

**ENABLING AND SUSTAINING
PRIVATE FOREIGN INVESTMENT IN IRAQ**

Workshop on Iraqi Economic Zones Strategy

Action Plan

Organized by the
MENA-OECD INVESTMENT PROGRAMME

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OECD Headquarters
Room MB 0116

Paris, France



Iraq Investment Zones Action Plan

A workshop on the Iraqi economic zones (EZ) strategy was held at the OECD headquarters in Paris on November 25-26, 2010, at the request of the Iraqi National Investment Commission (NIC). The workshop was attended by the Chairman of the NIC and five of his key staff, as well as several international experts.

The topics discussed included: economic zone models ranging from traditional export-processing areas to special economic zones; the Iraqi legal framework for economic zones; the status of existing zones; sector prioritization; EZ policy frameworks and incentives; and EZ management structures. Following a series of discussions that were rich in information and shared experience, the participants agreed on the following actions and timeline:

1. The NIC will provide a detailed evaluation of existing economic and industrial zones in Iraq to determine their role in the new investment zones strategy;
2. The new strategy will give priority to an **investment zone** model focused on the domestic market and offering an incentives package based on quality infrastructure, security, and streamlined administrative services rather than tax and customs duty preferences;
3. The new strategy will target multiple sectors in accordance with the Iraqi National Development Plan 2010-2014 and with WTO and trade agreement obligations, but especially:
 - a. General manufacturing, transport and logistics
 - b. Oil refining, petrochemical and heavy industry
 - c. A wide area special agricultural economic zone
 - d. A multi-modal sea transport hub/economic zone at Al-Faw
 - e. A multi-modal air transport hub/economic zone at Baghdad International Airport (BIAP);
4. The new strategy will favour the use of the simpler forms of public-private partnerships (PPP), such as build-operate-transfer (BOT) models;
5. A dedicated investment zones unit will be created within the NIC to coordinate implementation of the strategy;
6. The MENA-OECD Investment Programme will provide drafting assistance for a new *investment zones implementation regulation* for the 2006 Investment Law, covering:
 - a. A description of the investment zones concept
 - b. Privileges and incentives (other than tax or customs related) for zone tenants, including one-stop-shop licencing services, security and infrastructure
 - c. Site selection criteria
 - d. Creation of an NIC unit responsible for investment zones
 - e. Authorization of private sector involvement in zone management via:
 - The institutional and management structure of investment zones (including the delegation of certain responsibilities)
 - Investment zone Boards (including representatives of the NIC, relevant PICs, private developers, tenants, the Ministry of Industry, and the Ministry of Planning)
 - A one-stop-shop located in each investment zone;
7. A broad study of the tax and customs duty issues that may affect investment zones as the Iraqi tax system develops, involving the relevant Task Force for Economic Reform and Private Sector Capacity (TFER) working group;
8. The Grand Al-Faw Port project or the BIAP site could be the focus of initial implementation efforts given their advanced and strategic status.