

AUSTRIAN - IRAQI BUSINESS TIES

OPPORTUNITIES & CHALLENGES

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IRAQ - TWO SHOCKS

Low Oil Price

- High dependence on oil
 - Accounts for 92% of gov. revenue (2015)
- Impact on the budget
 - 2014: 160 bio IQD (140 bn USD)
 - 2017: 101 bio IQD (85 bn USD)
 - -37%
- Impact on oil production
 - oil companies cut investment plans

IS (Da'esh)

- Destruction of infrastructure
 - housing, power stations, hospitals, schools etc.
- Impact on budget: increased spending
 - cost humanitarian assistance
 - 3.3 million IDPs
 - 10 million need assistance
 - defense & security

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ECONOMIC OVERVIEW I

- Economic growth
 - Estim. GDP growth of 11% for 2016 (real)
 - growth driven by 25% increase in oil production
 - non-oil sectors contracted by 8%
 - prognosis 2017: -0,4%
- Inflation
 - 0.4% (2016)
 - 2% prognosis for 2017
- Foreign currency reserves
 - 45.2 billion USD (2016)
 - down from 54 billion USD (2015)

Source: IMF

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ECONOMIC OVERVIEW II

- Financing through loans
 - **IMF program**: 5.3 bn USD (2.1 bn disbursed)
 - Worldbank: 1.4 bn USD
 - France: 512 m USD
 - Japan: 195 m USD
 - UK: *tied* loan amounting to 1.2 bn USD
- Budget 2017
 - expenditure: 101 bn IQD (85 bn USD)
 - revenues: 80 bn IQD (68 bn USD)
 - budget deficit: 21,7 bn IQD (19 bn USD)
 - **spending down by 5%**
- Rise in external debt
 - 2016: 64.2 bn USD
 - 2017: 73.4 bn USD

Source: IMF

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CURRENT DEVELOPMENTS & OUTLOOK

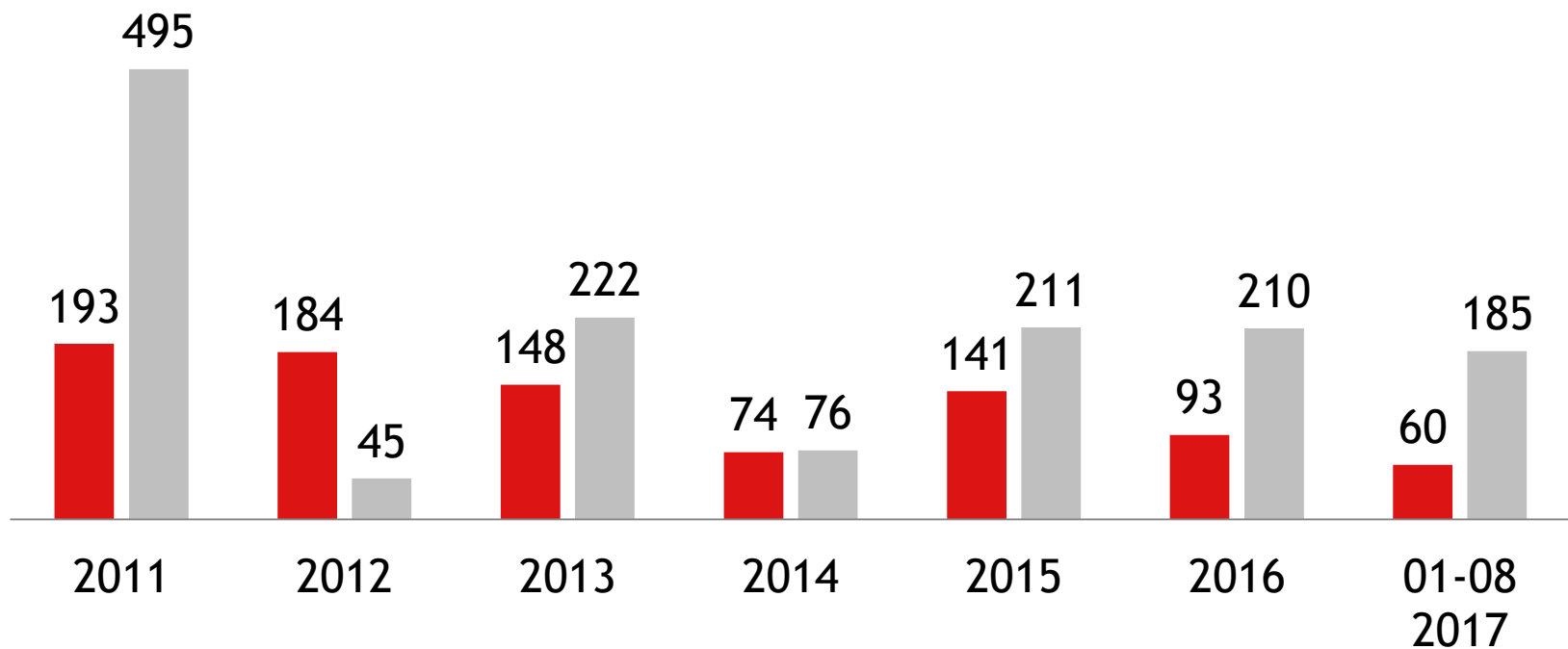
- Referendum in Kurdistan: 25 Sept. 2017
 - 72% turnout - 92% in favour
 - Flight ban for the Kurdistan region
 - Kirkuk under control of the government- borders with TRK and IRN open
 - Borders under IRQ control: customs clearance (appar.) in Kurdish hands
 - Sanctions on banks: limit on withdrawals, transfers
 - Budget draft for 2018: 12.6% for Kurdistan
- Border between JOR and IRQ reopened: Jordanian-Iraqi industrial zone planned
- Closer ties between KSA and IRQ: border between Iraq and Saudi Arabia reopened (“Arar” crossing)
- Parliamentary elections in May 2018: National level
- IMF loan: spending cuts will continue
- OPEC oil cuts: Extension after March 2018? → oil price?
- GDP growth forecast: 2.8% for 2018 - 2022
- Higher oil production: 2017: 4,566 mbpd up to 4,776 mbpd

TRADE RELATIONS AUSTRIA - IRAQ

■ Exports from AT

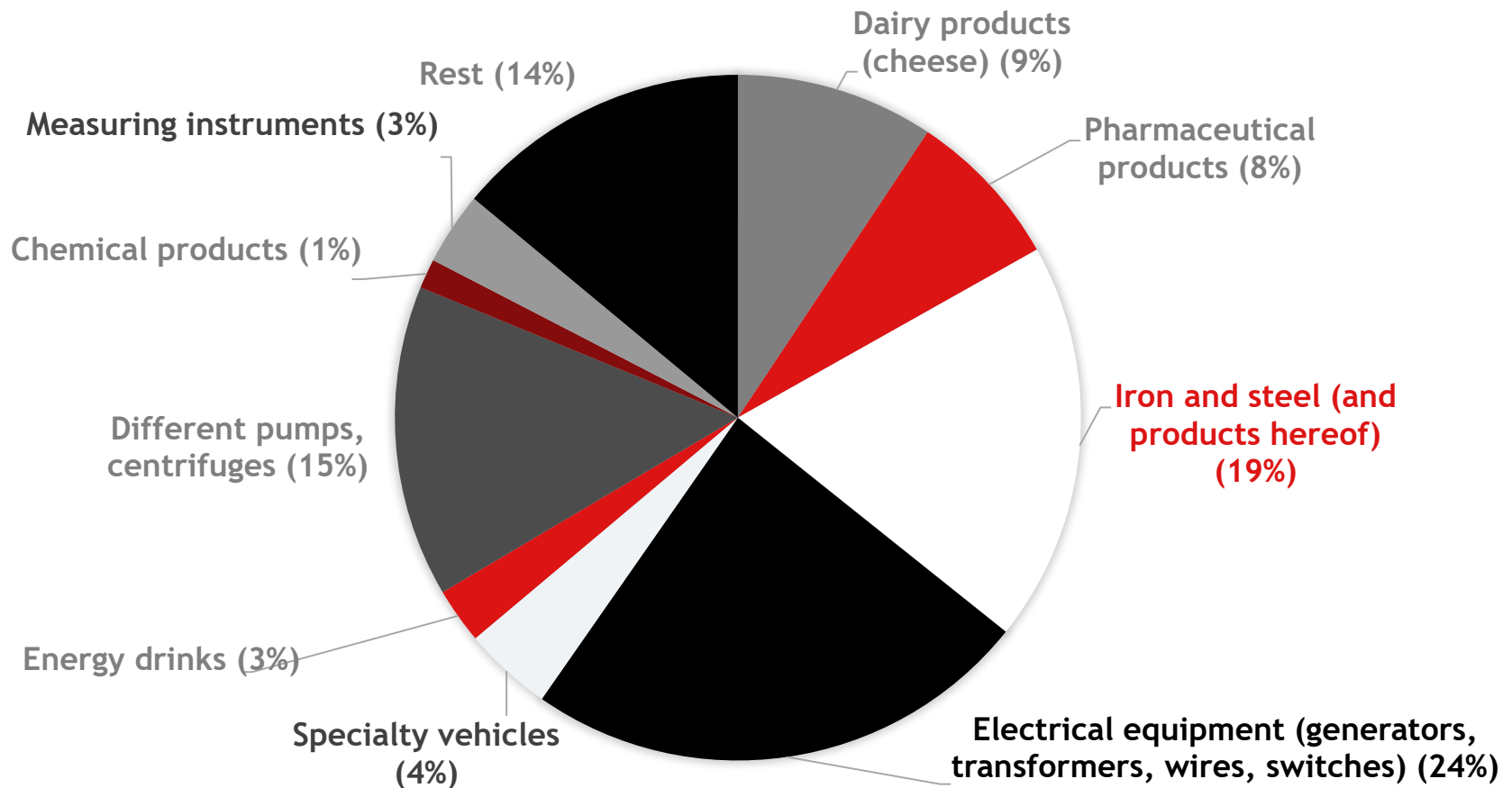
■ Imports

in million EUR



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EXPORTS FROM AUSTRIA TO IRAQ (2016)

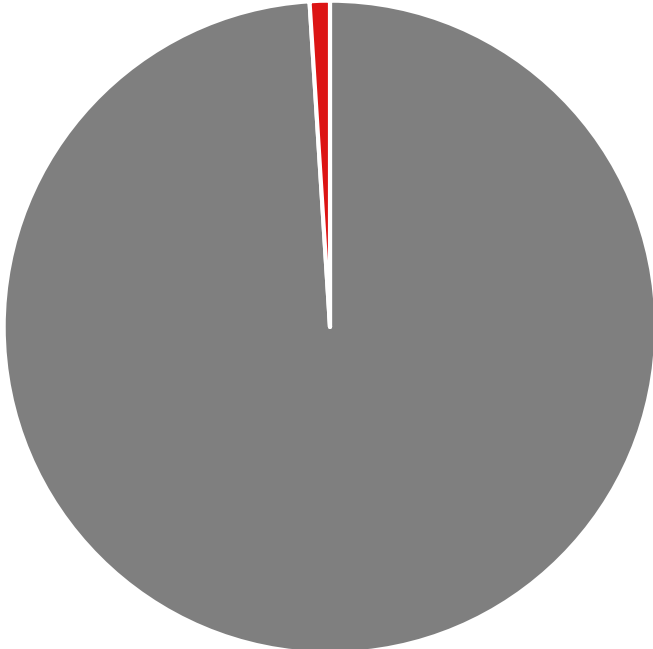


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IMPORTS FROM AUSTRIA TO IRAQ (2016)

Iraqi Exports 2016

99% = oil



■ Oil ■ Other products

OPPORTUNITIES FOR AUSTRIAN COMPANIES

- Consumer goods (food and beverages)
- Pharmaceuticals
- Infrastructure (Housing, transportation but also construction materials)
- Energy: Oil & gas, power generation and transmission
- Environmental technologies incl. RE
- Agriculture (irrigation, seeds, crops)
- Health care (equipment for hospitals)
- Railways?
- Consulting:
 - Engineering (above mentioned technologies)
 - UNDP funded projects: Waste water, consulting, construction, power
 - EU funded projects: education, health, good governance

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RECOMMENDATIONS FOR DOING BUSINESS IN IRAQ

- Understanding the local culture is key to success
- Gather data and information (we can help you with that!)
- Finding a local partner is not a must, but vital for a continuous presence and will help you in the long run: → choose wisely
- Trust your partners insights
- No exclusive partnerships right away
- Terms of payment
- Personal contact and networks are important
- Public sector projects need to be taken as a long-term project
- Have patience

Thank you

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