

Strategy for BITs Negotiations

Elements to consider

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I. Existing Iraqi International Investment Agreements

- The 2005 WTO application document provides an extensive list of BITs signed by Iraq since the 1920's
- Is the Iraqi Government able to provide the texts of these documents?
- Are these investment agreements still in force?

II. Proposed Approach: Iraqi Model BIT

- MENA countries are following a worldwide trend by signing an increasing number of BITs
- To facilitate negotiations model treaties are used by MENA negotiators
- Would the Iraqi Government be willing to set up with the OECD a drafting group for a Iraqi model treaty?

II. Modern BIT Models

- Models have been evolving over the past decade
- Example 1: The US model treaty
- Example 2: The Egyptian model treaty

II. Towards an Iraqi model BIT

- The OECD is ready to provide technical assistance in the drafting of a Model BIT.
- An action plan could be set up which would provide for:
 - » the composition of a drafting group involving both Iraqi and OECD experts.
 - » The organisation of a Workshop (April) to finalise the work.

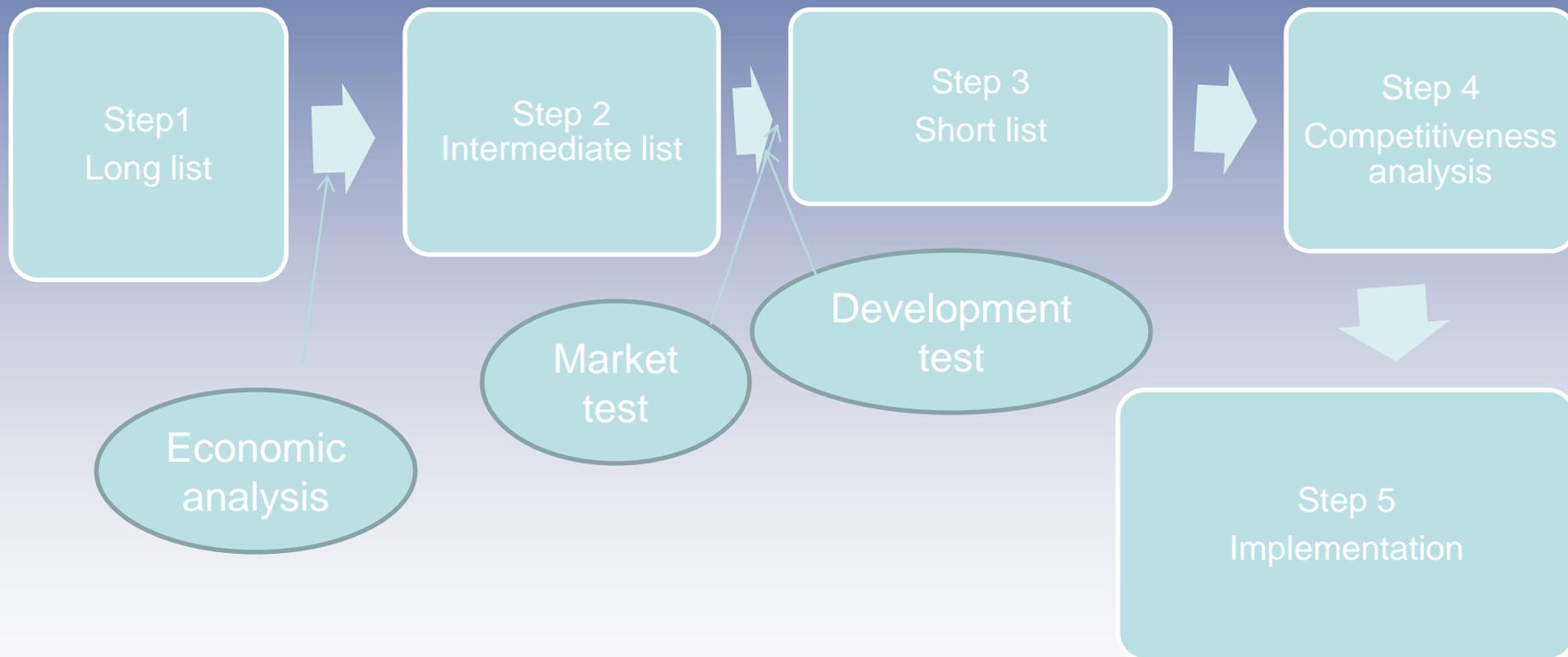
III. Strategy for Country Selection

- BIT promote cooperation and trigger bilateral Investment flows.
- As a preliminary step, listing the countries with which cooperation should be reinforced is necessary
- This involves a country selection process.

III. Country selection method

- Country selection depends on a number of factors.
 - In the Iraqi context, the scope of the **privatization** policy is crucial. Which are the State owned Enterprises that may be open to foreign participation? Under which terms?
 - A **sector based** development strategy should be designed: where does Iraq have a comparative advantage? Which sectors would be better off with additional foreign participation?

III. Example: Izdihar Report



III. Methodology

- Market test: considers demand ,supply, firm strategy and structure, and the supporting cluster service available.
- Development Test: considers the Industry's potential contribution to Iraq's broader economic goals.

Results: the 10 most relevant sectors

- There is opportunity for bilateral relations in those area, since they are both attractive to foreign investors, and important to foster Iraq's economic growth and diversification.

Industry
Poultry Production
Agri-processing
Fisheries
Plastics
Petrochemicals
Pharmaceuticals
Mobile telecommunications
Financial services (banking closed, art 29)
Tourism
Cement