when it realizes its full growth-potential it will help kick-start the



rest of Iraq's economy. Of course, in Iraq, cost-benefit analysis is complicated by geopolitical, ethnic, social, and conflict variables. But well-informed analysts agree with my fundamental premise: a strong Kurdistan Region is good for Iraq, not bad for it, and good for America rather than the converse. The Iraqi Constitution mandates federalism: Kurdistan is showing what can be done under a federal order.

not months or years of negotiations. As the KRG Representative to Washington DC, Qubad Talabani has indicated, "US companies that express an interest have an open door to partner with Kurdish businesses, and such partnerships will be transparent."

Many senior US government officials have made it their mission to support US investment in the Kurdistan Region because, they, too, see investment and free

"Kurdistan is an area where there is security, where there is economic activity, where there is prosperity"

Implicit fears, mixed messages, and caution, are not stopping "rugged individualists," such as Ray Hunt of Hunt Oil Company, from becoming the first American oil company to operate in Iraq since the 2003 war. An opportunity existed, a strong private-public relationship was created with the Kurdistan government's support, and recently an agreement was signed within weeks –

markets as the "engine of growth," as President Reagan used to say.

"Kurdistan is an area where there is security, where there is economic activity, where there is prosperity," said then-US Ambassador to Iraq, and current US Ambassador to the United Nations Zalmay Khalilzad during a visit to Erbil to kick-off a trade show in 2006.

“To the businesspeople around the world, I say, come and satisfy the market in Kurdistan.”

Numerous US officials and Members of Congress have traveled to the Kurdistan Region. All express the same strongly positive reaction; and that comes from Republicans and Democrats of both chambers of Congress, and from senior Department of Commerce and Defense officials. The Overseas Private Investment Corporation (OPIC) recently awarded a contract to Sigma Corporation for building new housing.

million expansion of the Erbil International Airport or their work with the US Army Corps of Engineers to triple the Ifnz Water Treatment Plant capacity) is a model that needs to be emulated by the federal government, or other regional governments that may develop in Iraq.

It is true there are uncertainties – Turkey’s recurring threat to invade, ostensibly over its fears about the Kurdistan Workers’ Party (PKK), the upcoming referendum on the status of Kirkuk, and fully implementing Iraq’s constitution loom on the horizon.

Numerous US officials and Members of Congress have traveled to the Kurdistan Region. All express the same strongly positive reaction

Investors find in Kurdistan the foundations for good business: a well-organized and able governmental structure, transparency, predictability, safety, the dawning of a flourishing civil society, the rule of law, tolerance, political pluralism, and friendly potential customers.

Modernization will take time. Technical know-how, training and mentoring programs and educational investments will take time to pay off, but the regional governmental priorities are laudable. Kurdistan’s policy-makers have adopted the same economic underpinnings as those recommended in US foreign economic assistance tenets: transparent institution-building, appropriate and lawful technology transfer, private sector involvement, and competitive policy reforms.

The federal Iraqi government can learn much from the Kurdistan Region – which has coalesced around its two major political parties, the Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK), and with smaller parties to generate a unified, power-sharing and strikingly inclusive government.

The new unified administration and the lively Kurdistan National Assembly have enacted numerous pro-foreign investment laws and regulations. Their understanding of appropriate fiscal federalism is simple. They should receive (and give) a percentage of the wealth based on their regional population (presently 17 percent). That does not threaten Baghdad’s federal government.

The Kurdistan Region’s dynamic liberalization – passing free trade and pro-investment laws, and not just in the oil and gas sector – and the use of their limited resources to spur economic development (e.g. the \$250

But the smart investor will not be deterred. The oil companies know that the prospect of tapping into Kurdistan’s wells is enticing, and does not have to be at the expense of the rest of Iraq. If they wait for the federal legal framework, which appears to be stalled, they may miss the boat that has set sail in Kurdistan.

For now the smaller oil players, such as Norway’s DNO, Switzerland’s Addax Petroleum, and Turkey’s Genel Enerji, are all operating in Kurdistan, while the major US oil companies are operating a self-imposed ban. But this landscape may change quickly. Private back-channel discussions between the oil majors and KRG officials are starting, and the momentum in new investment is gathering pace.

Instability and sectarian violence will likely continue in central and southern Iraq, but Kurdistan is open for business. You can have your family with you – safely, and not thousands of miles away.

With 70 direct flights a week to the region from Europe and the Middle East, the “rugged individualists” that head to Kurdistan will enjoy the adventure and will reap the benefit of lifetime personal relationships and professional business opportunities.

Terry Dunmire specializes in international business development projects. He is the Director of Business Development at DynCorp International and on the Board of Directors of Corporate Council on Africa. In the past, he has initiated and executed mergers, acquisitions, and divestitures. DynCorp International is headquartered in Falls Church, Virginia, USA.

In For the Long-Haul



Wayne Culbreth, Managing Partner of FDF Capital Management, describes his company's experience of the Kurdistan Region

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s we pulled onto the Harir Fruit Processing facility, I had a pretty good idea what I was about to see. I had been to countless shutdown factories throughout Iraq during my time deployed with the US Army.

There would be a hodgepodge collection of aging equipment, dirt and debris everywhere, with significant damage and looting.

Instead what I found was a factory in pristine condition, fairly new equipment from the Netherlands and Italy, all maintained like the factory workers were just on a break, rather than a facility that had been shut down for nearly five years – definitely not the norm I had been used to seeing. This was different. This was Kurdistan.

Thus began my efforts and my company's work in the Kurdistan Region. Our first private equity investment was in a joint venture with the Dabin Group to reopen this tomato paste and fruit juice processing plant in Harir. We learned a lot in the process.

You need to have three fundamentals right to do business in the Kurdistan Region:

1. **Good Partners.** The key to investment in any emerging market is good local partners. We were fortunate to leverage the contacts and logistical support of the US Military's Taskforce to Improve Business Stability Operations Iraq. This great effort from the Pentagon has truly made it easier to get business done. We also linked up with the

American Business Development Group – a Washington based firm with strong ties in Kurdistan – one of whose principals happened to serve with me in the 278th Armored Cavalry Regiment when I was deployed to Iraq. The KRG Board of Investment, a regional government entity chartered to provide assistance to foreign companies doing business in Kurdistan, is very helpful.

2. **Capital and Concepts.** I have found a strong desire to grow a modern, diverse economy throughout the business world in Kurdistan. You will find parties interested in development of local healthcare capability, pursuing agricultural development, broadband internet and telecom improvements, and a host of other avenues for economic development. What you will not find most often is the technical expertise or even an operational plan to execute. This threw us off initially and took some time to understand. For example, going into a meeting with X company looking for investors in a new X manufacturing facility, the US equity investor expects a presentation on the local and regional markets, construction costs of the facility, production costs and projected operating margins. Instead, what you will get is a company with the land, capital and a labor pool, but looking for an operational plan, technical assistance and strategic capital to make the deal happen.
3. **Strategic View Towards Economic Development.** If you are coming to Kurdistan just to make a quick



buck, you are in the wrong place. Mind you, that is entirely possible in this booming economy, but you will have a hard time finding a local partner with that philosophical view. The leaders in the Kurdish business community that I have worked with talk about concepts like job creation, wage growth, diversification from oil, technical training and advanced education. They want to develop projects in agriculture, critical infrastructure and a foundation in healthcare. They want manufacturing for import replacement and quality control over cheap and poor quality imports from China. Most of all, they want international partners that are in for the long-haul, not the flipping of a deal.

If you want to ride this economic surge through real estate speculation or merely exploiting cheap labor, you are in the wrong place because you will not find a quality local partner. But if you want to create long-term value, build local capacity and diversify the economy of Kurdistan, you can do very well here with excellent return on investment.

Risk exists in any emerging market, but few have the economic engine of oil that Kurdistan enjoys, in addition to a strong, governmentally exhorted desire to diversify the economy so that all of their citizens benefit – not just a small ruling class.

For high growth, quality investments in an emerging market, the Kurdistan Region is an opportunity that cannot be beaten.



Investing in Stability



By David Bohigian
Assistant Secretary for Market Access and Compliance,
United States Department of Commerce

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he International Trade Administration (ITA) of the US Department of Commerce recognizes the importance of trade, investment, and private sector development to Iraq's stability and prosperity. Since 2003, we have worked with the Government of Iraq

and the Iraqi private sector to help create a market conducive to economic development, identify and promote areas of opportunity, and further develop the private sector.

Over the past four years, Iraq has been developing and implementing policies that are more business-friendly to attract foreign investment. Iraq has passed, and is working on implementing an investment law that provides for equal treatment under the law to all investors without regard to nationality, and prescribes clear procedures for obtaining an investment license. Iraq's corporate and individual taxes are set at 15 percent, which makes it extremely competitive with its neighbors. Iraq has begun the process of accession to the World Trade Organization, which would be a significant step towards full integration with the global trading community.

Iraqi Kurdistan is prospering and currently offers a variety of business opportunities for domestic and foreign firms

The country's private sector is growing and seeking partnerships with foreign companies. Private companies registered with the Iraqi Ministry of Trade have increased from 8,000 to over 30,000 companies, and Iraqis participating in commerce-supported delegations to regional and US trade events have increased tenfold year-on-year from 2005 through 2007. Iraq has several sectors of opportunity. The telecommunications sector has grown from a very limited number of cell phones in the Kurdistan Region of Iraq to nearly ten million subscribers nationwide (about 30 percent of Iraq's population).

The US Department of Commerce's Commercial Service presence in Baghdad and Erbil, and Iraq Investment and Reconstruction Task Force in Washington support commercial relations between the United States and Iraq, primarily through the facilitation of US business interest in Iraq and growth of the Iraqi private sector. One such initiative is the US-Iraq Business Dialogue, which I helped launch in Erbil in February 2007, with former Under Secretary of Commerce for International Trade Frank Lavin. The Business Dialogue is an advisory group comprised of private sector representatives from a diverse range of industry sectors and various geographical regions of the United States and Iraq. It advises the US Secretary of Commerce and Iraqi Minister of Trade regarding private sector priorities, needs, and concerns regarding private sector business development in Iraq and enhancing commercial ties and expanding trade between the United States and Iraq.

We chose Erbil as the location for the inaugural meeting to highlight an area in Iraq that is clearly open for business and can serve as a gateway to the entire Iraqi market. Members of the US Section of the Business Dialogue arrived on commercial flights and were housed in private hotel accommodations. During our meetings, representatives of the Government of Iraq and the Kurdistan Regional Government (KRG) joined together to consider input from the business people present. Erbil provided an excellent venue for business-to-business and business-to-government engagement.

During our trip, it was clear that Iraqi Kurdistan is prospering and currently offers a variety of business opportunities for domestic and foreign firms. The Commercial Service launched its Business Gateways: Kurdistan program to highlight successful business ventures thriving in this region's more stable and commercially developed environment. During the launch event, several US and foreign companies spoke of the success they were having in a variety of industries, primarily construction. In addition, Former Under Secretary Lavin and the KRG Minister of Housing and Construction held a ribbon-cutting ceremony for the impressive Khanzad American Village, a development project of 400 residences led by US-owned Sigma International Construction, LLC, and backed by the Overseas Private Investment Corporation (OPIC), a US government agency.



The US Department of Commerce will continue to emphasize that the stability and commercial development of the Kurdistan Region of Iraq makes it an ideal entry point for market opportunities throughout Iraq and beyond. We are pleased to support the KRG's initiative to bring investment to Iraq in critical areas, such as housing and construction, agribusiness, food products, and other sectors. We look forward to continuing our cooperative relationship with the KRG, the Government of Iraq, and the people of Iraq to ensure that Iraqis from all regions of the country enjoy a prosperous future.

Rapid Transformation

K

urdish society was once mostly rural, nomadic and seasonally organized. It was a land of *aghas*, sheikhs and tribes, of mountain mystic saints and occasional bandits. Now only the shadows of that world linger in the high mountains.

The Kurdistan Region is now highly urbanized, settled, festooned with satellite dishes, tuned to the rhythms of the global marketplace, and listening to international television and radio shows. The main risk comes not from bandits, but from fast drivers, rendered impatient by traffic queues caused by construction sites.

When it is joined by Kirkuk, the unified Kurdistan Region will be as big as the whole of Ireland and will have had as speedy a social and political transformation as that now-favored island.

In this section, Dr. Ali Saeed reflects on the impact of many social and political transformations on the university sector and higher education in Kurdistan, while Dr. Abbas Vali explains why the Kurds, so long denied the full use of their language rights, are nevertheless going to make English their international language for business and education.

Taha Barway, the first Minister of Sports and Youth, explains what his ministry wants to achieve for the new Kurdistan, whose children have no direct experience of the coercive and repressive past and are impatient to transform the world of their parents.

Building an inclusive Kurdistan is the theme pursued by Qubad Talabani, and our book concludes with a typically incisive piece from the distinguished writer Christopher Hitchens.



Universities of Kurdistan: Knowledge Powers Growth

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here are seven universities in the Kurdistan Region. The three largest are Salahaddin University in Erbil, the University of Sulaimania, and the University of Dohuk. They offer studies in various subjects leading to specialized diplomas, bachelors and masters degrees, and doctorates.

The oldest university was established in Sulaimania in 1968 and was called Salahaddin University. It was moved to the capital city of Erbil in 1981, where it remains today as Kurdistan's largest academic establishment, with 18,000 students. After the Baath regime withdrew its administration in the aftermath of the Gulf War, in 1992 the Kurdistan Regional Government (KRG) established the University of Sulaimania and the University of Dohuk.

Two more recently established institutions are the University of Koya and Hawler Medical University.

Kurdistan now has two new universities that teach exclusively in English. The University of Kurdistan – Hawler was founded in June 2006 and opened its

doors to students in October of that year. This pioneering project is publicly funded and welcomes students from all over Kurdistan. English is the medium of teaching and all students must pass an internationally recognized one-year course of study in foundation English. The annual intake now totals 300 undergraduates and 60 postgraduates. Its Rector, Professor Abbas Vali, answers questions in the accompanying interview.

At the American University of Iraq Sulaimania, all instruction is in English. Starting in September 2007 it began an intensive program in English to prepare students for its first degree program, a Bachelors in business administration, in autumn 2008.

The KRG is committed to assisting its public universities and to facilitating its private universities. It wishes to oversee the internationalization of its universities – in teaching, in faculty and research. It wants to attract back the educated diaspora of Kurdistan with attractive research and teaching positions in the natural sciences, management, law and the applied social sciences. It wishes to facilitate co-operation with English language universities worldwide.



Investing in Minds: A profile of the University of Sulaimania

Nestled among the mountain ranges of Goyzha and Azmar to the northeast, and Gila Zerda to the southwest, is the bustling city of Sulaimania. Founded in 1784, and named after Sulaiman Pasha, who ruled Baghdad province on behalf of the Ottoman Empire, the city is rich in history and vibrant in culture.

It is home to the University of Sulaimania. Its formation reflected the demands of the people of Kurdistan for the expansion and dissemination of knowledge, education and culture. One outcome of the incessant struggle of Kurdish people for human rights and fundamental freedoms was the Iraqi government's decision to open a university in the Kurdistan Region in 1968. It was named the University of Sulaimania and it was the first university ever opened in the Region. For the first time in the history of their land, thousands of Kurdistanis received the opportunity to study systematically.

After the March uprising of the Kurds of Iraq in 1991, which followed the end of the Gulf War, the people of Kurdistan took steps to establish the first free and democratically elected government in Iraq, and resolved to rebuild the country, and to restructure its political, economic and educational systems. The University resolved to play an important role in this process, and to educate cohorts of graduates and specialists able to reconstruct the Region.

The University originally opened with three colleges: Agriculture, Science and Engineering. Gradually, the following colleges were added: College of Arts (1971-72); College of Medicine (1974-75); College of Economics and Administration (1975-76); and College of Education (1976-77).

The University of Sulaimania very soon became a prominent scientific and cultural center. It functioned until 1981 when, following an arbitrary and unjust decision by Saddam Hussein's regime, the University was transferred from Sulaimania to Erbil (Hawler), and its name changed to the University of Salahaddin. The change of name was significant, because it clearly indicated that the Baghdad government had plans to relocate the University away from primarily Kurdish-populated centers, and nearer to primarily Arab-populated Tikrit, the center of Salahaddin Province, and the birthplace of Saddam Hussein. The move was regarded as a punitive strike against Kurdish national consciousness.

Almost immediately after the Kurdish Uprising in March 1991, the proposal to re-establish the University of Sulaimania was put forward in the newly elected National Assembly. As a result, in October 1992 it adopted a resolution to re-open the University in Sulaimania. The date of the re-opening ceremony was set for November 14, 1992. The next day, students in the Colleges of Medicine, Agriculture, and Languages were already attending classes.

An important role in the University's rebirth was played by the local population of Sulaimania, the specially appointed High Commission for the University Re-establishment, and the Commission for Collecting Donations. Generous donations helped the purchase of necessary equipment, while others directly participated in the reconstruction of the University's buildings.

The decision to re-open the University in Sulaimania was significant for both the Kurdish community and the newly established Kurdistan Regional Government. It was also a practical response to the annual necessity to provide higher education for around 18,000 recipients of secondary school certificates in the Region. The University of Salahaddin in Erbil, the capital of the Iraqi Kurdistan Region, was no longer

able to accommodate all the students who waited to continue their higher education. The decision to open new colleges, new departments, and to start postgraduate studies was further prompted by the almost complete isolation of the Kurdistan Region from other academic institutions, both inside and outside Iraq, that began in 1991 and lasted until Operation Iraqi Freedom in 2003.

Presently, the University comprises 21 colleges, including: Administration & Economics, Agriculture, Dentistry, Education, Engineering, Fine Arts, Humanitarian Sciences, Languages, Law, Medicine, Nursing, Pharmacy, Political Science, and Science & Veterinary Medicine.

In the 1997-1998 academic year, the University began postgraduate courses, leading to Masters and Doctoral degrees. Initially, postgraduate programs were introduced in different departments of the Colleges of Medicine, Agriculture, Science, and Languages. Now postgraduate studies in Engineering, History, Geography, Sociology, Law, Administration, and Physical Education are available.

The University of Sulaimania seeks to continue partnering with US and European academic institutions, with faculty and staff exchanges as one key way of re-integrating the new generation of Kurdistan into the larger academic and intellectual world. The appetite for knowledge and desire for learning is abundant among the youth of Kurdistan, as is the appetite for adult learning. This, coupled with our academy's drive to develop an intellectually stimulating curriculum, and

to play our role in developing a knowledge-driven economy, is a formula for a successful future. We welcome interactions with foreign investors, as their plans will help us formulate our own.



Dr. Ali Saeed Mohammad
MRCP (UK) & FRCP (UK)
President of the
University of Sulaimania



Interview with Abbas Vali, the Rector of the University of Kurdistan Hawler (UKH)

What are the guiding principles and mission of the UKH?

Our mission is to provide free education in English to motivated and eligible students in key subjects that are needed for the development of the Kurdistan Region. The University will give Kurdish students access to world-class education and research. We intend to aid the development of skilled cadres of graduates who will be of benefit to both the public and private sectors.

An important part of our mission is to invest in the future of the Kurdistan Region and contribute to social and political developments underway, through improving educational opportunities and infrastructure. We aim to generate research and advance knowledge that will inform policy and decision-making in the Region in the long term.

The guiding principle is that the students will receive an education and qualifications that meet high internationally recognized standards. That is why we are in discussion with a British university to have the courses externally validated.

Why was English chosen as the language of instruction for all of the degrees?

For three reasons. First, English is the global language. It is not only the standard language of diplomacy, it is the language of science, as well as of the social, economic and political sciences. It is the language of management and business studies, and information technology. At least 70 percent of texts in these subjects are published in English; and the figure for research publications is even higher. Kurdish, and for that matter Arabic, Persian and Turkish, though highly developed literary languages, are not the language in which all these disciplines are developed. Those who teach the social sciences in these languages would testify to this fact.

Second, the University, like the Kurdistan Region, wishes to look outward, toward the new European Union that has just expanded to our west, and may expand to include Turkey – and English is increasingly the lingua franca of the EU.

Third, English is the major language of the world academic community – if we wish to attract academics from outside of the Kurdistan Regional Government (KRG), an English language policy is attractive.

English tuition is a key aspect of our work, as it provides students with opportunities to engage in debates and issues of global significance, and will ensure ongoing dialogue with the international community. We are in negotiations with a British university to have our undergraduate degree programmes validated in accordance with British standards. This means students graduating from UKH will hold internationally recognized degrees. We are also working in partnership with other research and teaching institutions internationally to enable staff and students to utilize their skills and develop links in communication with academics and others across the globe.

Who can apply to study at the UKH?

Students of any age beyond 18, of any religion or any ethnicity can apply to study at the University of Kurdistan Hawler. Students will be accepted on the basis of their academic ability, knowledge and personal motivation. They have to satisfy the academic criteria for entry – that is the fundamental requirement.

Universal access to education, regardless of background, creates the general social conditions for a strong society to flourish; a commitment to tolerance and respect for diversity is a key feature of the success of any long-range strategies for securing economic, social and political stability in the region. Since UKH is a publicly-funded institution, this means that students are provided with full scholarship for their studies.

The University will accept applicants mainly from the Kurdistan Region. A number of non-Kurdish students from other parts of Iraq will also be

admitted in accordance with the rules governing the federal administration in Iraq. All applicants have to fulfill the selection criteria for entry.

What is the selection procedure?

Applicants have to fulfill three conditions to be accepted. First, they should have completed secondary school with a grade of at least 75 percent in the Baccalaureat. They have to sit a written English exam. Finally, if they pass the written exam, they will attend an oral interview to assess their academic ability and motivation.

What subject areas does the University cover?

English Language, Management, Economics, Petroleum Technology, Political Science, Sociology, Teacher Training and Information Technology. We believe these subject areas will equip Kurdistan's citizens with applied skills, which will be of benefit to the development of enduring systems in the Kurdistan Region. Further, they encourage capacities in communication and critical, creative thinking, which will enable graduates not only to build more stable, but also brighter futures, and respond to the demands of a rapidly changing infrastructure.

Where is the University located?

A large plot of land in the center of Erbil has been allocated for the campus. Our teaching building has been operational for some months now, and we are about to inaugurate officially our new administrative building, which houses the University Registry, library and a new lecture theater.

Who is on the academic staff of the UKH?

Only native English speakers and fully qualified teachers of English as a foreign language will teach English in the foundation year. English language teaching will be managed as a distinct department. The lecturers and professors for the degree programs are mainly from abroad; Western or Kurdish academics teaching in Western universities, some young academics, but mostly established staff with a good track record in teaching, research and publication.

How does the UKH fit into the Kurdistan Region's education system?

UKH is a new initiative of the KRG that forms part of its wider pursuit of modernization in the educational sector.

It is funded by the KRG and like the other universities in Kurdistan, it offers free education. But we are autonomous in administration and academic arrangements, including the choice of curricula, provision of teaching, conduct of exams and method of assessment and degrees.

In your view, why is the UKH important to the Kurdistan Region?

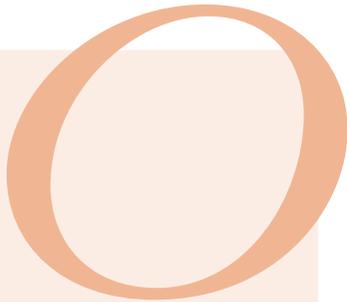
As the KRG is establishing and consolidating sustainable parliamentary and democratic institutions, partly through opening its doors to international influences and the international community, the UKH is working in tandem to build our civil society. Through our commitments to the goals of a liberal and scientific higher education we will promote the cross-cultural, cross-disciplinary and international dialogue that aids the deepening of democracy.

Abbas Vali is a political theorist and specialist in the politics of the modern Middle East. Professor Vali taught at the University of Wales, Swansea in the UK from 1985 to 2004 and at Bogazici University in Istanbul from 2004 to 2006. He has written and published extensively on aspects of modern Middle Eastern history and politics, especially on Iranian history and politics and the Kurdish Question in the Middle East.



Empowering the Young

The Ministry of Sports and Youth was inaugurated in May 2006. Its first Minister, Taha Barwary, outlines the Ministry's achievements and goals



Our Ministry was established in recognition of the fact that normal life, organized exercise, and leisure activities for the young had all been very adversely affected by the former regime. One of the outcomes of this was a generation which missed out its

childhood and adolescence, and in which many felt marginalized after the ending of armed hostilities.

Our mission is to facilitate the educational and all-round development of independent, integrated, healthy and active individuals, and to encourage rather than direct a thriving civil society. We have examined, and are proposing, modifications of laws to encourage a more participatory society.

The first task of the Ministry of Sports and Youth (MOSY) has been to establish the facts. The Ministry has learned that unemployment among adolescents is higher than anticipated and may be increasing.

We have learned the extent of our deficiencies in international standards with regard to IT skills and the English language, and can now set goals, targets and policies to transform matters. We realize that to engage

our children and youth in sports and recreational activities is important in itself, as well as an effective measure in deterring criminal and extremist behavior.

One way to combat the unemployment and the passivity that exists in society is to create opportunities for business investment, which can especially be beneficial to the young. As security in the Kurdistan Region is very stable compared to the rest of Iraq, there are opportunities to build cafés, restaurants, cinemas, theaters, sports stadiums and much more.

The geographical nature of Kurdistan is rich in mountains and rivers, which means that there is ample opportunity for summer and winter sports activities, such as mountain climbing, skiing and canoeing.

Our goal is to provide basic and high-quality sporting facilities, and to develop sport-friendly and sport-adapted infrastructure in all communities. We are promoting the training of professional athletes, and will be legislating compulsory sports classes in cooperation with the 13 other ministries in the KRG. We aim to fulfill the UN Millennium Development Goals in our sector. We have launched several youth and sports projects and activities.

Our capacity-building campaign started in 2007, and will last until 2010, to support educational programs in

We are focusing on improving the quality of physical education in schools

the entire Kurdistan Region. As part of the campaign, awards are presented to young people who have accomplished the most outstanding achievements within their fields throughout the year. For example, the “Journalists of the Year” award is presented to 15 young reporters for exemplary journalistic progress. The “Youth of the Year” award is presented to the most active young person in a number of categories; we also award the individual or organization that has contributed most to the elimination of violence against women.

The Ministry has opened 17 Culture Centers in different districts, offering local youth extra-curricular courses in science, technology, IT, languages, cinematography and media studies. The centers give additional support and encouragement to young talents in the Region. Our particular emphasis is to empower girls and young women to recognize their potential and to become agents of change.

Five local radio stations have been established that are administered and operated by the local youth in the community. Daily broadcasts give multi-faceted portrayals of issues that are of concern to young people and have proven to be a popular platform for discussions among listeners of all ages.

A key concept is political party neutrality and reporters are educated in objective journalism and studio techniques, as well as organizational development.

This year the Ministry held its first Summer Youth Camp in Amedi, Dohuk, and hosted 800 participants. The Camp will be an annual event, and is designed to expand participation in sporting activities, create networks, exchange ideas, and develop knowledge and skills in English, IT, human rights and democracy. You can find more information and pictures on the MOSY website: www.mosy-kr.org.

A promising youth orchestra consisting of young musicians from all over the Kurdistan Region is publicly supported, but would benefit from sponsorship. The group took home a second-place prize when competing in the prestigious Summa Cum Laude International Musical Youth Festival in Vienna in 2007.

In collaboration with the Ministry of Education we are focusing on improving the quality of physical education in

schools. One major concern has been to increase accessibility for girls and women. A regional women’s sports movement is gradually gaining strength, exemplified by the recent establishment of a female sports club in Hawler (Erbil).

The Ministry is making reforms to facilitate people with disabilities to have equal opportunities for recreation and sports, and we are modifying building regulations accordingly. The newly established Kurdistan Paralympics Committee is planning to set up projects to develop methods of accessibility and participation, information and training programs.

These are just some of the activities and projects of the Ministry. We have obvious budgetary limitations, and a lack of external financial assistance has hampered progress, but we are hopeful that under the new constitutional order in Kurdistan, and with a strategy that focuses on our next generation, we can become the sporting Mecca of the region.



Image © Via Musica/Nick Mangatias

Salah Rahman Sports Foundation

The fourth anniversary of Iraq’s liberation was celebrated in Kurdistan’s capital Erbil through the Freedom Day Run organised by the Salah Rahman Sports Foundation.

About 700 participated in what became a spontaneous festival of sport on April 9 2007. Men, women, children and people with disabilities all took part in 10km and 5km runs, marking the first community event of its kind in the region and in the whole of Iraq.

The foundation was launched in July 2006 to honour Salah Rahman, who lost his life in a terrorist attack two years earlier. Salah Rahman, who was born in Kurdistan but spent many years in the UK, was a dedicated amateur sportsman with a desire to see progress for his people, using sport as a tool for personal development and to cement community bonds.

The charity, which is UK-registered, has organized and participated in several events in Britain and in Kurdistan, including mountain climbing. It is one of many charities operating in Kurdistan as part of a new wave of civil society and nongovernmental organizations.

**UK Charity Commission No: 1113896
www.salahsports.com**



Iraqi Christians celebrate the Mass of Palm Sunday at a church in the northern Kurdish city of Erbil

Building an Inclusive and Tolerant Kurdistan

By Qubad J. Talabani,
KRG Representative to the US



T

he future of the Kurdistan Region is, and always will be, a mosaic of many people – Kurds, Arabs, Chaldeans, Assyrians, Turkomen, liberals, conservatives, Muslims, Christians, Jews, Yezidis, and secularists. Our tent is large, and all are welcome.

The Kurdistan Region's social and economic strength lies in its diversity, its civil society and its drive to adhere to the rule of law. In its progress toward more secure rights for all, the Kurdistan

Regional Government (KRG) has set as a top priority the need to enact measures and educational campaigns ensuring that women's rights, children's rights, political pluralism and religious freedom, as well as the care and protection of refugees and internally-displaced persons, continue to be strengthened and guaranteed.

Political pluralism and religious tolerance are fundamental to the Kurdistan Region's development. For in the Kurdistan National Assembly, our parliament, we have several ideologies represented,



including liberal democracy, social democracy, socialism, communism, and conservative Islam. What sets Kurdistan apart from many other polities in the Middle East is not our drive for political and economic reform, but our deliberate tolerance; the tolerance of our people and the tolerance of our government toward opposing beliefs and opinions.

Although the majority of people in the Kurdistan Region are Muslims (mainly Sunni, with a minority Shiite), many choose to live a secular life. Almost all segments of our society believe in a clear delineation of responsibilities between mosque (or church or temple) and the state. Those that support a secular life do not live in fear of radicals who view them as apostates. Nor are those who choose to live a conservative life, and strictly follow a more conservative interpretation of the Holy Quran, oppressed as a result of their beliefs.

The KRG is proud of its vibrant Christian communities. The region boasts a large number of different denominations, such as the Assyrian Church of the East, as well as the Armenian, and the Catholic Chaldean churches. Moreover, we are also home to several hundred thousand Yezidis (Ezidi), followers of an ancient religion practiced by Kurds in Iraq, Syria and Armenia, which has almost a million adherents

worldwide. The KRG and all those in Kurdistan take great efforts to ensure that this distinctive religion, along with others such as the Shabak, is free to thrive and be safe within our democracy.

Pluralism and political freedoms alone cannot drive democratic reform. We must also continue nurturing our emerging civil society. One aspect of reform being pushed through our bureaucracy is that we are modifying any of our laws that restrict freedom of speech. Interest groups and unions representing journalists and writers are guiding our parliament to pass laws that decriminalize libel, guarantee journalists freedom of the press, and prevent journalists and outspoken critics of the government from unfair detention or unlawful assault. These are efforts that the KRG fully supports.

The protection of human rights is central to our vision of reform. The KRG is today implementing reforms throughout governmental institutions in order to improve knowledge of human rights, as well as to ensure compliance to human rights norms throughout our region. The fact that so many who have fled from elsewhere in Iraq to seek refuge in the Kurdistan Region, including over 12,000 Assyrian families, is testament to the tolerance of the people of the Kurdistan Region toward people of all faiths and beliefs.

Early in 2007, Prime Minister Nechirvan Barzani met with the Right Honorable Ann Clwyd MP, British Prime Minister Blair's special envoy on human rights, to focus on the KRG's constant efforts to promote the protection of human rights in Kurdistan and strengthen civil society in general.

The Prime Minister made clear the KRG's intentions to crack down on violence against women and children – including expanding efforts to end the so-called “honor killings” and improving our methods to identify and imprison those engaging in the heinous act. This crackdown is in full force. The Kurdistan Region's judiciary is severely punishing anyone convicted of this barbaric act, and our government is actively engaging our citizens on the need to stamp out this medieval crime from our society. Many public

The protection of human rights is central to our vision of reform

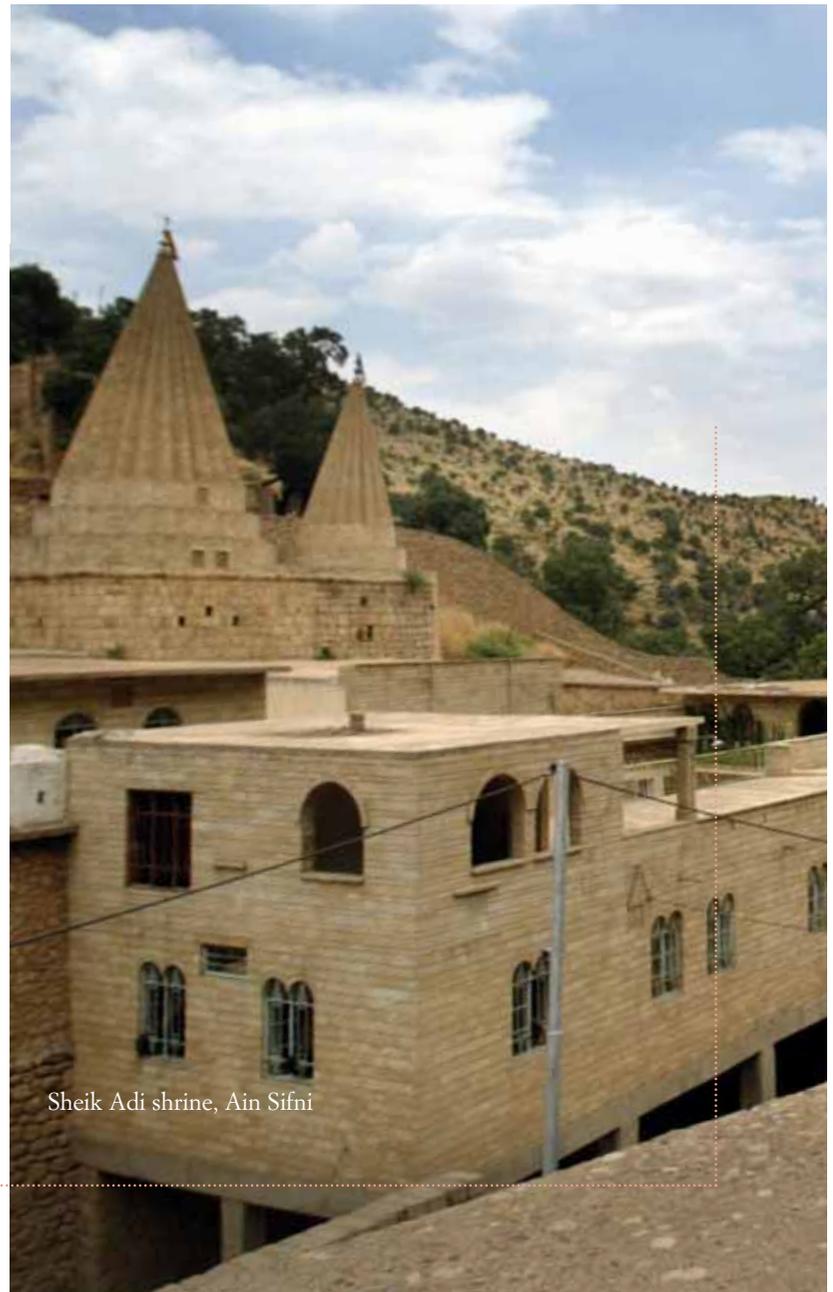
forums have been held on this topic. No resource will be spared in our efforts to provide safe houses and counselors for those fearing oppression from their families.

Only by building the capacity of our civil servants and security service personnel can we ensure that the rule of law is upheld in the most professional manner. We have begun to implement plans that are intended to professionalize our workforce and instill a discipline to the protection of people's human rights throughout our security services. Our police receive sensitivity training in human rights. We are running specialized courses to make ministry staff, and security services personnel in the Kurdistan Region aware of international human rights standards and expectations. Official inspections of prisons have been put in place to ensure that those serving in our correctional facilities are treated humanely. Efforts to expedite cases pending criminal trials are also underway, without endangering the safeguards of suspects.

Until the Kurdistan Region's liberation in 1991, and Iraq's liberation in 2003, we had only lived under dictatorships, where human rights and civil liberties were on extended leave. We are determined to give

our citizens the best they deserve. Our task is not easy, and we have not reached our goals. But we will not relent. The KRG is determined to protect our pluralism and our people's freedom to practise their religion, while at the same time remaining steadfast in allowing our civil society to take root and drive our continued democratization.

Tolerance is what is required in order for mixed societies to flourish. The KRG understands that much more needs to be done for us to be considered a consolidated democracy. But we are proud of the progress we have made, and the tolerant and inclusive society that we have. We urge you to partake, with us, in our economic, political and social development. In doing so you will facilitate our stability – which is a worthy investment.



Sheikh Adi shrine, Ain Sifni

Pinching Yourself in the Other Iraq



By Christopher Hitchens

In the past decade or so I have probably been to dozens of business seminars, university classes, think-tank sessions and TV and radio debates, all devoted to the subject of Iraq. I have gradually learned to distinguish between two kinds of people who also attend these events. The first group will speak as if they regard Iraq as a purely Arab and Muslim country (or even, as in one especially hilarious op-ed mistake by Henry Kissinger, a majority Sunni Arab country). The second group, which is now much larger than it used to be, understands that there is “another Iraq”. This other Iraq is very different, and will repay your study and your interest and your time and, yes, your investment.

A combination of extremely bad fortune and unexpected better luck has led to this remarkable development in the northern part of the country. Two decades ago or so, Iraqi Kurdistan was the scene of one of the greatest crimes of the 20th century: the campaign to erase a whole nation that was led and organized by Saddam Hussein and given the code-name Anfal. The whole world saw the towns and villages poisoned by chemical weapons, and later watched appalled as the mass graves were excavated. But this atrocity had the result, after the liberation of Kuwait in 1991, of compelling the international community to place Iraqi Kurdistan under an umbrella of protection known as the “no-fly” zone. Thus, when you visit the northern provinces of Iraq, you are seeing

territories that were freed from the chaos and corruption and misery of Saddam Hussein, 15 years before the rest of Iraq. They had an all-important head-start.

This fact, and the long American and European participation in the rescue effort, may help to explain why the visitor to today’s Kurdistan has to pinch himself. Is this Iraq? There is no fighting, no terror, no sectarian bloodshed. Women are rarely veiled. Alcohol is freely on sale. Westerners are popular. Mosques are common but mullahs do not dominate politics: instead an elected parliament contains a spectrum of democratic parties that span the nationalist, the liberal, the Islamic and even the Communist. There is a wide choice of newspapers, internet cafés, satellite dishes and all the other symptoms of modernity. Tourist sites are flourishing amid the lovely mountains and lakes of what used to be Iraq’s resort area (and may one day be again), and I have even heard a rumor of a Kurdish “Disney” theme-park in the city of Erbil. Perhaps most encouraging of all, Kurdish exiles are returning from overseas, bringing with them the skills and qualifications acquired in universities and businesses from Sweden to Canada to California.

These skills are much-appreciated and also very much-needed. Kurdistan took quite a battering in the Saddam Hussein years, and the scope for reconstruction is immense. In the larger cities of Erbil and Sulaimania, both of which boast their own flourishing airports, as well as in the smaller towns and villages, the main sight on the landscape is the

ubiquitous crane. New offices, hotels, housing projects and public buildings rise by the day, and overseas corporations are sharing in the boom. My own favorite project is the American University, a counterpart to those already existing in Cairo and Beirut, which is in the process of completion in Sulaimania. A committee of Arab, Kurdish and international academics and intellectuals has designed a modern syllabus and is offering a number of courses and degrees.

On the existing campuses of Kurdistan's universities and colleges, it is not at all unusual to meet students and teachers from Baghdad and Basra, who have fled the disorder and violence to the south and sought refuge in the Kurdish haven. Many of these are Arabs, not Kurds, just as many of the successful Iraqi 'surge' troops provided to the Coalition for the 2007

pacification of Baghdad were Kurdish and not Arab. It is remarkable to see how many Kurds have been willing to contribute to the wider good of Iraq, when they could easily and forgivably have taken a narrow view and concentrated on their own provinces. The elected president of the country is a Kurd, as are many of the more successful ministers in the somewhat fledgling Iraqi federal government.

Nonetheless, it is important to underline that the new Iraqi constitution does explicitly provide for a Kurdistan Regional Government (KRG), which has the right and the power to furnish its own security, elect its own parliament, patrol its own borders and conduct business in respect of its natural resources. These include enormous deposits of oil and natural gas, which recent exploration is revealing to be ever more



extensive. Lacking in some aspects of basic infrastructure, the KRG has been eagerly cooperating with enterprises interested in developing these fast-growing sectors. It is, of course, in the process of negotiating an equitable revenue-sharing agreement with the Iraqi government. But it is also able to negotiate from a position of autonomy, and the rewards for those companies willing to embark on cooperation look as if they will be very great.

Since, with the departure of Saddam and his hated Baath party, there is no further need to waste so much of the national product of Iraq on a parasitic oligarchy, the shared profits from such joint enterprises will have a good chance of going where they ought to go – on the education and training of the rising generation, and on the creation of a network of roads, hospitals, dams, pipelines and other necessities. A vast amount of work remains to be done, but in Iraqi Kurdistan real results have been visible for some time. Ethnic differences and religious differences (between Arabs, Kurds and Turkmen and between Sunni, Shi'a, Christian and Yezidi) are not settled by gunfire. Women's rights are guaranteed by law.

The chief remaining difficulty involves the uncertainty along the national and international borders of the KRG. Al-Qaeda's forces have been effectively prevented from infiltrating Kurdistan, though they are still capable of making trouble in the mixed Kurdish city of Kirkuk, where many Arabs and Turkmen are also likely to vote to federate with the KRG. Along the frontier with Turkey there is instability that results mainly from Turkey's indecision about the status of its own Kurdish population, but also from the activity of extremist and rejectionist groups. But these problems can be surmounted with intelligence and goodwill. The essential



A vast amount of work remains to be done, but in Iraqi Kurdistan, real results have been visible for some time

precondition for stabilizing and resolving the border is the continuing freedom and prosperity of the new Kurdistan, and the recognition by all regional players that its existence is a legal, moral and political fact. Kurdistan has arrived, and it is not going to go away.

Christopher Hitchens is a columnist for Vanity Fair magazine, the book critic for the Atlantic Monthly, and the author of numerous books and documentary films. He is a visiting professor at the New School for Social Research in New York.

Directory

KRG Ministers

Nechirvan Idris Barzani

Prime Minister

Omer Fattah Hussain

Deputy Prime Minister

Osman Haji Mahmoud

Minister for the Interior

Abdul Karim Sultan Sinjari

Minister of State for the Interior

Sarkis Aghajan Mamendu

Minister for Finance & the Economy

Bayiz Saeed Mohammed

Minister of State for Finance & the Economy

Farouq Jamil Sadiq

Minister for Justice

Azad Izaddin Mala Afandi

Minister of State for Justice

Omar Osman Ibrahim (Zeim Ali)

Minister for Peshmerga Affairs

Jafar Mustafa Ali

Minister of State for Peshmerga Affairs

Burhan Saeed Sofi

Minister of Transport

Dilshad Abdul Rahman Mohammad

Minister for Education

Dr. Abdul Rahman Osman Yones

Minister for Health

Adnan Mohammad Qadir

Minister for Labor and Social Affairs

Mohammad Ahmad Saeed Shakaly

Minister for Religious Affairs

Tahsin Qadir Ali

Minister for Water Resources

Imad Ahmad Sayfour

Minister for Housing and Reconstruction

Osman Ismail Hassan

Minister for Planning

Yousif Mohammad Aziz

Minister for Human Rights

Idris Hadi Salih

Minister for Higher Education & Scientific Research

Abdul-Aziz Tayeb Ahmad

Minister for Agriculture

Ms. Chnar Sa'ad

Minister for Martyrs and Victims of Anfal

Falakaddin Kakeyi

Minister for Culture

Hoshyar Abdul Rahman Siwaily

Minister for Electricity

Dr. Ahsti A. Hawrami

Minister for Natural Resources

Ms. Nazanin Mohammad Waso

Minister for Municipalities

Taha Abdul Rahman Ali (Taha Barwary)

Minister for Sport and Youth

Dr. Mohammad Ihsan

Minister for Extra-Regional Affairs

Mohammad Raouf Mohammad

Minister for Trade

Widad Khurshid Osman

Minister for Industry

Dara Mohammad Amin

Minister for the Environment

Nimrud Baito

Minister for Tourism

Hayder Sheikh Ali

Minister for Communication

Abubakir Ali

Minister for the Region

Dr. Jinan Qasim

Minister for the Region

George Yousif Mansour

Minister for the Region

Dr. Dakheel Saeed Khudhur

Minister for the Region

Mohammad Haji Mahmoud

Minister for the Region

Mahmoud Eido

Minister for the Region

Madhat Mandalawy

Minister for the Region

Sa'ad Khalid Mohammad Amin

Minister for the Region

Abdul Latif Bandar Oghloo

Minister for the Region

Foreign KRG Representative Offices

Head of KRG Department of Foreign Relations

Minister Falah Mustafa Bakir is Head of the KRG

Department of Foreign Relations, based in the Council of Ministers in Erbil, the Region's capital. To contact the Department of Foreign Relations, email dfrr@krg.org

Europe

KRG Representation in the United Kingdom

Winchester House, 8th Floor

259-269 Old Marylebone Road, London NW1 5RA, UK

Tel: +44 (0) 20 7170 4300

Fax: +44 (0) 20 7170 4301

Email: uk@krg.org

North America

KRG Representation in the USA

1634 Eye St., NW, Suite 210,

Washington, DC 20006, USA

Tel: +1 202 637 2496

Fax: +1 202 637 2723

Email: us@krg.org

Consulates

The governments of Austria, the Czech Republic, Germany, Italy, Russia, South Korea, the United Kingdom and the United States maintain diplomatic missions in the capital of the Kurdistan Region.

To contact any of these consulates please email the Department of Foreign Relations at dfr@krg.org



Chambers of Commerce & Private Sector Bodies Linked to Trade and Investment

[The Kurdistan Board of Investment](http://www.kurdistaninvestment.org)

www.kurdistaninvestment.org

Herish Muharam Muhamad
Chairman of Investment Board
Headquarters
Erbil - In front of the council of Ministries,
30-m circle street
Tel: +964 66 253 1559 or +964 66 253 5010
Email: info@kurdistaninvestment.org

Sulaimania Branch
Sulaimania - Hammdi Street,
Kani Askan District
Tel: +964 53 312 3907 or +964 53 312 3918
Email: suli@kurdistaninvestment.org

Dohuk Branch
Dohuk - 1st Shubat Street
Tel: +964 62 762 7175 or +964 62 762 7013
Email: duhok@kurdistaninvestment.org

[Chambers of Commerce](http://duhokchamber.org/)

Dohuk:
Website: <http://duhokchamber.org/>
Email: duhok_traderoom@yahoo.com

Erbil

Website: www.erbilchamber.org
Email: erbilchamberofcommerce@yahoo.com

Sulaimania

Website: www.sule-chamber.org/
Email: info@sule-chamber.org

[Business Transformation Agency](http://www.defenselink.mil/bta/)

www.defenselink.mil/bta/

[Iraqi American Chamber of Commerce & Industry](http://www.i-acci.org)

www.i-acci.org

[Iraqi British Chamber of Commerce & Industry](http://www.i-bcci.com/)

www.i-bcci.com/

[Iraq Investment and Reconstruction Task Force \(IIRTF\)](http://www.export.gov/iraq)

of the US Department of Commerce
www.export.gov/iraq

[Kurdistan Development Corporation](http://www.kurdistancorporation.com/)

www.kurdistancorporation.com/

[Middle East Association, London](http://www.the-mea.co.uk/)

www.the-mea.co.uk/

For more information please contact dfr@krg.org

Travelling to Kurdistan

KRG Ministry of Tourism

<http://www.tourismkurdistan.com/index.asp>
Email: info@tourismkurdistan.com

Travelling to Kurdistan from Europe

Kurdistan Development Corporation
www.kurdistancorporation.com
To discuss how the KDC can facilitate your trip, please contact:
Tel: +44 (0) 20 7170 4300
Email: info@kurdistancorporation.com

Travelling to Kurdistan from North America

Kurdistan Regional Government – US

To discuss how the KRG-US can facilitate your trip, please contact:
Tel: +1 202 637 2496
Email: us@krg.org

For all other enquiries contact the Department of Foreign Relations: dfr@krg.org

Visa Information for Erbil and Sulaimania

It is advisable that all non-Iraqi passport holders traveling to the Kurdistan Region of Iraq obtain an Iraqi visa prior to departure. The KRG offices abroad can help facilitate, as can the nearest Iraqi Embassy. For more information please contact uk@krg.org if traveling from Europe, and us@krg.org if traveling from North America. For all other inquiries, please contact dfr@krg.org

The Kurdistan Region's Airports

Erbil International Airport (EIA) website: www.erbilairport.net

It is advised that passengers arrive at Erbil International Airport at least 2.5 hours before their departures to allow sufficient time to board the shuttle bus and go through the security check point to the departure terminal.

Sulaimania International Airport (SIA) website: www.sulairport.net

For additional information, visit www.krg.org

Transportation: By air

Please note that airline routes and schedules to Kurdistan are expanding. Please confirm details of flights directly with the operator as they may be subject to change.

Austrian Airlines

Website: www.aua.com
Austrian Airlines sales office in Erbil:
Shaqlawā Street, Brayān Bldg
Tel: +964 66 224 5470 to 5473
Open to the public Sunday to Thursday, 10.00 to 15.00

Allraq Aviation-Travel / Zagros Air

Website: www.irak-reisen.com
Email: info@irak-reisen.com or fly@zagros.eu
Contact Al Iraq Aviation Travel in Germany
Tel: +49 (0) 69 69 59 7370 or +49 (0) 69 68 3073
Fax: +49 (0) 69 68 09 1767 or +49 (0) 69 69 59 737 30

Atrosh Air

Website: www.atroshair.com
Email: info@atroshair.com

Azmar Airline

Website: <http://azmarairline.net/ku/default.aspx>
Email: info@Azmarairline.net

Fly Air

Website: www.flyair.com.tr/sirketimiz_eng.asp
Erbil-Laveen Air, Shaklawā St.
Tel: +964 66 224 21 69-70
Istanbul Ticket Office
Tel: +90 212 274 68 58

Flying Carpet

Website: www.flyingcarpet.com.lb

Ganglere Air

Website: www.ganglereair.net

Iraqi Airways

Website: www.iraqairways.co.uk

Kurdistan Airlines

Website: www.kurdistan-airline.gr

Laveen Air

Website: www.laveenair.net/site/flightSearch.asp

Royal Jordanian Airlines

Website: www.rja.com.jo

Zagros Air

Website: www.zagros-group.net/air/main.php
Email: zagros_airfra@yahoo.com

Zozik Air

Website: www.zozik-air.com
Contact Zozik Air in Germany
Tel: +49 (0) 911 96 53 320 or +49 (0) 911 96 53 32 22
Fax: +49 (0) 911 96 53 32 10
To make a booking from Kurdistan:
Tel: +964 730 102 4331 or +964 770 217 7177

Transportation: By land

Taxi

Taxis wait outside the airport to collect passengers; no pre-booking is necessary. Inside Erbil and Sulaimania there are taxis that can be hailed on the street. These taxis will usually take you anywhere in the Region. The main form of public transport between major cities is a shared taxi. Generally, there is one price per car, which is divided by the number of passengers. Usually the taxi will wait until all seats are filled before departing.

Bus

There are bus services from Erbil to all cities in the Region, and into the south as well. There are two main Bus Terminals, East and North, in Erbil. Hotels can give comprehensive timetable information.

International Driver's License

The International Driver's License is not accepted in Kurdistan. If you want to drive you will have to go to the police station, where you can show your current driver's license and be issued a permit. This permit will be good for one month only; it is renewable for additional one-month periods at a time.

Travel Agencies in Kurdistan

Laru Travel Services

Regional Headquarters:
Erbil, tel: +964 (0) 750 455 4411
Cyprus, tel: +357 2581 4084
Amman, tel: +962 6 565 6561 and +962 6 568 9787
Email: lanaqassim@batelco.jo

Baban Tourism

For Royal Jordanian Airlines reservations
Erbil, tel: +964 66 220 0600
Erbil, mobile: +964 (0) 750 491 0973
Email: babantourism@yahoo.com

Accommodation

Erbil

Erbil International Hotel

(30-meter Street, overlooking the Gelgand Park)
www.erbilinhotel.com
Local tel: +964 66 223 4460
Email: infor@erbilinhotel.com
Prices \$ (2007):
Standard Room (Single): \$240
Standard Room (Double): \$290
Junior Suite (Single): \$314
Junior Suite (Double): \$346
Executive Suite (Single): \$362
Executive Suite (Double): \$410
Presidential Suite: \$604

Hawler Plaza

(Kirkuk Main Road / in front of
Martyr Franso Stadium).
Local tel: +964 66 222 8890 or +964 66 251 9740
Email: Hawler_plaza@yahoo.com

Khanzad Hotel & Resort

(Salahadin Highway/
near Khanzad Petrol Station)
www.khanzadresort.com
Local tel: +964 66 224 5273 or +964 66 224 5277
Email: info@khanzadresort.com
Prices \$ (2007):
Single: \$167
Double: \$209
Junior Suite (Single): \$230
Junior Suite (Double): \$272
Presidential Suite: \$356

Chwarchra

(beside Hawraman, near Erbil International Hotel)
Abdul Salam Al-Barzani Street
International tel: +44 7077522836 or +46 856630460
International fax: +44 2086347747 or +46 856630461
Local tel: +964 66 223 1508 or +964 66 223 1509
or +964 66 222 2650
Email: chwarchrahotell@yahoo.com

Sulaimania

Ashti Hotel

Sulaimania Salim Street
Local tel: +964 53 312 0435 or +964 53 312 7999

Abusana Hotel

Sarchnar
Local tel: +964 53 318 3497 or +964 53 318 3498

Sulaimania Palace

Salim Street
Local tel: +964 53 313 4141 or +964 53 313 4147

Dohuk

Jiyan

Local Tel: +964 62 722 6691
or +964 62 722 6692
International tel: +44 7077507750
International fax: +44 7077507751
Email: jiyanhotel@yahoo.com

Lomana

Local tel: +964 62 722 1483

Security Firms

[GardaWorld](#) (Formerly Vance)

www.garda-world.com

31 Old Burlington Street, London W1S 3AS

Iraq (excl. Erbil): +964 7701 58 7939

Iraq (Erbil): +964 750 451 2588

London Office: +44 (0) 20 7734 5361

Managing Director, International

Email: oliver.westmacott@garda-world.com

[Vigilance Security Company](#)

Local tel: +964 750 423 3824

Email: ops@vscsecurity.com

[Ster Group](#)

www.stergroup.com

Local tel: +32 48 445 6378

[Reed Security](#)

Local tel: +964 750 449 8294

[Hart Security](#)

www.hartsecurity.com

Local tel: +44 (0) 20 7751 0771

Email: iraqcountrymanager@hartsecurity.com

[Paratus Worldwide Protection](#)

www.paratusprotection.com

Email: myoung@paratusiraq.com

Translation Services

Please contact the Department of Foreign Relations in Erbil at dfr@krg.org to arrange for a fixer/translator.

Banks / US Dollars / Conversion to Local Currency

While there are several banks, the economy at present is based on a "cash only" basis. Most places accept US dollars, which can be exchanged for local currency. The hotels can assist with the conversion process.

Real Estate

[American Village](#)

<http://americanvillage.info/>

Local tel: +964 750 413 6420/1

Email: sales@americanvillage.info

[Dream City](#)

www.mecri.com/dreamcity.htm

Local tel: +964 66 251 0773 or +964 66 251 0779

Email: relation@mecri.com

[Naz City](#)

Local tel: +964 750 416 9826

Email: villa@nursoy.com.tr

[Italian City](#)

Local tel: +964 66 256 4844 or +32 48 445 1315

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[English Village](#)

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Email: aazzam960@hotmail.com



Things to See and Do

Erbil

Sights: Erbil Citadel, Sheikh Chooli Minaret, Erbil Civilization Museum, Martyr Sami Abdur-Rahman Park (located on 60-m St., opposite the Kurdish Parliament Bldg.), Jalil Khayat Mosque, Al-Sawwaf Mosque, St. Joseph Church, Khanzad Castle.

Shopping: The Great Bazaar (a.k.a. Qaysari Market), Mudhaffariya Market, Iskan Market, Nishtiman Shopping Mall.

Arts: Media Hall, Culture Hall, and the Palace of Arts.

Around Erbil:

Shaqlawat Resort, 51km from Erbil.

Khanzad Castle, lies on Erbil-Shaqlawat Road.

Galy Ali Beg Resort, 130km from Erbil.

Bekhal Resort, 140km from Erbil.

Jundyan Resort, 147km from Erbil.

Haji Omaran Resort, 180km from Erbil.

Neanderthal & Shanidar Cave, located in the Bradost Mts., about 2km from Shanidar Village.

Bestoon Cave, 39km southwest of Soran.

Rabban (Monk) Beya Monastery, located above a valley of the same name, 1-hour climb from main road.

Sulaimania

Sights: Sulaimania Market, Altun Tourists Compound Altun Tourists Supermarket, Altun Tourists Cafeteria and Restaurant, Sulaimania Museum, Museum Hall. Azadi Park, public garden on Salim St.

Around Sulaimania:

Sarchnar Resort, 5km from Sulaimania.

Dokan Lake, 70km west of Sulaimania.

Ahmadawa Resort, 84km east of Sulaimania.

Darbandikhan Dam, 65km southwest of Sulaimania.

Sarseer Parkland, 26km north of Sulaimania.

Zarzi Cave, located in Chamchamal Valley.

Hazarmerd Cave, 13km west of Sulaimania.

Bali Kwar Cave, 20km northeast of Jermo Castle.

Dohuk

Sights: Dohuk Traditional Museum, The Grand Mosque Saint Ith Ilaha Church, Mazi Supermarket.

Around Dohuk:

Zakhu District, 40km northwest of Dohuk.

Anishka Resort, 9km from Sarsang Resort.

Sulav Resort, 5km from Amedi.

Sarsang Resort, 63km northwest of Dohuk.

Ashawa Resort, 8km from Sarsang Resort.

Swaratooka Resort, 39km east of Dohuk.

Zaweeta Resort, 16km east of Dohuk.

Amedi (Amadiyah) Town, 90km northeast of Dohuk.

Relics of Amedi Citadel/The Eastern Gate (Bab Zebar), located on the eastern side of Amedi.

The Minaret, located in the middle of Amedi.

Lalish Temple, 14km from Ain Sifne.

Charsten Sculpture "The Four Pillars", located at the foot of the White Mountain.

Hilamta Cave Sculptures, located at the foot of the Black Mountain (Shindokha).

Tal Malthaya Sculptures (Gre Mal Tayee), 7km from Dohuk.

Khans Sculptures, located in the Badinan Region.

Universities

Salahaddin University, Erbil

www.salahaddin-ac.com

University of Kurdistan, Hawler/Erbil

(teaches exclusively in English)

www.ukh.ac

American University of Iraq, Sulaimania

(teaches exclusively in English)

www.auiis.org/

University of Dohuk

www.dohukuni.net/index.php?p=front/home

University of Koya

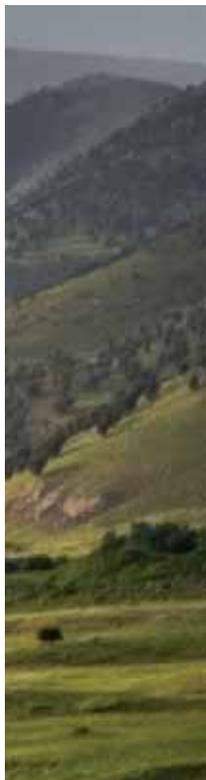
www.koyauniversity.org/

University of Sulaimania

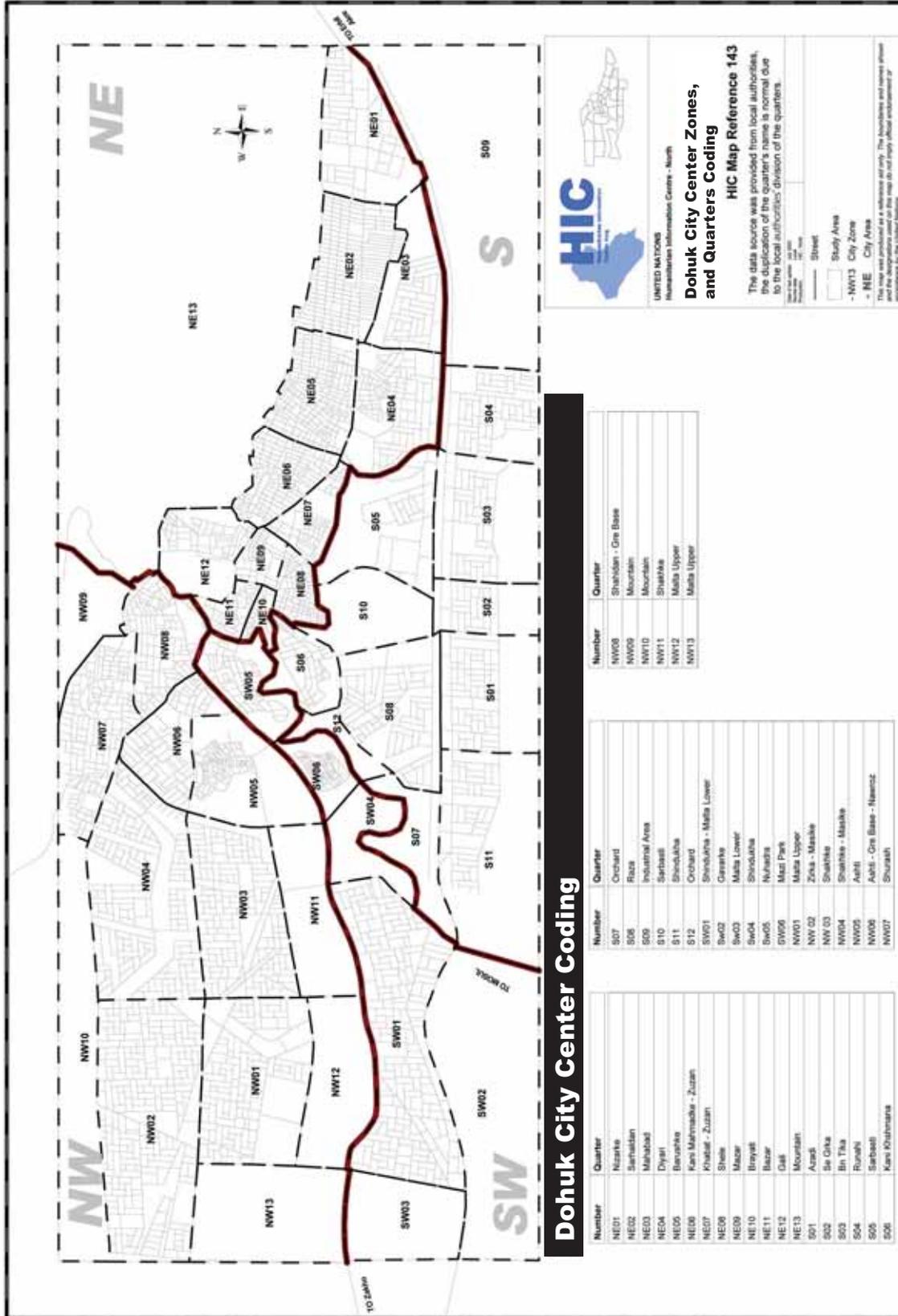
(Currently no website)

Hawler Medical University, Erbil

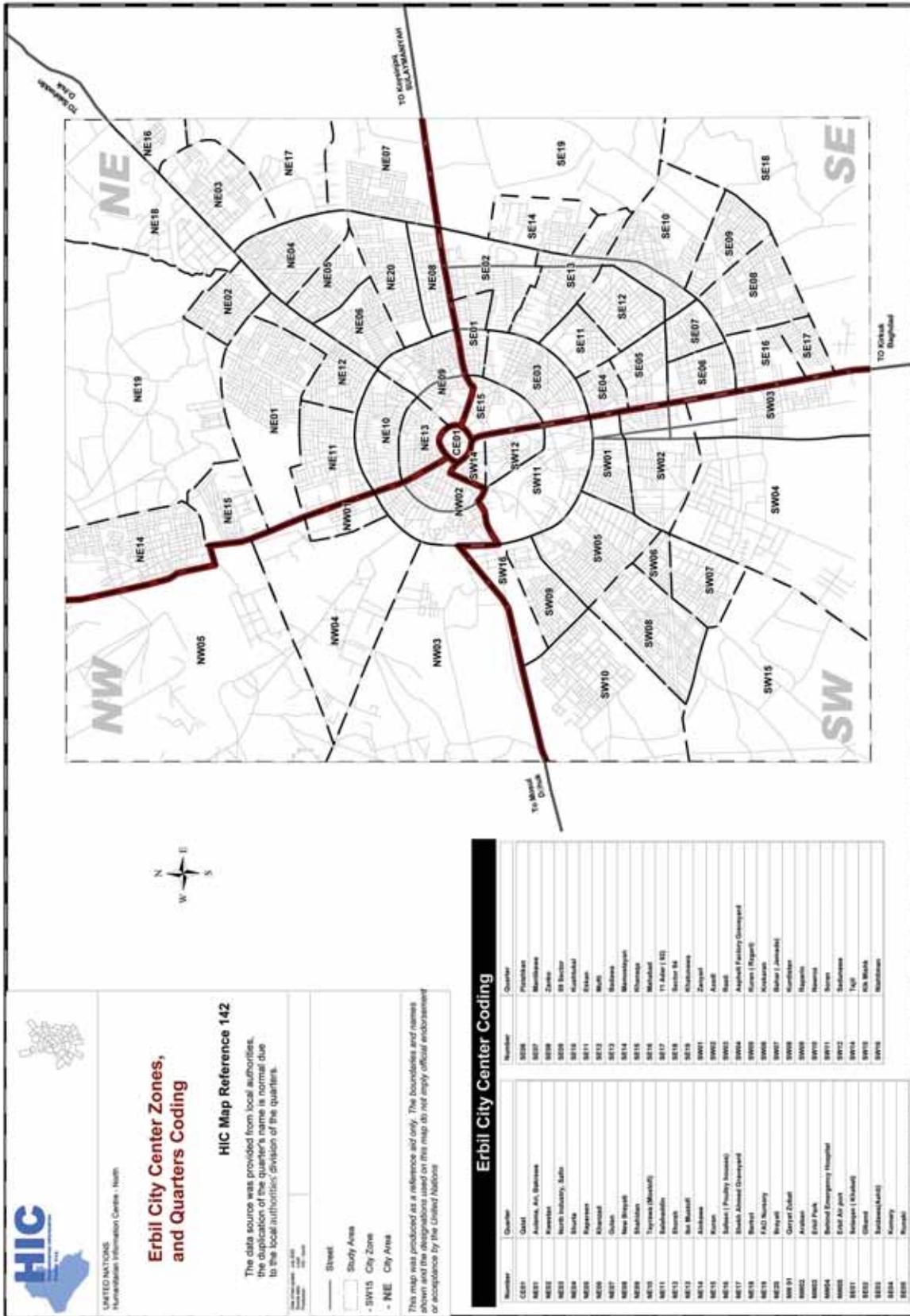
www.hawlermu.org/



Maps



Dohuk City Center Coding



HIC
 UNITED NATIONS
 Humanitarian Information Centre - North

Erbil City Center Zones, and Quarters Coding

HIC Map Reference 142

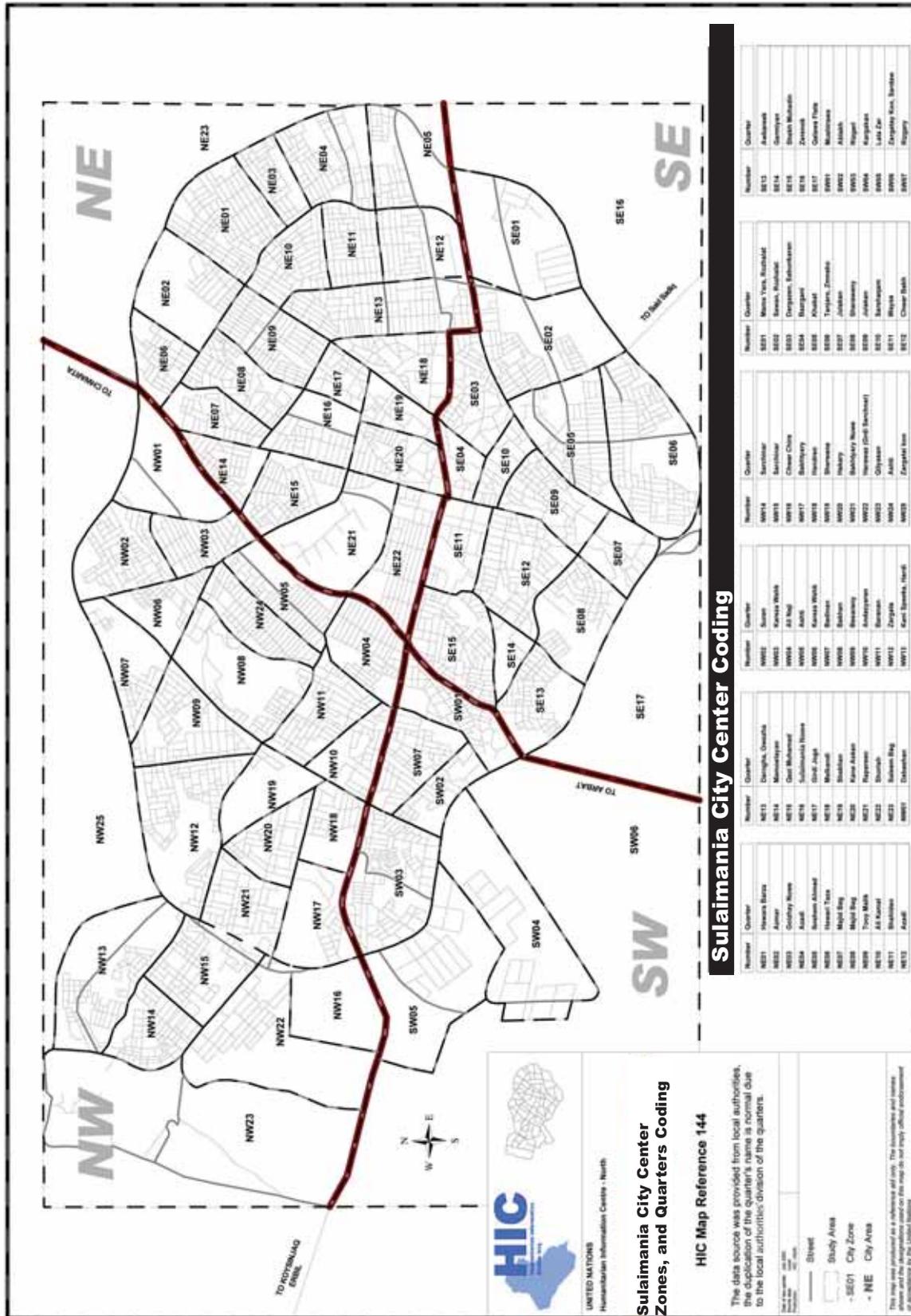
The data source was provided from local authorities. The duplication of the quarter's name is normal due to the local authorities' division of the quarters.

Legend:
 - Street
 - Study Area
 - SW15 City Zone
 - NE City Area

This map was produced as a reference aid only. The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations

Erbil City Center Coding

Number	Quarter	Number	Quarter
NE01	Qadisiyah	SW08	Phosphate
NE02	Al-Hadiya, Al-Sayid	SW09	Mintabara
NE03	Al-Rasheed	SW10	Zawra
NE04	North Industry, Lala	SW11	Al-Ba'ath
NE05	Shurba	SW12	Al-Ba'ath
NE06	Al-Rasheed	SW13	Al-Ba'ath
NE07	Al-Rasheed	SW14	Al-Ba'ath
NE08	Al-Rasheed	SW15	Al-Ba'ath
NE09	Al-Rasheed	SW16	Al-Ba'ath
NE10	Al-Rasheed	SW17	Al-Ba'ath
NE11	Al-Rasheed	SW18	Al-Ba'ath
NE12	Al-Rasheed	SW19	Al-Ba'ath
NE13	Al-Rasheed	SW20	Al-Ba'ath
NE14	Al-Rasheed	SW21	Al-Ba'ath
NE15	Al-Rasheed	SW22	Al-Ba'ath
NE16	Al-Rasheed	SW23	Al-Ba'ath
NE17	Al-Rasheed	SW24	Al-Ba'ath
NE18	Al-Rasheed	SW25	Al-Ba'ath
NE19	Al-Rasheed	SW26	Al-Ba'ath
NE20	Al-Rasheed	SW27	Al-Ba'ath
NE21	Al-Rasheed	SW28	Al-Ba'ath
NE22	Al-Rasheed	SW29	Al-Ba'ath
NE23	Al-Rasheed	SW30	Al-Ba'ath
NE24	Al-Rasheed	SW31	Al-Ba'ath
NE25	Al-Rasheed	SW32	Al-Ba'ath
NE26	Al-Rasheed	SW33	Al-Ba'ath
NE27	Al-Rasheed	SW34	Al-Ba'ath
NE28	Al-Rasheed	SW35	Al-Ba'ath
NE29	Al-Rasheed	SW36	Al-Ba'ath
NE30	Al-Rasheed	SW37	Al-Ba'ath
NE31	Al-Rasheed	SW38	Al-Ba'ath
NE32	Al-Rasheed	SW39	Al-Ba'ath
NE33	Al-Rasheed	SW40	Al-Ba'ath
NE34	Al-Rasheed	SW41	Al-Ba'ath
NE35	Al-Rasheed	SW42	Al-Ba'ath
NE36	Al-Rasheed	SW43	Al-Ba'ath
NE37	Al-Rasheed	SW44	Al-Ba'ath
NE38	Al-Rasheed	SW45	Al-Ba'ath
NE39	Al-Rasheed	SW46	Al-Ba'ath
NE40	Al-Rasheed	SW47	Al-Ba'ath
NE41	Al-Rasheed	SW48	Al-Ba'ath
NE42	Al-Rasheed	SW49	Al-Ba'ath
NE43	Al-Rasheed	SW50	Al-Ba'ath
NE44	Al-Rasheed	SW51	Al-Ba'ath
NE45	Al-Rasheed	SW52	Al-Ba'ath
NE46	Al-Rasheed	SW53	Al-Ba'ath
NE47	Al-Rasheed	SW54	Al-Ba'ath
NE48	Al-Rasheed	SW55	Al-Ba'ath
NE49	Al-Rasheed	SW56	Al-Ba'ath
NE50	Al-Rasheed	SW57	Al-Ba'ath
NE51	Al-Rasheed	SW58	Al-Ba'ath
NE52	Al-Rasheed	SW59	Al-Ba'ath
NE53	Al-Rasheed	SW60	Al-Ba'ath
NE54	Al-Rasheed	SW61	Al-Ba'ath
NE55	Al-Rasheed	SW62	Al-Ba'ath
NE56	Al-Rasheed	SW63	Al-Ba'ath
NE57	Al-Rasheed	SW64	Al-Ba'ath
NE58	Al-Rasheed	SW65	Al-Ba'ath
NE59	Al-Rasheed	SW66	Al-Ba'ath
NE60	Al-Rasheed	SW67	Al-Ba'ath
NE61	Al-Rasheed	SW68	Al-Ba'ath
NE62	Al-Rasheed	SW69	Al-Ba'ath
NE63	Al-Rasheed	SW70	Al-Ba'ath
NE64	Al-Rasheed	SW71	Al-Ba'ath
NE65	Al-Rasheed	SW72	Al-Ba'ath
NE66	Al-Rasheed	SW73	Al-Ba'ath
NE67	Al-Rasheed	SW74	Al-Ba'ath
NE68	Al-Rasheed	SW75	Al-Ba'ath
NE69	Al-Rasheed	SW76	Al-Ba'ath
NE70	Al-Rasheed	SW77	Al-Ba'ath
NE71	Al-Rasheed	SW78	Al-Ba'ath
NE72	Al-Rasheed	SW79	Al-Ba'ath
NE73	Al-Rasheed	SW80	Al-Ba'ath
NE74	Al-Rasheed	SW81	Al-Ba'ath
NE75	Al-Rasheed	SW82	Al-Ba'ath
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NE77	Al-Rasheed	SW84	Al-Ba'ath
NE78	Al-Rasheed	SW85	Al-Ba'ath
NE79	Al-Rasheed	SW86	Al-Ba'ath
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NE95	Al-Rasheed	SW102	Al-Ba'ath
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NE97	Al-Rasheed	SW104	Al-Ba'ath
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NE250	Al-Rasheed	SW257	Al-Ba'ath
NE251	Al-Rasheed	SW258	Al-Ba'ath
NE252	Al-Rasheed	SW259	Al-Ba'ath
NE253	Al-Rasheed		





Map prepared by UNOPS
United Nations Joint Humanitarian Information Center
JHIC
UNOHCI, Erbil, Northern Iraq
October 2001



Fundamental Facts and Comments for Prospective Investors

Kurdistan
Iraqi Kurdistan Region
Herêma Kurdistan

Official website: www.krg.org



Capital: Erbil/Arbil/Irbil (also known as Hawler)

Official Languages: Kurdish (Sorani and Kurmanji dialects) and Arabic, as well as Turkman and Assyrian in some areas.

Major Holiday: Newroz (Kurdish New Year), March 21

Government: Parliamentary Democracy

President: Massoud Barzani

Prime Minister: Nechirvan Idris Barzani

Speaker of the Parliament: Adnan Mufti

Land Mass: 80,000 km/30,888 sq. mi., roughly twice the size of the American state of Vermont

Population: 3.8 million (2006)

Population in each of the Region's three provinces:

Erbil: 1,385,227

Sulaimania: 1,538,402

Dohuk: 879,694

Currency: Iraqi Dinar (IQD)



Time Zone: UTC+3
UTC+4 (Summer DST)

Calling Code: +964

Weather/Climate: Winter (December to February) can be very cold and the mountains can become covered with snow. Spring (April to May) brings warmer weather, but still cool enough for a sweater. Aside from the mountains, summer (June to September) is swelteringly hot.

The Economy

The data presented here deliberately draws primarily upon third-party data sources, such as the IMF, UNDP, WFP, and WHO. A Kurdistan Statistical Authority has recently been created within the KRG's Ministry of Planning to provide the public with credible and timely social and economic data. Its data will be used in subsequent official publications.

GDP per capita: (Nominal, in US dollars: \$2,200-\$2,500 (2005 Est.) (World Bank, 2006: 19).

Comments: Because non-oil economic activity has been consistently stronger in the Kurdistan Region than in other Iraqi provinces, it is estimated that median income per capita in Kurdistan is 20-25 percent higher than the rest of Iraq (UNDP 2004; World Bank 2006). In 2007, 36 percent of the Iraqi population rated their economic situation as "very good" or "quite good." By comparison, 66 percent of the Kurdish population rated their economic condition as "very good" or "quite good" (ABC News 2007). The latter figure encompasses a sample that includes Kurds outside of the Kurdistan Region and therefore underestimates the higher subjective well-being of the Kurds of Kurdistan.

Exchange Rate: US dollar 1: 1,232 Iraqi Dinar [Source: www.economist.com/markets, October 30, 2007]

Comments: Since the end of 2003, the Iraqi Dinar has remained pegged to the US dollar. The Central Bank of Iraq (CBI) is committed to maintaining what has become a *de facto* peg to the dollar. The IMF reported in March 2007 that, "to contain inflation and counter dollarization, the CBI has tightened monetary policy and allowed the dinar to appreciate." (IMF 2007).

Taxes and Customs: As stipulated in the KRG's 2006 Investment Law:

- Profits and imports are tax-exempt for ten years.
- Goods and services purchased locally are tax-exempt.
- Reinvested profits and revenues are fully tax-exempt.
- Subsequent investment expansion is tax-exempt.
- Companies that merge are entitled to the same tax exemptions that applied prior to the merger.
- Enterprises can import machinery components and means of transportation, as needed.
- There are no restrictions on exports.
- No export or import licensing is required for trade.

Comments: Almost all (99 percent) of Kurdish firms believe in opening the doors fully to international trade. That compares to 50 percent of Iraqi firms, and 95 percent of Kurdish firms believe that opening Iraq to the international business community will improve their own business (CIPE/Zogby International 2005).

Property Rights: Under the KRG's 2006 Investment Law, there are no limitations on land ownership by foreigners (with the exception of land acquired for real estate purposes). Full repatriation of profits and wage earnings is guaranteed. The Law provides a full guarantee against nationalization and expropriation.

Comments: "The KRG area is already proving more attractive from a legal and security point of view than the rest of the country." (Economic Intelligence Unit 2007). In 2005, 1 percent of Kurdish business owners and managers identified property rights as the most important factor impeding the growth of Iraqi businesses (CIPE/Zogby International 2005).

Labor: Under the KRG's 2006 Investment Law, there are no restrictions on the composition of labor or management.

Comments: In 2007, 20 percent of the Iraqi population reported that jobs were available. By comparison, 57 percent of the Kurdish population reported that jobs were available (ABC News 2007). The latter figures encompasses a sample that includes Kurds outside of the Kurdistan Region and therefore underestimates the higher employment prospects of the Kurds of Kurdistan. In 2005, 94 percent of Kurdish firms expected employment to increase within six months. By comparison, only 38 percent of Iraqi firms expected employment to increase. (CIPE/Zogby International 2005).

Business Regulation: According to a preliminary analysis, it takes approximately 30 days to start a business in Kurdistan. By law, the Investment Board is required to process within 30 days of submission.

Comments: The Chairman of the Investment Board, Herish Muharam, has added that with a detailed, professional proposal, the Board can have a decision within five to ten days. (This statistic has not yet been externally validated by the International Finance Corporation's Doing Business team). Of Kurdish business leaders, 68 percent report that Iraqi commercial laws and regulations are easily available and understandable. By comparison, 39 percent of Iraqi business leaders are favorably inclined towards Iraqi commercial laws and regulations. (CIPE/Zogby International 2005); while 92 percent of Kurdish business owners and managers feel that it is possible for the business community to influence government policy. That compares to an Iraqi average of 62 percent.

Comments on Future Economic Outlook:

In 2005, 99 percent of Kurdish business owners and managers expected positive future economic outcomes; in 2005, 98 percent of Kurdish business owners and managers anticipated sales growth. By comparison, only 54 percent of Iraqi firms anticipated sales growth; in 2005, 92 percent of Kurdish business owners and managers anticipated an increase in profits (CIPE/Zogby International 2005). In 2007, 63 percent of Kurdish households expected their family's economic situation to be "much better" or "somewhat better" within the next year. By comparison, only one out of every three Iraqis expresses economic optimism outside of Kurdistan (ABC News 2007).

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Resources

Kurdistan Regional Government
www.krg.org

Kurdistan Development Corporation
www.kurdistandevlopmentcorporation.org

Kurdistan Board of Investment
www.kurdistaninvestment.org

Kurdistan Democratic Party
www.kdp.se

Patriotic Union of Kurdistan
www.puk.org

Kirkuk Business Centre
www.kbciraq.org

Kurdistan Observer
www.kurdistanobserver.com

Kurdistan Net
www.kurdistan.net

Kurdistan World
www.kurdishdaily.com

Kurdish Satellite Channel, KurdSat
www.kurdsat.tv

KTV (Kurdish Satellite Channel)
www.kdp.pp.se/ktv.html

Iraqi-Kurdistan Dispatch
www.ikurd.info

Soma-Digest (Iraqi Kurdish Digest in English)
<http://soma-digest.com/>

International sites relating to the Region & Iraq-wide

UK Trade & Invest
www.uktradeinvest.gov.uk

UK Department for Trade & Industry
www.dfid.gov.uk

British Council
www.britishcouncil.org/iraq.htm

UK Embassy Iraq
www.iraqembassy.org.uk

US Embassy Iraq
www.usembassy.org.uk/iraq

Iraqi American Chamber of Commerce
www.i-ACCI.org

Iraq Project and Contracting Office
www.rebuilding-iraq.net

Multi-National Force: Iraq
www.mnf-iraq.com

USAID
www.usaid.gov/iraq

Iraq Relief & Recovery - Development Gateway
<http://topics.developmentgateway.org/iraq>

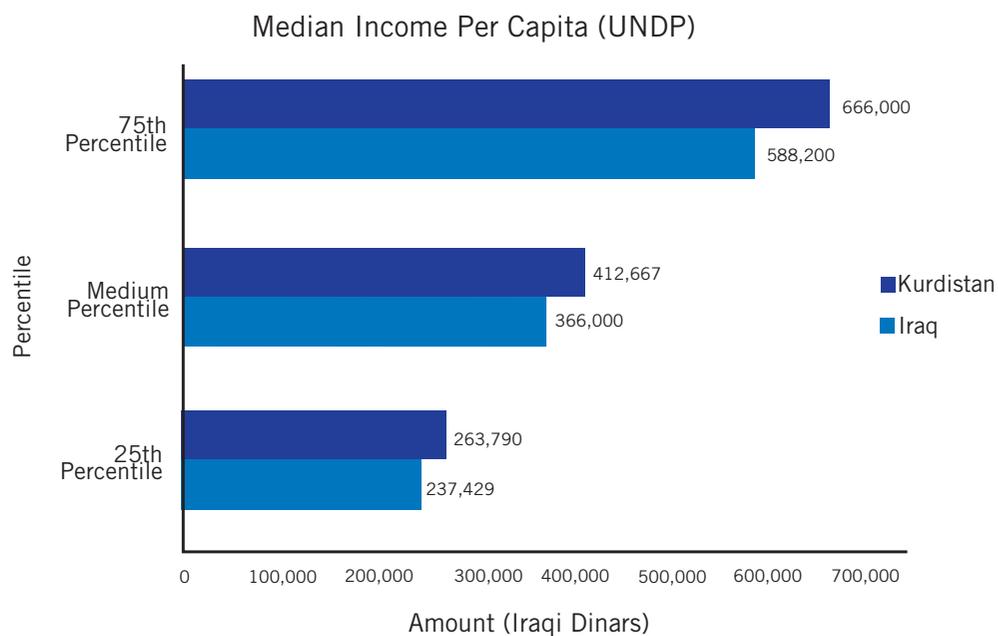
Iraq Investment & Reconstruction Task Force
www.export.gov/iraq/index.html

Center for Reconstruction & Development
www.rec-dev.com

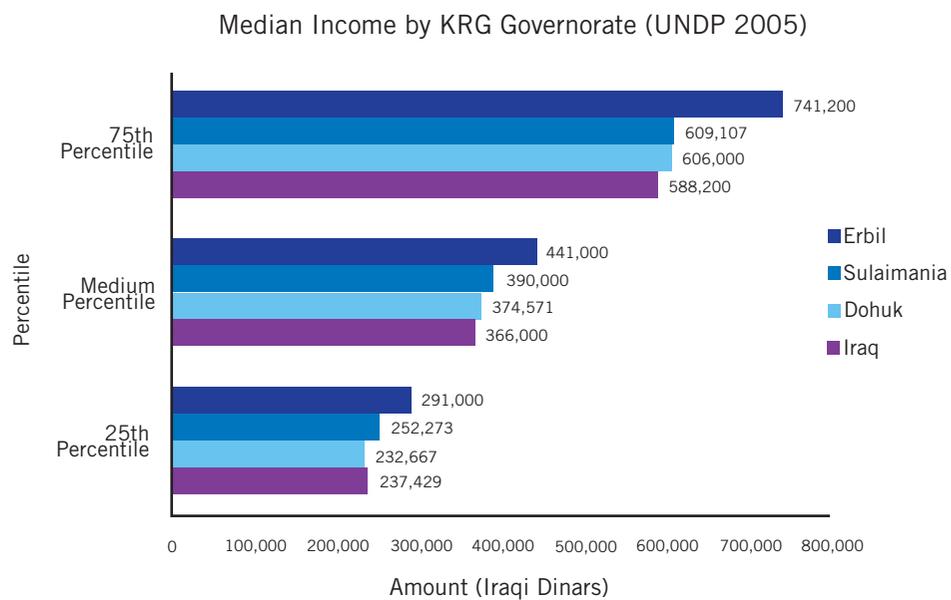
The Washington Kurdish Institute
www.kurd.org

Hinterland Travel
www.hinterlandtravel.com/iraq_upcoming.htm

Median Income Per Capita (UNDP)



Median Income by KRG Governorate (UNDP 2005)



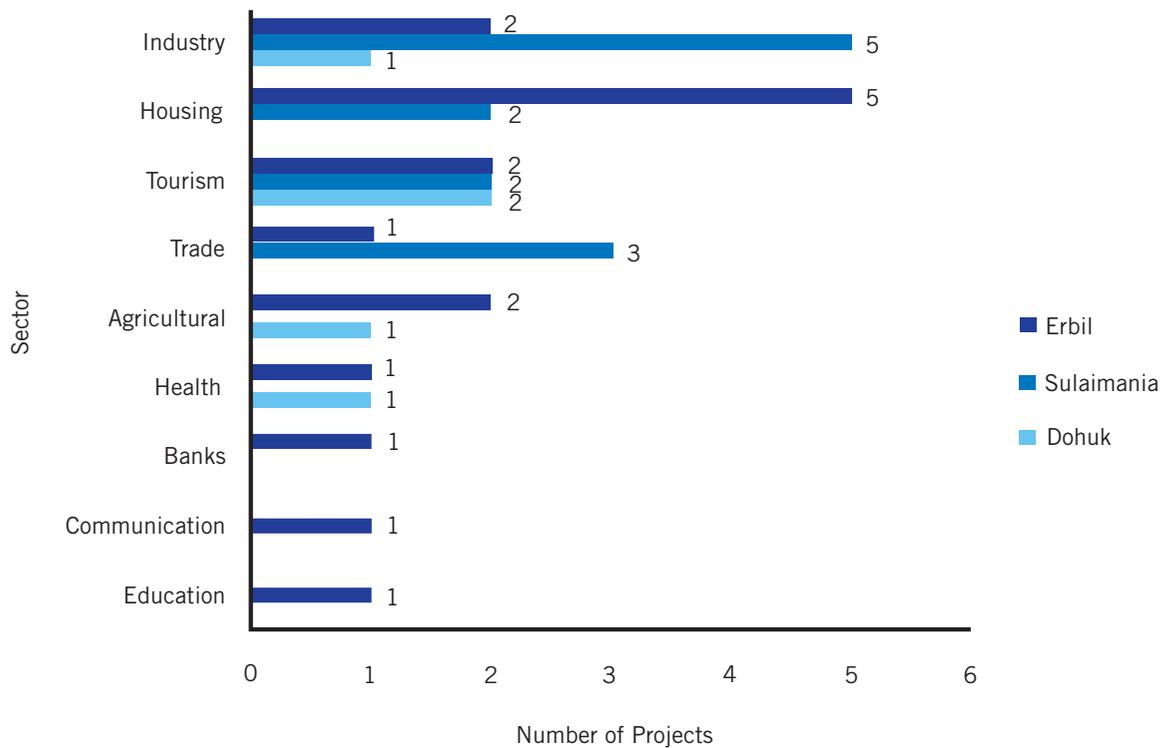
International Investors Already in Kurdistan

The Kurdistan Region currently hosts international investors from countries including, Turkey, Japan, China, USA, Germany, Canada, UK, South Korea, Iran, Lebanon, Norway, United Arab Emirates, Syria, Jordan, Saudi Arabia, and Kuwait.

- The Kurdistan Investment Board has approved over \$5 billion in project proposals to date.
- After a proposal is submitted, the Investment Board is required to accept or reject the proposal in 30 days. For well-organized, comprehensive proposals, the Board will usually respond in fewer than ten working days.
- As of June 2007, 33 licensed projects have been approved (see below):

**KRG-Iraq
Board of Investment
Licensed Projects
As of end of June 2007**

Total of Licensed Projects: 33



The following tables give a more detailed analysis of the fertile land in Kurdistan, units are in hectares. Data provided by the KRG Ministry of Agriculture, November 15, 2006.²

KRG Land Details

Governorate	Rain-fed Land	Irrigated Land	Total Arable Land	Non-Arable Land	Total Land
Erbil	580,645	45,635	626,280	887,840	1,514,120
Dohuk	254,892	46,650	301,542	629,856	931,398
Sulaimania	232,700	59,299	291,999	131,020	423,019
Kirkuk	300,151	15,822	315,973	486,103	802,076
Total	1,368,388	167,406	1,535,794	2,134,819	3,670,613

Expected Cultivating Area of Field Crops for Year 2007 in Hectares

Strategic Crop	Erbil	Dohuk	Sulaimania	Kirkuk	Total
Wheat	135,145	122,652	107,500	123,795	489,092
Barley	242,417	52,207	51,375	102,330	448,329
Corn	182	74	437	n/a	639
Sunflower	1,856	1,608	2,098	920	6,482
Rice	292	1,806	817	190	3,105

Expected Cultivating Area for Main Vegetative Crops for Year 2007 in Hectares

Vegetative Crop	Erbil	Dohuk	Sulaimania	Kirkuk	Total
Tomato	10,452	7,007	6,440	1,022	24,921
Cucumber	4,929	1,035	2,110	625	8,699
Eggplant	2,345	222	375	347	3,289

The Area of Fruit Trees in Hectares

Horticulture	Erbil	Dohuk	Sulaimania	Kirkuk	Total
Grapes	250	1,565	n/a	n/a	1,815
Apples	450	777	n/a	n/a	1,227
Figs	300	115	n/a	n/a	415
Pomegranate	770	154	n/a	n/a	924

² 1 hectare = 2.471 acres

Basic expressions in the Sorani and Kurmanji dialects

English	Sorani Kurdish	Kurmanji Kurdish
Hello	Rozh-bash	Rozh-bash
Good morning	Beyanee-bash	Beyanee-bash
Welcome! (on arrival)	Be kher bi(t)	Be kher hati
Goodbye	Khwa-hafees	Khwa-hafees
Thank you	Supas	Supas/Mamnoon
You're welcome	Ser chaw / Sha-ee neeya	Ser Chaava
How are you?	Chonee?	Chaawayi?
Are you well?	Bashee?	Bashee?
I'm fine, thank you	Bashem, supas	Bashem, supas
What's your name?	Naw-et cheeya?	Nav-ey ta cheeya?
My name is John	Naw-em John-ah	Nav-ey min John-ah
What would you like to drink?	Chee dakhoy?	Chi vadhkui?
Tea (without sugar)	Chai (bey shakir)	Chai (bey shakir)
Please	Zahmat Nabe	Bey Zahmat
Where is the bazaar?	Bazaar le chweya?	Bazaar la kidareya?
Where is the Khanzad Hotel?	Otel Khanzad la chweya?	Otel Khanzad la kidareya?
Yes	Aa / Balay	Aa / Balay
No	Na	Na
OK	Balay	Balay/Arey

Note: The spellings used here are transliterations from English, to make it easy for non-Kurdish speakers to read the pronunciation.