

Republic of Iraq

Ministry of finance

The Iraqi free zones

A completed project to attract the investments





The general commission for free zones

Features of success

Incentives and permits

Investment opportunities

## The commission message

Provide the suitable environment to attract and develop the local, Arabian and foreign consultation and fulfill investors satisfaction investors through the best services , activate the participation and translate to the real tangible through the arrangement with the investors and related directions.



## (Preface)

The economic free zones acquired international concern in wide extent and occupy the first level in style of attraction investments in all the world of what these free zones fulfilled from increasing in production, export which will assist to activate the commercial interchange and develop the income from the foreign currency, eradicate unemployment , acquiring knowledge and technology from this context the idea of establish free zones in Iraq started since the beginning of the twenty century but it failed,thereunder the custom house law NO (8) commenced a free zone in the south of Iraq in 1969 but it also failed . Then a new idea of establishing in 1997 thereunder custom law . It is announced to commence a free zone in the south of Iraq (Khor AL-Zubair).law NO (3) in (1998) is issued in order to support this idea. The law of establishing the general commission for free zones, as the followings.

1. Khor AL-Zubair free zone/ Basra.
2. Nineva free zone
3. AL-Quaim free zone./ AL-Anbar
4. Free zone near Baghdad (Neameit AL-Faluga) (under construction)

The free zone had practice it's work sinc according to the sequence of construction up till now in spite of the difficult circumstances in the country, but now is working with progress steps to further activities. There is a great efforts to open several free zones .

## The target of Iraqi Free Zones

1. Push the development of economy and social progress forward.
2. The attraction of home capital as well as arabian,local and foreign and employ it inside the country in different investment activities .
3. Enter the developed technology and develop the human resources through being familiar and practice technology.
4. Create new opportunities for local workers and eradicate unemployment.
5. Increase the volume of exportations and income of foreign currency through establishing different investment projects .
6. Utilization of crude material available in Iraq for develop manufacturing .
7. Work towards making a various income resources but not petroleum .

## (Commission management)

The board shall enjoy corporal personality and financial independency ,linked with minister of finance. The administration, of the board shall be undertaken by the board of directorate which include representations of the ministers . The chair man would be the manager of the board for free zones there under rules of article NO (4) of law

The board of directors shall undertake the followings.

1. To lay the general policy of the board .
2. Put suggestions for construction of free zones and it's cancellation .
3. Prepare plans and specified programmers for development of free zones and their growth .
4. To decide the investment requirements in the free zones in order to erect the industrial and commercial projects .
5. To limit the taxes, fees ,rental and service presented for free zone and other of technical administrative work to grant some of authorities to the general manager .

## Features of success the Iraqi free zone

- Geographical location

Iraq has a strategic location in the midst of the countries of the world . It's close to the international market and overlooks the Arabian gulf and Europe which makes it an important geographical link one point for the international trade lines which links west Asia ,Arabian gulf countries, and the south east of Asia with Europe . it's also attached to a heavy network of land-lines including railway, air and sea travel with neighboring countries .

- Economical resources

Iraq is regarded as one of the latent industrial investment area because of the abundant .

Existence of cheap energy ( oil and natural gas ) and their products like petrochemical , fertilizer and raw material like phosphate , sulfur , agricultural products and the rich resources of animals .

الهيئة العامة للغذاء والدواء  
Iraqi Free Zone

- Wide-spread market

The Iraqi market is considered one of the greatest consumer and promising market specially when the income of the individual is rising in addition that Iraq is situated within the area of the Arabian gulf and Iraqi markets overlooks the gulf operation council countries market neighbor to many countries like Iran, turkey , Syria and Jordan . that it will be a great extension to the markets in Asia and Europe in addition to the ability of utilizing the trade of (transit) to turkey , Syria and Jordan markets

- Worker hand

Iraq is full of efficient skill workers hand graduated from Iraqi and foreign universities , technical and administrative institutes. In addition to that the fees of that efficient skill worker hand is low in compare with the other outside countries which will avoid the foreign investor the burden getting the efficient skill worker from out side .

- Legal and lawful features

The law and legislation of the free zones in Iraq, aim to attract investments through the incentives, permits and the guarantee. The mechanization of dealing and working in the free zone is marked by easiness and flexibility all that are to facilitate the products to the investors with finding a competitive element in comparison with the neighbor free zone. It's important to indicate that the linking of the board with the minister of finance directly according to the law of the board NO ( 3 ) in ( 1998 ) that it's legislation and power is form 1 connected with centralized administration with its enjoyment of administrative and financial independency.

- Centralized structure

The fundamental and supportive understructure inside the Iraqi free zone to operate the investing projects in which electric power, water health service, internal and external ways which lead to the free zone.

الهيئة العامة للمنطقة الحرة العراقية

- Decrease of cost

What distinguish the investment in Iraqi free zone in comparison with the neighbor countries that the reduce in investment cost of projects wither the investment cost or operation, it's known that the reduce in cost is one of the important element to encourage the investment . The reason of reducing the cost are as following .

1. The difference of price of local currency in front of the foreign money which will lead to reduce value requirement of local products from the crud material reduce the range of fees of services .
2. Regulations and instructions of free zone had put a comparative prices to the fees of investment in comparison with neighbor countries .
3. The location of free zone near the sources of raw materials and the local and external market which reduce the cost of transportation .

- Provide the lands appointed for investment

The commission possess expanded lands strategic location for an activities which are the possession of the board (own) . It's possible to possess other lands in all parts of Iraq according to the needs, that will make the operation of investment easy and flexible without the need to the transaction of any direction .



## Features of investment in Iraqi free zone

1. The period of investment in commercial and services activities about (15) years . The industrial ac about (25) years and it's renewable according to the desire of the investor and the commission agreement .
2. The investor is free to choose the activity which he desires .
3. No entity of bands on investor nationality or reserve capital .
4. Opportunities of foreign investment of %100, no need the existence of domestic partner .
5. Free in choose the legal conformation to the project (individual , company , participation) .
6. Free in transfer profit and invested capital .
7. All except and import activities are exempted from the restrictions expect what export to the local market in Iraq .
8. Facilities should granted to the foreign investors for residence inside the country .
9. Free in using the foreign workers and facilitate procedures of granted visa and residence .
10. Free in operation for the sake of other to utilized service which the project provide .
11. Free in specifying prices of the productions and the percentage of Its profit .
12. Do not specify a duration or restriction on the goods inside the free zone as it's ready to deposit and shall pay charges of storage .

## Incentives and permit

The element of success which had been talked about previously considered as one of the important incentives submitted to the investors .

There are other incentives and permit are as the following .

1. Competitive prices of rental and fees .
2. Exemption of capital , the profit and the income .That are due to the investment from all taxes and fees as long as the project exists .
3. Exemption of goods exported and imported from all taxes and fees except those that the country imported into .
4. Exemption of the foreign workers income from the taxes.
5. Giving the investors the right to relinquish or participation wholly or in part .
6. Buying or selling of foreign currency dealing with the inside the free zone is not bound with any restriction of conditions .
7. Exemption of the goods directed to the free zone from all the outlet border from fees of transit with free in transporting the goods within the free zone and exemption from custom and transit fees .
8. Facilitate the administrative procedure and license of work .

## The free zone working in Iraq

There are four free zones in Iraq

- Free zone in khor AL-Zubair

The area is situated to the south west of Basra (45)KM far from it and is (1000000)m<sup>2</sup> with the potentiality of being expanded (18)KM . This area has a strategic location overlooking the Arabian gulf which makes it an important geographical linking point with international trade lines as well as possessing a high marketing potential for the Iraqi market and the international gulf market then to the Asian market and there are sea and land outlet to deal with free zone as it's near to the khor AL-zubair port about (20)KM from um qaser port in addition to the safwan outlet with Kuwait and AL-shalamcha outlet with Iran . This location in the middle of open network from means of transportation in addition to the high ways which link it with all the free zones of neighbor countries as well as being near to the raw material including location and semi manufactured goods and all the industrial , commercial and service investment .

www.iraqfreezone.com

- Free zone in Nineva

The area is situated in the north of the country in Nineva governorate on Mousel – Dhok it's about (20)KM to the north of Mousel with the total area (4,9)KM . This zones is marked by mid geographical area because is situated on crossroads of land rail-road in different directions to Turkey ,Syria , Jordan and Iran it's closed to energy resources , raw material as well as animal and agriculture products .

- Free zone in AL-Quaim

The area situated in the north west of the country in AL-Anbar governorate on Iraqi-Syria border with total area of (300000)m<sup>2</sup> linked with Nineva governorate through the land route (Rawa – Mousel) long up to Turkish border and linked with AL-Basra governorate by high way long up to Arabian gulf as well as the borders outlet in (Trebel) long up to Jordan border concerning railway lines long up to nineva governorate and the other Baghdad,AL-Basra then to the port .

- Neameit AL-Faluga (about to be established)

This location is considered one of the important location , It's total area (8.5)km situated on the western international h way which linked Iraq with Syria and Jordan , And to the south with the southern governorate long up to Saudi Arabia and Kuwait it's closed from the sources of energy ,water ,crude material , and Proficient skill worker hand and it's about to be established . It's approved to establish it in accordance with revolution command council in 1/3/2001 .

## An investment opportunities in Iraqi free zones

1. The law of board and the instruction issued thereunder allow to practice all the industrial , commercial and service activities ( prevented to deal with some ) in addition to the operation of storing goods and ( transit ) activities .
2. The request of the neighbor countries to establish shard free zone with Iraq close to the borders outlet .
3. The recent direction in Iraq towards investment in petroleum aspect through the petroleum license which opened a space to create investment opportunities to many of the investor and companies contracted with the ministry of oil .
4. According to the existence of many land related to the commission prepared for investment with flexible contract procedures but not routine which push it to open a new aspect for investment in accordance to the following style .
  1. Development and operation
  2. Participation

In addition to the style of rent

Location	Total area for investment km2
Khor-ALZubair	18.500
Nineva	4.489
AL-Quim	0.381
Neameit AL-Faluga	8.582

The projects of the commission in the future is to open a new free zone in all the location below .

1. Free zone near Baghdad international airport .
2. Free zone near AL-Najaf international airport .
3. The commission is studying the requests which submitted from some of the governorate council to establish free zone in there governorate .
  1. Wasit governorate .
  2. Dyala governorate .
  3. AL-Muthana governorate .
  4. Salah- AL – Deen governorate
  5. Babylon governorate .

The commission had signed of protocol and memorandum of understanding with the neighbor countries in order to open a shared free zone as follow .

1. Co – operative protocol with the establishment of the Syrian free zone .
2. Meeting report with the establishment of the Jordanian free zones .
3. Meeting report with the establishment of Iranian free zones and Iranian commercial attaché .
4. Memorandum of understanding with the turkey side in addition to meeting report with Turkey commercial attaché .

## Investment procedure

- First / General procedures for investors

1. Submit an application from the investor to the commission to erect his invested project clarify specification of the requested location ( bureau , building , paved or un paved land ) and define his previous and recent project .
2. Submit any document to confirm the economical and financial centre to the investor as his belonging to the chamber of commercial or industrial .
3. Request fees should be payment and the fees of activity license .
4. Fill the form of application investment .
5. Submit the economical feasibility study of the projects . (3) copies .
6. After prime agreement the rent should be payment first to the requested location for investment for one year . Rent for subsequent year should pay on each the same time and pay the fees of guarantee .
7. Ratify the contract and arrange report of delivering the location and then submit the geometrical scheme to the location of the project in accordance to the instructions depending on the Arabian text when a dispute arising .
8. License of activity delivered when the building is established completely .

- Second / Special procedures

- ❖ The Iraqi inhabitant .

1. Should submit vital card , nationality card ( if found ) ( 3 ) copie:
2. The safety situation from the militarism .
3. sign an undertaking to transfer ( %50 ) from his profit in the project to the inside in foreign currency .

Iraqi not inhabitant . Submit his passport and residence ( 3 ) copies .

- ❖ National company .

1. Submit the contract of establish with alive signature recently credible in accordance to the principles .
2. The authorized manager sign commitment to transfer ( %50 ) from the investment profit to the inside in foreign currency .

Participate the Iraqi inhabitant or a national company with the Iraqi not inhabitant or the foreigner .

The condition above should be taken in consider as he is Iraqi inhabited or nation company according to the situation with accordance to the province of the foreigner .

❖ Foreign company .

1. Submit the contract of establishment of the company in live signature recently credible ( if is not exist in the contract of establishment of the company ) .
2. A list of member of board of direction company recently credible in accordance to the principles ( if not find in the contract of the establishment ) .
3. The authority manager submit an authorization recently credible .
4. The authority manager sign a confession in province .

Normal foreign person .

1. Submit his passport ( 3 ) copies .
2. Signe a confession in province .

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