Foreign Language

Foreign Language

Foreign Language

Foreign Language

4th Draft
31 July 2003

Delegates Transport

CPA/MTC Lead: (b)(6)

The company has a fleet of around 100 new chauffeur-driven Mercedes and Hyundai sedans and is offering them for hire at competitive market prices. Staff: 214

The Company has suffered less looting then others, also due to the efforts of the managing staff to protect the facilities as soon as possible. This was the first company who put in place its own guards and repaired its gates and fences. Management and company staff appear very motivated and willing to operate according to free market principles.

This company already has a contract with CPA for the rental of 8 limousines and is aggressively pursuing normal commercial contracts with many potential clients.

This company offers services, which are typically offered by commercial companies. The Ministry intends to manage it, by representing the owner's rights in the relevant Board of directors, as if it were a commercial company, till when it will be possible to transfer it to the CPA Directorate for Private Sector Development.

This company is a candidate for early commercialization and transfer to the CPA Directorate for Private Sector Development.

Foreign Language

Planing & Follow up Dept.

النشاط الشهري للشركة العامة --------------------------

Monthly Report for Rtate Co.-- Delegate ---- Transp.

المبالغ بالمليون دينار (تموز - ٢٠٠٣) التاريخ:-

Date:- **(July -2003)** **(M.ID)**

النشاط المتحقق (يذكر الطاقات بالارقام) Report State (In nos.)	كادر الشركة Employees	المصروفات Expendeture	الإيرادات Revenue
		.758	2.647
		* = 1040 $	* = 4320 $
WITH EXCHANGE RATE	1.700	= 446 $	= 1.557 $
	PLEASE TRANSLATE ANNEX		16.8.2003

Republic of IRAQ
min of Trans & comm
state company for del
egates Transportation
Let No: 1597
date : 10th Aug 2003

In the name of God most compassinate most merciful

Ministry of Trans & comm / planing and follow up

subject: July report

We mention underneath, the company activity analysis for July 2003

To observe----- with appreciation.

serial	details	number	US Dollars	
1	number of duties	9		
2	Working-operating days	43 day		
3	duty executing cars numbers	17		@ 1.700
4	July month Revenue	2647500 Iraqi dinars	4320 $ (AVERAGE 36 US$/DAY)	1.557
5	July month Expenses	758230 Iraqi dinars	1040 $	446

signature
saad. atallah. kaZem
D. G
9th Aug 2003

Foreign Language

Delegation Trans.

ANSWERS TO DUE DILIGENCE QUESTIONNAIRE

CPA LEAD : GIORGIO

Foreign Language

Foreign Language

Foreign Language

Foreign Language

Foreign Language

Foreign Language

(b)(6)

Foreign Language

Foreign Language

Foreign Language

Foreign Language

Foreign Language

Foreign Language

((Annex No. 1))

Answer to question No.9

We State below based on book value not a real value .

1- land cost	I.D	2,000,000.
2- building cost	I.D	3,000,000.
3- Tools cost	I.D	31745990.
4- transport means	I.D	102836899.
5- maintenance tools	I.D	761900.
6- Furniture	ID	12876284.

((Company Background))

1-The company has been founded in 1979 ,it was related with tourism directorate .

2-Transport Unit Connected with transport & communication in 20/2/1989.

3- The company has been transferred to transport for delegation and hosts in 25/4/1989 and it was connected directly with ministry of transport & communication.

4- It has been transferred to General company in the name of company for delegation transport, in 29/3/2000 its capital (50,000,000) I.D.

Foreign Language

3 AUG 2003

DELEGATE TRANSP. - BANK ACCOUNT

RASHID BANK, AL MASBAH BRANCH

195.000 US$ DEPOSITED 21. JUL 2003

SIGNATORIES : ENG. SAAD ALMULLA

+ (b)(6)

JOINT

U.S. DEPARTMENT OF DEFENSE
OFFICE OF RECONSTRUCTION
AND HUMANITARIAN ASSISTANCE

July 3 ,2003

To: Un office Of The Iraqi program Oil for Food

From: (b)(6) **Transportation Ministry Advisor, Ministry of transportation & communications, Office of Reconstruction & Humanitarian Assistance**

Subject: Contract Amendment

Reference To the Contract No. (11 – T – 028) (1100075) To supply 100 Cars type Type S350 Model 2004
We enclose Addendum To the a/b contract, we acknowledge you our Agreement To the Amendment Made to the contract , therefore , we ask you to accept this Addendum , so the supplier can execute supplying the rest of the cars in Accordance with the contract No.(110007)

Encl.
Addendum Contract No. (11 – T – 028) (1100075)

LTC

Signature
LTC: (b)(6) **Transportation Ministry Advisor, Ministry of transportation & communications, Office of Reconstruction & Humanitarian Assistance**

TOCOUNCIL 661 COMMITTEE SECURITY

This is to confirm that we state company for Transportation of delegates, Ministry of Transport and Communication , Government of Iraq concluded the following contract phase 11-T-028.

1. **Contracting Party**

ATLAS INDUSTRIAL

7th FLOOR CHICAGO BUILDING,

AL ABDELY. AMMAN, JORDAN.

Tel : 962 6 5657247

Tel : 962 6 5657248

Fax : 962 6 5657249

2. **Total Value**
(5797773) EURO)
Five million seven hundred ninety seven thousand seven hundred seventy three Euro.

3. **Goods**
(100) one hundred Mercedes Saloon (S320-Long) M. 2002.

4. **Code No.**: 07-68-00001

5. **Exporting Country** : Germany.

6. **Entry point** : Trebeel.

First Party (End User)
State Company for Transportation of delegates
ABD LELO KLEAF
Director General
4 / 2 / 2002

وزارة النقل والمواصلات
الشركة العامة لنقل الوفود

Foreign Language

Ministry of Transport and Communication

State Company for
Transportation of Delegates
Tel: 7177372
Fax: 7729389
Baghdad - IRAQ

Contract No. (11-T-028)

Supply of (100) one hundred saloon cars type Mercedes Saloon size (S320 –Long) model 2002 for Transportation Delegates accordance with the Eleven stage of the Memorandum of Understanding between the government of Iraq & the United Nation for buying goods under the security council resolution (986) on 1995 . As well as resolution 1153 of 1998 , 1175 of 1998 & 1210 of 1998 and resolution 1281 of 1999 & 1330 dated 5.12.2000 and resolution 1382-2001

The contract has been concluded & signed between the two parties in Baghdad on date 4 / 2 / **2002**

A. First party :
State Company for Transportation Delegates.

B. Second party :
Atlas Industrial
(Sailor)
Amman – Jordan
Tel : 962 6 5657247
Fax : 962 6 5657249

THE TWO PARTIES AGREED AS FOLLOWS :

1. Subject of the contract

The second party undertakes to supply the first party the following..
(100) one hunderd Cars MERCEDES saloon size S320 - LONG model 2002 as in Annex (1) CIF Baghdad according Incoterms 90.

Foreign Language

Foreign Language

2. Price of contract

Code No. 07 - 68 – 00001
The total amount of the contract is
(5797773) Euro
five million seven hundred ninety seven thousand seven hundred seventy three Euro

3. Delivery

Subject of this contract will be delivered in (6 months) after receipt letter of credit.
Will be delivered on CIF Baghdad according to the Incoterms 90 . The hand over of the buyer will take place immediately after inspection provided by the United Nation Inspectors, place of the inspections will be given by the United Nation.
Partial shipments are allowed.

4. Penalties

The second party should be eligible to pay penalties of 0.1% (one per thousand) for each week of the delayed goods from the quantities agreed upon.
Total value of the penalties should not exceed (5%) of the total value of this contract.

5. Notification of shipment

The seller shall advice the buyer about the shipments schedules and routes 10 days before the arrived time of each shipment and it shall remain the responsibility of the buyer to follow up the arrival and custom clearance of the material .

6. Documents needed

The second party undertakes to present to the first party all the certificates issued from the manufacturer , assuring that these cars respecting the standard and specifications , and the first party has the right to assign at third party to inspect the cars (the charges to be paid by the second party) and to refuse any consignment not according to the specifications mentioned in this contract .

Foreign Language

7. Shipping marks

Each consignment shall bear the following marks :

State Company for Transportation of Delegates.

Baghdad - Republic of Iraq .

Contract No. (11 – T – 028)

Number of L/C.

Security Council Committee permission number :

Origin : Germany .

8. Terms of payment :

In cash irrevocable and confirmed L/C (covered by U.C.P.) 1993 revision of I.C.C. publication no.500, opened by Banque National De Paris S.A. New York Branch (Iraq account) according to the request of Central Bank of Iraq for the benefit of the seller payment from the cash collateral under L/C amount and it's fees pursuant to the M.O.U agreement according to the submission of the following documentation :

A. The customary commercial documentation required :

A.1. 4 (four) copies of invoice .

A.2 4 (four) copies of FBL - FIATA Multimodal Transport Bill of Lading.

A.3. 3 (three) copies of certificate of origin.

B. Copy of 661 committee letter of The procedures prevailing according to UN SCR 1153 (1998) NU SCR 1175 (1998) and UN SCR 1210 (1998) . Stating that the supplier is eligible for payment from the United Nations Iraq account.

C. A confirmation by the secretary generals Designee of the arrival of the exported materials to Trebeel

D. Any required governmental license or equivalent authorization the export provided that:

D.1.The bank shall not make any

Foreign Language

payment under the L/C unless the authorized United Nation officials Designated and having appropriate authority to approve such payment.

D.2.All require documents listed above and stipulated in the L/C are presented and in order in addition to the terms and conditions of L/C are complied with .

D.3. Installments documentary discrepancies can be waived only by secretary general.

D.4.Amount related to the settlement of claim relevant to shortages , damages and any other discrepancies for each shipment according to the confirmation of the secretary general's designee) must be remitted to Iraq account.

9.Force Majeure:

Neither party shall be responsible for any failure of the fulfillment of their obligations if such failure is due to an event , which is beyond each party's control according to Iraqi rules.

10. The second party undertakes to pay all taxes, customs duties, harbor charges and all other expenses related to this contract except what is otherwise agreed elsewhere in this contract out of Iraq .
This first party undertakes to pay all taxes, customs duties and arising inside Iraq .

11. Any amendment and / or addition to this contract shall be made in writing and shall be signed by both parties.

12. All enclosure, to which this contract refers , are considered an integral part of this contract .

Foreign Language

13. *The first party has the the right to cancel the contract if second party failed to register the contract with in (21) days, without notification .*

14. *The contract shall be covered by any contradiction, Iraqi courts have exclusive jurisdiction to hear and determine all action and proceeding arising from the contract.*

15. *Suppliers are responsible to pay all banking charges due to BNP Paribas New York and the advising bank in case they fail to fulfil their obligation in supply or use of L/C .Amount or cancellation .An undertaking in this respect should be presented by the suppliers bank to BNP Paribas New York upon advising L/C to the beneficiaries.*

16. *The name Bank and account No. second party (Arab Bank – king Faisal street – Amman)*
account No. : 0111/193767-7/510/520
name : Atlas Industrial

First Party (End User)
State Company for Transportation of delegates
ABD LELO KLEAF
Director General

الطرف الاول
الشركة العامة لنقل الوفود
عبد ليلو خليف
المدير العام وكالة
/ 12 / 2002

وزارة النقل والمواصلات
الشركة العامة لنقل الوفود

Second party
Atlas Industrial
Mohammed Abass Hashim

Director Manager

الطرف الثاني
شركة اطلس الصناعية الاردنية
محمد عباس هاشم
المدير العام
4 / 2 / 2002

A.I.L Industrial Ltd. شركة اطلس الصناعية

Foreign Language

Annex No. 1

Technical specification for Mercedes	
Model : Mercedes Saloon S320-Long	
Model : 2002	
Engine : 6 Cylinder – 224 H.P – 3199 cc	
Gear box : automatic – 5 speed transmission	
Automatic air condition front and rear	
Slide roof electric	

Foreign Language

[redacted]

For the Att. of [redacted] (6)(b)

Dear Sir,

I enclose to you herewith a list of the New Projects and the Industrial Complexes

with regards

HAIFA A-HAMID
Investment Dept
2/12/2003

CHEMICAL INDUSTRIES

A- New plants

1-Cement plastic sacks
2-Chlorine and caustic soda
3-Alkaline batteries
4-Poly-ethylene, P-P and P-butadien
5-Phenol production
6- Production line for high pressure hoses
7-Rubber belt conveyors
8-Phosphatic fertilizers plant
9-Phosphatic acid plant
10-Nitrogenous fertilizer projects
11-Petrochemical plant
12-Plastic industries plant
13-Sulpher purification unit (1 mill T.Y)
14-Antifoaming agents for oil industries
15-Carbon black plant
16-Black Masterbatch (plastic)
17- Fiber -glass reinforced plastic pipes
18-Fiber-glass reinforced plastic products
19-Methanol projects
20-Industrial- marble
21-Metal coating with Resins
22-Plant for agricultural pesticides
23-Plant for chemicals used in water treatment plants

B- Expansion, developing or completion of existing plant

1-Glasfiber plant /Taji
2-Production lines for Resins
3-Chlorine plant in petrochemical complex-Basrah
4-Modification of paper-making machine to produce newspaper- paper
5-Expansion of the wooven plastic sacks for (sugar,wheat,fertilizers,....) and for vegatables

PHARMACEUTICAL INDUSTRIES

A- New plants

1-Insulin Production Plant
2-Drugs for anasthesia production plant
3- Corticosteroids Drugs production plant
4- Hard Gelatin capsules production plant
5- Production plant for medical appliances (Giving – sets , Urane - ,Blood- bags production plant)

B- Expansion, developing or completion of existing plant

1-Medical disposable syrings production plant
2-Anticancer Drugs production plant
3-I.V.solutions production plant
4-Inhalar production plant
5-Veterniary drugs production plant
6-Diagnostic Kits production plant

CONSTRUCTION INDUSTRIES

A- New plants

1-Plant for sodium sulphate
2-Plant for extraction and purifying of minerals
3-Plastic pipes for water
4-Gypsum and plaster of paris plant
5-Gypsum boards and False ceiling plant
6-Insulating materials plant
7-Mosaik floor tiles
8-Large and medium Diameters plastic pipes
9- Ready made houses
10-Refrigerated stores
11-Production line for ordinary stores
12-Float glas plant
13-Bentonite activation plant
14-Production lines for Clay bricks
15- Production lines for Clay bricks from coloured kaolin
16-Production lines for Sand-Lime bricks
17- Production lines for Cellular concrete bricks
18- Production lines for ceramic tableware
19- Production lines for portland cement
20- Production lines for Alumina Firebricks

B- Expansion, developing or completion of existing plants

1-Development of Cement plants
2-Basrah and Samawa Saltries
3-Completion of ceramic sanitary -ware in Ramadi
4- Completion of the expansion of old plant for ceramic Tiles
5- Completion pharmaceutical glas containers plant in Ramadi
7-Completion of Refractories plant in Falluja

FOOD INDUSTRIES

A- New plants

1-Plant for Ethylalcohol and glacial acetic acid in Missan sugar plant
2-Plant for Gelatin starch
3- Plant for Glucose production
4- Plant for Oil production
5- Plant for Soap production
6- Plant for Detergent production
7-Plant for Cosmetics production
8-Plant for Desinfectants production
9-Plant for Tubes production for tooth paste and cremes
10- Plant for tooth paste and cremes
11- Plant for sulphonic acid production
12- Plant for cigarretes production
13- Plant for safety matches production
14- Plant for carton and paper packages for cigarettes,diary and food production
15- Plant for cheese production
16- Plant for processed cheese production by U.H.T.
17-Milk botteling in plastic- containers

B- Expansion, developing or completion of existing plant

1-Packing plant for milk-powder in plastic bags
2-Revamping of cigarrets filter plant
3-Plant for instant dry yeast
4- New detergent plant in Rasheed Factory

ENGINEERING INDUSTRIES

A- New project

1-The new iron and steel plant
2-Production line for florescent lamps
3- Production line for bolts and nuts
4- Production line for agricultural equipments
5- Production line for moulds
6- Production line for passengers cars and pickups
7- Production line for trucks for diff-Purposes
8- Production line for water –meters
9- Production line for water –treatment units
10- Production line for house –hold equipments
11- Production line for fans
12- Production line for water –pumps of diff-capacities
13- Production line for cooling equipments
14- Production line for cooking furnaces
15- Production line for freezers
16- Production line for television-sets
17- Production line for computers
18- Production line for telephones and mobile
19- Production line for washing machines
20- Production line for electric meters
21- Production line for transformers
22- Production line for longitudenal welded steel tubes (black and galvanized)
23-Simeless pipes
24- Production line for pipe fittings
25- Production line for locks
26- Production line for electro fittings
27- Production line for electrical wires
28- Production line for control cables
29- Production line for ductile pipes
30- Production line for steel plates
31- Production line for boilers

32- Production line for generators
33- Production line for cables coated with jelly

B-Expansion,development and or completion of plants

1- Development of Iron factory and rolling factory
2- Development of sponge Iron factory
3-Revamping of spiral welded steel pipes
4-Revamping of production line for airconditioners
5-Completinon of the plant for steel –plate coating

TEXTILE INDUSTRIES

A- New project

1-Plant to produce Rayon filament
2- Plant to produce Rayon Yarns
3- Plant to produce Acrylic Yarns
4- Plant to produce Poly propelen Yarns
5-Geric plant for cotton
6-Production of filters –cloth of all types
7-A Lady gown (Aba'a)
8- Production of H_2O_2 for textile industry use
9- Production of caustic soda (flakes) for water-finishing
10- Production of active-repellent
11-Workshops for production of spare-parts
12- Production of Jeans fabrics
13- Production of Jute
14-A plant for Tailoring threads

B- Project for development and expansion of existing plant

1-Improvement and expansion of blankets production
2-Development of P.U. for soul and sport shoes
3-Expansion of leather soul production
4- Improvement of KUT-knitting plant and construction of similar modern plants else-where
5- Improvement of wool –textile for woolen fabrics
6-Modernization of carpet industry by use of electronic jackard machines
7- Improvement of raw-wool washing plants for export of wool
8- Improvement and expansion of carded Yarns for blankets
9-Revamping and development of Najaf –man suites plant

Industrial Complexes

1- Drugs industrial complex in Baghdad – Ghazalia:

The site lays North West of Baghdad, beside residntial area, it had been specified for drugs industry to fulfill the environmental requirments. The total area of the complex is 43 hectares, designed to contain 225 land piecec of 1000 m^2 for each (25m x 40m) in addition to roads, green areas and public bulidings.

2- Nahrawan industrial complex:

It lays 35 km south east of Baghdad with area of 1000 hectares to the brick factories complex, It is specified to contain the polluted action industries with multi types according to the county industrial growth requirements divided into sectors for each industry type separated by green areas zones.

It is designed to contain around 3500 pieces of land of 1000 m^2 for eachin addition to roads and green areas and public bulidings.

3- Garma industrial complax

It lays 70 km. North West of Baghdad 1.5 km. North of Tigirs Hand River with area of 1500 hectares. It's designed to contain around 5000 land pieces of 1000 m^2 each in addition to roads & green areas & public buildings. It's specified to contain non–polluted action industries.

4- Mosul / Hammam Alil industrial complex :

It lays 20 km. South east of Mosul city, 1.5 km. On the west bank of Tigress river on the Mosul –Gaiara old way with area of 1500 hectares. It is specified to contain the non polluted action industries .

It's designed to contain around 5000 pieces of land of 1000 m^2 each in addition to roads & green areas & public buildings.

5- Mosul / Badoosh industrial complex :

It lays 22 km. West of Mosul on the road Mosul – Tell Affar with area of 1000 hectares. It's planned to contain around 3500 land pieces of 1000 m^2 each in addition to roads & green areas & public buildings. It's specified to contain polluted action industries.

6- Kut /Numania industrial complex :

It lays front of Numania Intersection on the left side of Baghdad –basrah road with area of 1000 hectares, It is specified to contain non polluted action industries, It is planned to contain around 3500 pieces of land of 1000 m^2 for each in addition to roads and green areas and public bleedings.

7- Qadisiyah industrial complex :

It lays 6km. East of Diwaniah on the Diwaniah-Basrah express way with area of 1000 hectares, It is specified to contain non polluted action industries, It is planned to contain around 3500 land pieces of 1000 m^2 each in addition to roads and green areas and public bleedings.

8- Al – Taameem industrial complex :

It lays 52km. West Karkook on the right side of karkook- Tekreet road with area of 1000 hectares, It is specified to contain the polluted action industries, It is designed to contain around 3500 pieces of land of 1000 m^2 for each in addition to roads and green areas and public bleedings.

9- Basrah /Industrial Region industrial complex :

It lays inside the industrial Region on the left side of Basrah –Zubair road adjacent to Basrah canal with area of 750 hectares, It's planned to contain around 3000 land pieces of 1000 m^2 each in addition to roads & green areas & public bleedings. It's specified to contain non- polluted action industries taking into consideration the direction of prevailing wind and environmental requirements.

10- Basrah /Khor Al –Zubair industrial complex :

It lays Khor Al-Zubair city, 2km.at left side of Khor Al-Zubair-Um Qaser road with area of 200 hectares, It's planned to contain around 1000 land pieces of 1000 m^2 each in addition to roads & green areas & public bleedings. It's specified to contain polluted action industries taking into consideration the direction of prevailing wind and environmental requirements.

Ministry of Industry and Minerals
Ministry committee

Foreign Language

Foreign Language

To Mr. Jakson

With reference to your letter DD 21-9-2003 including your request for sending Monthly balance about the states of the Ministry inside Baghdad.

We would like to tell you that according to article (13) from law No. 107 for the year 1985 deals with the states of the central financing not with the states of the Ministry which depend on the self financing.

The central financing is specifically for Ministry head quarter.

We can give a brief table for the allocations given to the states company in dollar inside Baghdad.

State Co.	amount US$	payments	Article which is paid for

If you need these information we can supply you with it through our companies very soon.

With Best Regards

Omeed Abed Almajeed Mehdy
For / Director general of economic Directory

سعد / موازنات / كتب

(b)(6)

From: (b)(6)
Sent: Sunday, September 21, 2003 8:43 PM
To: CPA Budget Contacts; (b)(6)
Cc: (b)(6)
Subject: Account balances required before additional funds are
Importance: High

Dear Advisors,

In coordination with your Minister/DG of Administration and Finance, please provide the Accounts Department of the Ministry of Finance and the CPA Office of Management and Budget an accounting of the funds remaining in your Ministry's account(s) in Baghdad as soon as possible. This does not apply to self-financed entities. (The handful of Ministries maintaining accounts outside of Baghdad must provide information for these accounts as well.)

This information (also called the monthly trial balance) is required under existing law before future funds, including the September allocations, can be disbursed to an account. This is NOT a new requirement. The Ministry of Finance has also requested this information under separate communication to each Ministry but with poor results.

Please speak with your Iraqi counterparts first if you have any questions. I am at the Ministry most days but you can reach me by phone at (b)(6) Thank you,

(b)(6)

Chapter 13, Article 13 of Law 107

Units that execute the centrally financed government sector budget . . . . shall submit their accounts (monthly trial balances) to the Accounting Department of the Ministry of Finance no less than ten days following the end of each month, in accordance with the principles and methods established by the Accounting Department.

Foreign Language

9/23/2003

Foreign Language

Republic of Iraq
Board of supreme Audit
Auditing office of Industrial Activity
No. 11/43/2/409
Date 30/9/2003

To/Ministry of Industry and minerals-Ministeroffice
Subj/Financial statements of ministry of Industry and mineral's companies

Dear Sir:

Reference to the demand of the coordinator of Civilian administration (CPA) with ministry of industry and minirals aboutauditing the financial statements of 2002 and period ended in 30/6/2003 for(20) companies of yours as well as in pursuance to our Letter No. 11/43/1/155 dated in 21/6/2003, we would like to inform you the results of our following out the subject:

1- The financial statements were achieved and audited to each concerned company except(Southren State company for Cement) where it's statements of (2001, 2002) are Late due to the following reasons:

A- There is no clear attitude of company, by which, it is possible to determine the quality and quantity of damages that company's headquarter and their below-mentioned factories had been faced as a result of military actions, fire and Looting:

1- AL-Muthana factory for Cement
2- Umqassir factory for Cement
3- Southren factory for Cement

B- unstability of Security Situations in company and it's factories

C- The administrative confusion and complain be tween the administration

of company and its employees which reflect negatively on proving the required statements in addition to change the top administration during short period.

2. Ten companies achieved their statements for the ended period in 30/6/2003 and it's own forms were sent to the internal control office in the ministry of industry and minerals, thus the director general of auditing office of industrial activity in our Board had audited them by examing and checking these statements in the ministry's head quarter in sunday 21/9/2003 as well as he wrote down his notes on each company and delivered them to the internal control office in a memorandum dated in 21/9/2003, therefore the mentioned office is required to take the procedures upon them by coordinating with that companies.

3. The following companies has not achieved their statements for the ended period in 30/6/2003 for many reasons, therefore the ministry's head quarter must condense the following out with these companies to achieve these statements:-

1. Nassar state company for mechanical industries.
2. AL-Faris state company.
3. State commission for Research & Development.
4. State company for Design & Engineering consultations
5. Iraqi State co. for Cement.
6. State co. for petrochemical Industries.
7. U.R. state co. for Engineering = .
8. Southren State co. for Pertilizer industry.
9. = = = = the Cement

lo- AL-furat state company for chemical industries

To notify --- with appreciation

Ihsan K. Ghanim
vice president of B.S.A.
Authorized to manage & Reconstruction
B. S. A

A copy to
- The coordinator with ministry of industry and minerals
- The coordinator with Board of supreme Audit

} to notify -- with appreciation

CONTACT REPORT

Date of Contact: 13 MAY 03

Organization: Al-Noaman State Establishment – Drip Irrigation Systems Plant (MB49598339)

POC: Faisal Falleh Mahouder – Director General.

Description of Plant: The plant now makes drip irrigation systems for the Ministry of Agriculture. It had a dual use where it made cluster bombs for the Ababil rocket/missile systems. However, the DG claims that now they are dedicated strictly to producing civilian systems. The plant, when fully operational, employs between 600 and 700 people. It currently employs about 50, to secure the remaining equipment and materials. The DG claims that as soon as the security situation is better, and they do not have to worry as much about looters, they can reopen, and recall their employees. He said they have all of the requisite raw materials, and that the majority of their machines and equipment.

Requests:

1. That we provide security for the plant. We have troops at the power plant that is adjacent to the factory. The DG recommended that we could make an opening in the wall that separates the two facilities, and conduct patrols in the area.

2. Paying the salaries of employees. The DG asked that funds be obtained to pay, at least partially, the salaries of the employees who have worked without pay for weeks.

Remarks:

The Al-Noaman State Establishment has sustained significant damage as a result of looting. Many of the machine shops have been damaged, and at least one was burned. However, they still maintain complete stores of raw materials, and claim they can be ready for business within a few days. According to the DG, they have a contract to replace all of the broken pipes in the region.

Ministry of Industry & Minerals MICS
Ministry Committe

Re: Ministerial Order

Implementing the Order issued by Mr. Bremer Manager of CPA the was notified to us by the order of The Military Industrialization Commission No 17 of 2/July/2003.

The undermentioned State companies have been transferred from the the said Commission's budget to MIOM's budget with all their employees, assets, obligations and rights

This order to be implemented w.e.f- 1/July/2003.

1- Alsmood S.C.
2- Ibn Sina S.C.
3- Alzawra S.C.
4- The Great Victory S.C.

The Supervisor Esq., Signed by
In pursuance to your guidence Mohanned Abdul Mujeeb
We hereby furnish you with Aladdin
copy of the above order attached Supervisor of MIOM
herewith - With appreciation. 2/July/2003
Nazzar

To be handed over 22/July
to Mr. (b)(6)
ects - Military Industrialization / Your above order With appreciation
- All the 5 Cos: Please to be informed With appreciation
- Departments of The Ministry headquarters.
- Personnels.

[redacted]

(b)(6)

M

Dear Sir,

The attached regarding the Military companies shifted to M10 M.

Thank you.

13/August.

In The Name of God Most Gracious Most Mereiful

No 630
2/July
No. 17
Date: 2/July/2003

Iraq Republic
Commission of Military Industrialization

① Ref Order

In pursuance to Mr. Bremer The Administrative Responsibile on Iraq, that notified to us by Colenel James Frawli Coordinator Responsible on the Commission: It has been decided

1- The companies undermentioned shall be transferred with all their employees and belonging from The Military Industrialization Commission budget to MIOM's budget.

2- This order shall be implemented W.e.f. 1/July 2003. befor Noon.

1- Al Smood S.C.
2- Ibn Sina S.C.
3. Alzawra S.C.
4. The Great Victory S.C.

Signed by
Dagher Mohmed Hmood
Acting Director of The Commission
2/July

cc to:

- MIOM; Reference to the above order, please be informed With appreciation.
- The above companies; To take action, With appreceation
- Director of Financial Affairs
- Director of employees Affairs

② DG of Administrative Dept Esq., As per the Supervisor Esq.; Please to be informed and accordingly take action so that to implement the order, With high Regards

Nozad Nayim Abdulla
2/July

Foreign Language

Foreign Language

Baghdad 15th October 2003

Today's Status of MIC Enterprises

Dear Sirs,

First of all we want to thank you for the cooperation that you have shown in the past and looking forward to continue this in the same manner.
The information requested and the information received in the past has naturally not been enough to make a comprehensive overview of your enterprise but has helped to let us have a general understanding of how your enterprise has been working in the past.. We are now in the process of updating our files and ask you to supply us with the following missing information.

- Copy of decree or decision on which your enterprise was founded.
- Extract from company register/chamber of commerce where your enterprise was registered(if applicable)
- Exact address or a description of where your enterprise is located within a range of 400m
- Enterprise number according to the old budget
- Evidence of land ownership (extract from the kadastral registerand/or land register)
- Maps of each site and land plot that is assigned to or owned by your enterprise (see explanation in annex a)
- Evidence of ownership in other enterprises in Iraq or abroad.
- List of workers (according to annex b)
- List of buildings (according to annex c)
- List of machinery (according to annex d)
- List of inventory (according to annex e)
- Outdoor installations (kindly list and describe and give book value end of 2002 if applicable)
- List of liabilities your enterprise has (contingent, environmental, economical etc.)

We understand that data may have been lost due to reasons beyond your control, however, we ask you to review the situation and conduct an assessment to the best of your ability to comply with giving all information requested above.
The correctness of the information in each document should be verified by the General Manager/acting person in charge by his signature.

The information should be handed over the DPSD no later than 30th of October 2003.

Yours sincerely

TF
Director
DPSD

Ministry of Industry and Minerals
Republic of Iraq

Re: I.D/1321
Date: 3/5/2004

For: (b)(6) **Senior Advisor to MIM**

Sub : Recovery of Iraqi Assets

Dear Madame ,

I would like to refer to the letters reference Nos. 61 and 91 dated Jan 21 and Feb, 11, 2004 signed by his Exc. Minister of Industry & Minerals together with the lists attached specifying the frozen assets outside Iraq related to the Public & Mixed sector companies.

Would you please, inform us about the arrangements taken about the Matter .

With Best Regards

MINISTRY OF INDUSTRY AND MINERAL
وزارة الصناعة والمعادن
MIM
دائرة الاستثمارات
Investment Directorate

Haifa A. Hameed
Ministry of Industry & Minerals
Investment Department

3/5/2004

Ministry of Industry and Minerals وزارة الصناعة والمعادن

العـــدد: ٤٠
التاريخ: ٥/ ١ /٢٠٠٤

(b)(6)

Advisor / MIM

Sub. /**Lost equipments**

Dear (b)(6)

We would like to refer to the meeting held in your presence and mr. Luai on the 4th of January 2004 in the State company of vehicles industry`s factory in Auairij to manufacture diesel hndustrial engines during which an agreement was reached to compensate the company for the factory`s equipments and molds which were lost after being occupied by Coalition Forces on 17/4/2003.

We enclose a price list and specification list of the concerned equipments and molds, which were lost the total value of which is (3,860,000) dollars.

You are kindly requested to assist the company in meeting this value.

Kind regards

Enclosures/
List – 6 pages

Sami R. Al-Araji

Director General for planning

Cc/ State Company for vehicle industry – your letter 105 dated 10/1/2004.

Ministry of Industry and Minerals

وزارة الصناعة والمعادن

العـــدد: 283

التاريخ: 29/4/2003

دائرة التخطيط

TO: (b)(6)
Senior advisor
MIM

Sub./ Rent value

Ref. our letter numbered 98 dated 25/10/2003 (copy enclosed) regarding the request of the state company for Geological Survey & mining to be compensated for the value of the equipment in their site (Abu- Dsheer) which was utilized by (Air borne FSB 407) , in addition to paying the rent promised to the company.
You are kindly requested to consider the company's request.

Kind Regards

Sami R.Al- Araji
Director General of Planning
MIM
28/4/2004

Ministry of Industry and Minerals

وزارة الصناعة والمعادن

العـــدد: ٩٨
التاريخ ٢٠٠٣/٨/١٤

Col. (b)(6)
Advisor / MIM

Sub. / Rent value

Dear (b)(6)

State Company for Geological Survey & Mining informed us that (Air borne FSB 407) have utilized the company's site in Abu-Dsheer the area of which is22200 sq. meters which includes company's technical department, stores & workshops.

The above-mentioned authority has instructed one of the contractors to move all the equipments (31 pieces) in the site to another place without any coordination with the company.

The company request that the equipments be returned or to compensate their value and also to pay 1 dollar as a rent value per each square meter of the area.

You are kindly requested to consider the above-mentioned request.

Kind Regards.

Sami R. Al – Araji
Director General for planning /MIM

Minutes of Meeting

Held at the Ministry of Industry and Minerals on / /

Subject: Lease Program

Company:

Factory:

Lessee Company:

➢ CHECK LIST

But can be assigned to different person?

1. Employment is a deal breaker to most propositions. The lessee accepts the current staff level with the # of employees indicated in the box. # ☐
2. The staff will remain government employees; the Iraqi law is the governing law. ☐
3. The business plan, as an appendix to the contract, agreed upon during negotiation, can be changed subject to written approval by the Ministry. ☐
4. The length of the lease is between 5 and 10 years. ☐
5. The rent to be reviewed every two years and will use a formula based on profits or revenues or inflation or by agreement of both parties. ☐
6. Any inventory (raw materials, spare parts ...etc.) will be purchased by the lessee at a fair price to be determined by independent expert. ☐

What if parties don't agree.

7. Length of time it will take to refit the factory until it is operational. ☐
8. Start of the lease. ☐
9. The lessee will share the facilities within the company grounds. ☐
10. The Ministry will monitor the lessee implementation of the business plan, and shall require annual audited financial statements. ☐
11. The production will be based on satisfactory standards and supported by measurement systems. ☐
12. Safety and environmental regulations as set by Iraqi law will be observed and implemented at all times. ☐
13. The Ministry will purchase the equipment at one time book value or by mutual agreement at the end of the lease. ☐
14. Proper insurance policy for the factory shall be provided by lessee through Iraqi Insurance Co. ☐
15. The Iraqi law will be applicable during the lease time. ☐
16. The remedies and penalties for non-performance according to the business plan will be fined. ☐
17. The Ministry will take responsibility for paying any debts and receiving all incurred before signing the contract. ☐
18. The rent will commence at the signing of the contract. ☐

(b)(6)

From: (b)(6)
Sent: Tuesday, April 13, 2004 11:49 AM
To: (b)(6)
Subject: FW: Construction Contracts Contacts.doc

Ma'am

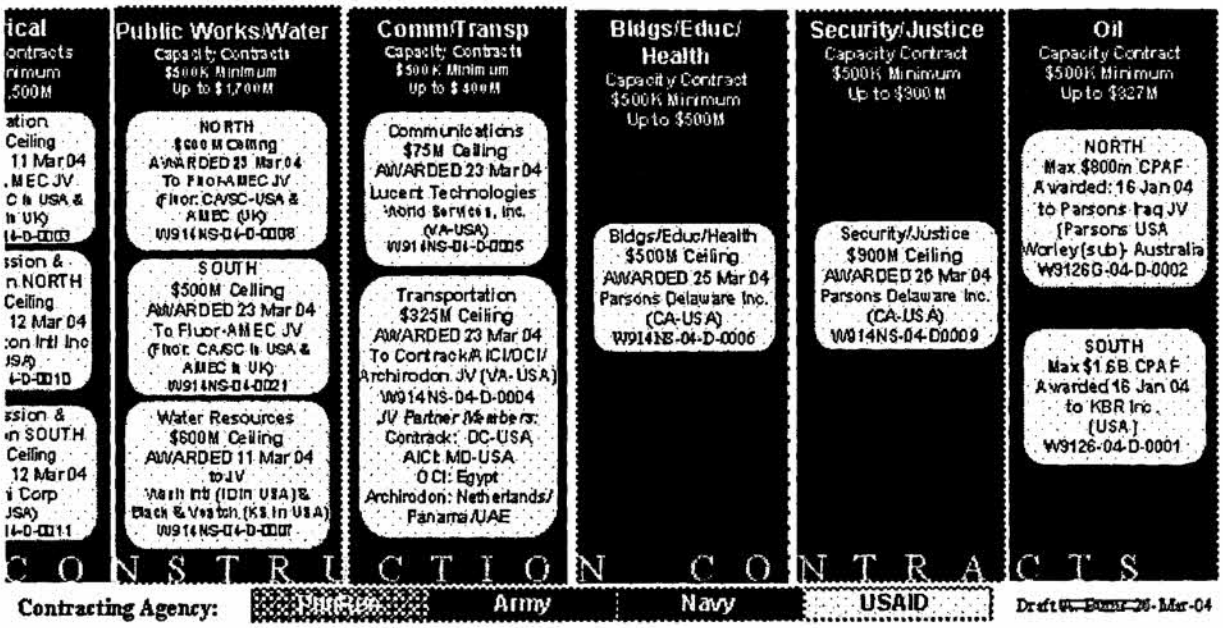
Forwarded on behalf of (b)(6)

v/r,

(b)(6) Major, US Army
Program Management Office - Baghdad, Iraq
Cell: (b)(6)
www.Rebuilding-iraq.net

-----Original Message-----
From: (b)(6) (CIV)
Sent: Tuesday, April 13, 2004 10;29 AM
To: (b)(6)
Subject: Construction Contracts Contacts.doc

PMO CONSTRUCTION CONTRACTS CONTACT INFO



Ministry Readiness to Transition
10 April 2004

This paper is a brief synopsis of the readiness of each of the remaining ministries readiness to transition authority and any significant factors which will cause a delay.

Industry and Minerals

When – 10 May

Prerequisites:
1. Minister approves transition date.

Strategy: Discussion on the future approach to privatizing state owned enterprises is ongoing. Strategic goals for ministry in place and realistic.

Structure: Legacy organization still in place and unwieldy (10 ministerial DGs and 53 SOE DGs report directly to the minister). Reorganization delayed after twice requested IGC permission to reorganize. Looking for deputy minister.

Skills: Mid to upper level management requires basic managerial training. Management hesitant to make decisions.

System: No formal budgeting system – tend to "rob Peter to pay Paul." FPS funded for roughly one third of requirement. Estimated 50 percent redundant/ghost employees. Limited communications between three headquarters locations.

Notes:
1. Several key industries remain dormant due to shortage of electricity.
2. Limited capital infusion will also delay rehabilitation of industries.
3. Minister is relatively new, but enthusiastic and understands the private sector.

COALITION PROVISIONAL AUTHORITY

BAGHDAD

TO: INTERIM CABINET MINISTERS

FROM: L. Paul Bremer III, Administrator

SUBJECT: Regular Meetings

We have now had reasons to meet as a group several times in recent months, and I believe the time has come to arrange regular meetings.

This will allow everyone to have notice of the issues we discuss, and to propose agenda items themselves. As we approach June 30, it will be increasingly important that we discuss together nationally significant issues which require Ministry action. It would also be helpful to have a group which can establish and supervise relevant inter-ministerial groups to deal with crosscutting areas, such as economic policy. I would welcome your suggestions for agenda items for these meetings.

I would therefore like to invite you to meetings on Tuesday, March 30, at 11:00 am, and on Tuesday, April 20, also at 11:00 am. In addition, we will hold two meetings in May and two in June. Your Senior Advisors will give you details of the location of each meeting, and the security and arrival procedures.

We need to maintain continuity as we approach June 30, and I hope you will attend the meetings yourself if at all possible. If you are not available, please send a Deputy Minister or a person of equivalent seniority.

170, Total amount due Copy

CPA – South

MEMORANDUM

To: The Company Accountant – Petrochemical Plant, Dept of Trade & Industry

From: CPA Finance

SUBJ: AUTHORISATION FOR THE DISBURSEMENT OF FUNDS FOR CONTRACTORS

1. Please alter your August payroll as follows:

   Add 161 workers at the rate of $USD 60.00 per month.
   Add 9 workers at the rate of $USD 120 per month.

2. $USD 1,080
   9,660
   10,740 Per Month
   21,480 For July and August

3. These workers are contract workers for the period of 6 months (July 03 to Dec 03). As such, their names are to be added to the payroll records, identified as contractors and their wages drawn from the company Operating budget.

4. Payment for the months of July and August to be paid in August payroll.

CPA FINANCE
31 AUG 2003

CPA (S) Finance
31 Aug 03

Distribution:

Company Accountant - Petrochemical Plant
Treasury
File

(b)(6)

From: (b)(6) CPA
Sent: Saturday, May 01, 2004 12:10 AM
To: (b)(6)
Cc:
Subject: Bilingual-Bicultural Advisors

(b)(6)

You may recall that we met on a couple of occasions in Rosslyn, prior to your deployment, to discuss Iraqi assistance to your Civil Affairs units. I am responsible for providing Iraqi-exile-community subject-matter-experts (SMEs) to the CPA to assist in governance and democratization efforts. Currently, we have 143 SMEs on the contract.

In preparation for transition, we will be terminating the SAIC contract on which the SMEs have operated and offering the SMEs contracts with Titan Corporation, managed by Army INSCOM. This will keep the SMEs within the DoD orbit and permit many of them (for instance, the ones working with Baghdad Central and in the ministries) to continue the work they have been doing. But with the dissolution of CPA, we will need another entity to manage these SMEs in Iraq. INSCOM is amenable if the 350th CAC assumes that function. OSD would very much welcome it if the 350th could undertake the minimal supervision this would require.

Essentially, Titan would set up a a special hiring category for bilingual-bicultural advisors in Baghdad; the SAIC-SMEs would be encouraged to sign on to Titan's Category I linguist contract; Army INSCOM will "vet" each applicant, based on the original CIFA review conducted when the SME orginally was hired; if the SME is otherwise eligible (good English and Iraqi Arabic skills), Titan will hire and assign the SME to the 350th CAC. We would expect that most would continue the work that they have been doing, serving in the ministries as advisors, setting up and advising local councils in the provinces; assisting in elections and other democracy building efforts, etc. in Baghdad Central. But as the 350th develops a relationship with these individuals and sees matches of skills and problems, we would expect people to be reassigned as necessary.

I apologize for laying this on you as you're preparing your ministry for graduation, but I don't have contact numbers for Col. Ettinger or General Davidson. I would appreciate it if you could pass this matter on to the right people at the 350th. We would hope that BG Davidson would see this as an opportunity to aquire a seasoned group of people with a wide range of skills, who can greatly enhance the effectiveness of his command.

vadr

(b)(6)
Office of the Secretary of Defense
Coalition Provisional Authority
(b)(6)

No.	Company Name	# of Employees	Employees Name	September Payment	October Payment (ID)	Reasons behind not being paid.	Comp. Document	Date of Document	Notes
8	State Co. for Petrochemical Industries	170	totally	$ 10,200		back to work			By CPA Order
4	Taji Company	819	totally	$ 39,789	86,400,000	Salary of school acc	185	11/18/2003	
	Appointed	383		$ 20,568	72,678,000				
2	Al-Mishraq Sulfur Company in Mosul	6	totally	$ 300	960,000	Centrally appointed	153	9/27/2003	New Appointing
3	Southern Cement State Company in K	17	totally	$ 2,600	2,430,000	Centrally appointed	3989	10/13/2003	Oct Paym't $1620
3	Southern Cement State Company in K	1	Laith Kadhim Al	$ 60	160,000	Centrally appointed	2932	10/8/2003	vocational training
3	Southern Cement State Company in K	1	Adil Shakir A. Al	$ 60	160,000	Centrally appointed	2932	10/8/2003	vocational training
3	Southern Cement State Company in K	1	Ahmed Zeki Ha:	$ 60	160,000	Centrally appointed	2932	10/8/2003	vocational training
3	Southern Cement State Company in K	1	Umran Hadi Ha:	$ 60	160,000	Centrally appointed	2932	10/8/2003	vocational training
3	Southern Cement State Company in K	1	Muhammed Jas	$ 60	160,000	Centrally appointed	2932	10/8/2003	vocational training
3	Southern Cement State Company in K	1	Mahmood Husa	$ 60	160,000	Centrally appointed	2932	10/8/2003	vocational training
4	State Co. for Paper Industries in Basra	20	totally	$ 1,200	28,880,000	Centrally appointed by MOP			
5	Wassit State Co. for Textile Ind.	4	totally	$ 124	640,000	Centrally appointed	2790	10/23/2003	
6	Wassit State Co. for Textile Ind.	29	totally	$ 1,704	4,640,000	Centrally appointed by MOP		1/9/2003	vocational training
7	State Co. for Petrochemical Industries	48	totally	$ 2,880	768,000	Centrally appointed	2939	10/26/2003	
8	Al-Furat Company in Babil	29	totally		3,000,000	Centrally appointed by MOP			
12	State Co. for Iron and Steel	109	totally	$ 6,540	17,440,000	Centrally appointed	615	11/8/2003	
13	St. Co. for Drug Industries in Nanawa	2	totally	$ 120	320,000	Centrally appointed	3374	11/5/2003	
14	State Co. for Batteries Industries	17	totally		2,920,000	Centrally appointed	7846	11/18/2003	
15	Industrial Development	1	Jasim Kasid.		260,000	Centrally appointed	2914	11/18/2003	
17	State Co. for Textiles	4		$ 120	260,000	Centrally appointed	3115	11/18/2003	
7	Southern State Co. for Fertilizers in Ba	77	totally	$ 4,620	7,700,000	Company Appointe	2755	11/18/2003	
8	Al-Furat Company in Babil	14	totally		1,500,000	Company Appointe	2931	11/13/2003	
	Salary Variance	153		$ 240	9,980,000				
17	State Co. for Textiles	1	Mukdad Jabir		160,000	did not receive salary because on leave			
7	Wassit State Co. for Textile Ind.	1	Jabir Youisif		400,000	Difference in Salary			
10	Northern Cement Company (Mosul)	1	Husain Muhsin		400,000	Difference in Salary			
11	Minsitry Head Quarters	3	totally	$ 240	200,000	mistakes in salaries	2688 & 53(	11/18/2003 & 9/5/2003	
7	Southern State Co. for Fertilizers in Ba	147	totally		8,820,000	Ramadan payment	2755	11/18/2003	
	Prisoners of War	10		$ 4,010	900,000				
2	Al-Mishraq Sulfur Company in Mosul	1	Jawdat Istifan	$ 230		Prisoners of War	113	8/20/2003	Not Received
7	Southern State Co. for Fertilizers in Ba	3	totally	$ 1,020	900,000	Prisoners of War			450,000 ID April
12	State Co. for Iron and Steel	6	totally	$ 2,760		Prisoners of War	650	11/6/2003	

	Transfers	175		$	6,840	255,100,000		
9	17 Nissan State Co.	1	Ahmed Hamza	$	120	260,000	1758	11/12/2003
total		1711		$	81,767	425,318,000		
						$ 283,545		

040517-06

COALITION PROVISIONAL AUTHORITY

BAGHDAD

LPB HAS SEEN

ACTION MEMO

May 15, 2004

FOR: THE ADMINISTRATOR

FROM: (b)(6) hair, Program Review Board

SUBJECT: Allocation Request #69

The Program Review Board met on May 15, 2004 and voted on funding requests in support of the CPA mission priorities. The requests were thoroughly vetted by the Program Review Committee prior to presentation to the Board. The Board recommends a total allocation of $1,485,000,000 for the projects listed below. PRB #695 (Stand-up Iraqi Security Forces--$500,000,000) is addressed in a separate approval allocation memorandum.

SUMMARY OF PROPOSED ALLOCATIONS

#691—IPCC--$180,000,000. IPCC (b)(6) The objective of the IPCC is to resolve real property issues resulting from the previous regime's unjust expropriation of land and other real property. The role this funding plays is that it supplies the first tranche of compensation funding which will allow the process of settling claims to get underway. Getting the IPCC process up and running is increasingly urgent. In the Kirkuk area, Kurds are already reclaiming land expropriated from them during the tenure of the previous regime. They are illegally evicting the current occupants, who are being forced into IDP camps. It is estimated there are now 100,000 Arab IDPs in Diyala, Salah-Adin and Kirkuk provinces. This has led to a growing humanitarian problem. There has been little obvious violence as yet, but significant coercion has been used, and serious ethnic clashes are likely to occur if the current situation is not tackled soon. The compensation bill is likely to reach around $3 billion. The proposal was amended to prohibit the disbursement of compensation to victims by the IPCC before July 1, 2004.
APPROVED AS AMENDED: DFI $180,000,000

#692—Revenue Stabilization Fund--$125,000,000. Ministry of Finance (MoF) (b)(6) (b)(6) The purpose of the fund is to protect the Iraqi budget from oil revenue volatility in the 2005 Iraqi budget. Future Iraq budgets (FY 2005 and outyears) will be dependent at a level of greater than 95 percent on oil revenues. Such dependence on a single commodity is worrisome. This revenue reserve will help fund budgeted operating costs in the event of an interruption of oil revenue, and will help the new Iraqi government maintain stability. In accordance with sound and sustainable fiscal principles, the Revenue Stabilization Fund is necessitated by the new Iraqi government's inability for further borrowing to cover expenditures. Currently, Iraq is restricted in its ability to borrow funds as debt restructuring negotiations are proceeding. Thus, the Fund will assist in smoothing fluctuations in monthly revenues resulting from variation in the price and production of petroleum products.

APPROVED: DFI $125,000,000

#693—Victim's Compensation Fund--$25,000,000. Governance[(b)(6)] Countless Iraqi families suffered under the regime of Saddam Hussein. No government or any other institution can erase these past abuses. However, compensation can provide an element of justice to those who suffered them. Many Iraqis lost jobs, were imprisoned, or were executed because they opposed the regime, refused to join the Ba'ath party, or simply were related to someone considered by the previous regime as an opponent. The problems are complex and involve many thousands of people. The responsibility for judgments about how justice is to be done should be taken by Iraqis. However, the Coalition will help by establishing a Task Force and setting aside initial funding to begin the process of correcting these injustices of the past. Ultimately, the injustices of an Iraqi regime to Iraqi citizens should be settled and compensated for by Iraqi means. But to help the process to begin quickly the Coalition is seeking $25 million for initial compensation payments as well as the operating costs of the Task Force. The proposal was amended to prohibit the disbursement of compensation to victims by the Victim's Compensation Fund before July 1, 2004.
APPROVED AS AMENDED: DFI $25,000,000

#694—Public Distribution System--$200,000,000. Ministry of Trade (MoT)/[(b)(6)] The purpose of the system is to secure additional funding to maintain current levels of food procurement through 2004. The current funding level is inadequate to fund the food procurements necessary to maintain current food distribution levels. $2.7B is required to fully fund the purchase and distribution of the food ration provided to the Iraqi people. Current and planned food procurement levels provide for the maintaining of a buffer stock of the staple commodities that make up the food ration. Sufficient buffer stocks are essential, especially in an environment where security concerns are prevalent. The composition of the food basket has been scrutinized by Iraqi officials. Eliminating buffer stocks would drastically increase the likelihood of shortages of staple commodities.
APPROVED: DFI $200,000,000

#696—Electricity Sector--$315,000,000. Ministry of Electricity (MoE)/[(b)(6)] The availability of electricity is directly tied to economic growth and community well being. In the past regime, the investment in the reliability and availability of electricity was minimal. While there has been significant investment in electric assets since the end of the war, the current system cannot keep up with the increasing demand. The funds requested in this proposal are an important part of the plan to grow the assets to meet customer's needs. The requested funding can be divided into six areas of need and briefly described below under justification. The total effect of this funding request will be to increase reliability and availability of electricity for Iraq while at the same time lowering the per unit operating cost of the assets.
APPROVED: DFI $315,000,000

#697—Oil Infrastructure Rebuilding--$460,000,000. Ministry of Oil (MoO)/[(b)(6)] [(b)(6)] Additional investment funding in the oil infrastructure is badly needed for Iraq to maintain 2004 target levels of production and provide petroleum products to meet domestic demand. Failure to meet this demand may contribute to civil unrest throughout Iraq which will be detrimental to the transition to Iraqi sovereignty. To address these infrastructure needs, $460 million of investment funding is requested. The projects include $201 million for downstream, $255 million for upstream, and $5 million for metering.

APPROVED: DFI $460,000,000

#698—Agriculture Reconstruction and Development for Iraq--$65,000,000. Ministry of Agriculture/ (b)(6) This request to the PRB is for funds for the Ministry of Agriculture to reconstruct critical agricultural infrastructure in Iraq. It will be used to rehabilitate research centers for both animals and crops, veterinary clinics and hospitals, seed certification and production facilities; fish hatcheries, livestock vaccine production facilities, farmer extension and applied research training centers, village level grain storage facilities, etc. The economy of Iraq has suffered twenty years of neglect and degradation of the country's infrastructure, environment, and social services. Since the mid-1980s the ruling regime neglected public infrastructure and investment, and conflicts further damaged infrastructure, transport links, and investment confidence.

Objective: This agricultural development and food security program is designed to support private sector development and assure food security for the Iraqi population by:

- increasing agricultural production, productivity, employment, and incomes;
- developing human and physical capacity of the Ministry of Agriculture;
- facilitating the transition from a state controlled to a market-led agriculture sector;
- rehabilitating key agro-ecosystems; and
- restoring the capacity of rural agro-enterprises to produce, process, and market.

The proposal was amended to limit re-allocation of the approved funds to no more than 25% for any one of the twelve projects detailed in the proposal.
APPROVED AS AMENDED: DFI $65,000,000

#699—SOE Rehabilitation--$65,000,000. Private Sector Development (PSD)/ (b)(6) The purpose of this program is to provide capital to critical State-Owned Enterprises (SOEs) to support reconstruction efforts and social stability. This request covers the cement, fertilizer, and petrochemical industries. Many SOEs of the Ministry of Industry & Minerals are operating below pre-war capacity (or not operating at all). This request provides key SOEs with the minimal funds necessary to get the factories operating and people back to work. In addition, a small portion of the request is to provide short- and long-term capital to small and medium private sector companies in Iraq. This is intended especially to help Iraqi firms competing for reconstruction contracts. The proposal was amended to exclude the $15,000,000 requested to provide short- and long-term capital to small and medium private sector companies in Iraq.
APPROVED AS AMENDED: DFI $50,000,000

#700—Vocational Training--$65,000,000. MOLSA/ (b)(6) In post-war period, the Ministry of Labor and Social Affairs (MOLSA) operated six traditional vocational training centers in the 15 southern governorates: Mosul, Kirkuk, Najaf, Basrah, and two in Baghdad. In addition, one center in Irbil was operated by the Ministry of Health and Social Affairs (MOHSA), a Kurdish counterpart to MOLSA. All the centers functioned with outdated curricula, training methodology, and equipment. After the war, the Arab centers were looted, destroyed, and fell into disuse. Funding to rehabilitate and upgrade Voc Ed centers was not forthcoming. No funding for equipment, staff, or programs was allocated in the 2004 Iraqi Budget. As late as December 2003, the only functioning center in the country was Irbil.
APPROVED: DFI $65,000,000

[redacted]

APPROVED: DFI $460,000,000

#698—Agriculture Reconstruction and Development for Iraq--$65,000,000. Ministry of Agriculture/(b)(6) This request to the PRB is for funds for the Ministry of Agriculture to reconstruct critical agricultural infrastructure in Iraq. It will be used to rehabilitate research centers for both animals and crops, veterinary clinics and hospitals, seed certification and production facilities; fish hatcheries, livestock vaccine production facilities, farmer extension and applied research training centers, village level grain storage facilities, etc. The economy of Iraq has suffered twenty years of neglect and degradation of the country's infrastructure, environment, and social services. Since the mid-1980s the ruling regime neglected public infrastructure and investment, and conflicts further damaged infrastructure, transport links, and investment confidence.

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The proposal was amended to limit re-allocation of the approved funds to no more than 25% for any one of the twelve projects detailed in the proposal.
APPROVED AS AMENDED: DFI $65,000,000

#699—SOE Rehabilitation--$65,000,000. Private Sector Development (PSD)/(b)(6) The purpose of this program is to provide capital to critical State-Owned Enterprises (SOEs) to support reconstruction efforts and social stability. This request covers the cement, fertilizer, and petrochemical industries. Many SOEs of the Ministry of Industry & Minerals are operating below pre-war capacity (or not operating at all). This request provides key SOEs with the minimal funds necessary to get the factories operating and people back to work. In addition, a small portion of the request is to provide short- and long-term capital to small and medium private sector companies in Iraq. This is intended especially to help Iraqi firms competing for reconstruction contracts. The proposal was amended to exclude the $15,000,000 requested to provide short- and long-term capital to small and medium private sector companies in Iraq.
APPROVED AS AMENDED: DFI $50,000,000

#700—Vocational Training--$65,000,000. MOLSA/(b)(6) In post-war period, the Ministry of Labor and Social Affairs (MOLSA) operated six traditional vocational training centers in the 15 southern governorates: Mosul, Kirkuk, Najaf, Basrah, and two in Baghdad. In addition, one center in Irbil was operated by the Ministry of Health and Social Affairs (MOHSA), a Kurdish counterpart to MOLSA. All the centers functioned with outdated curricula, training methodology, and equipment. After the war, the Arab centers were looted, destroyed, and fell into disuse. Funding to rehabilitate and upgrade Voc Ed centers was not forthcoming. No funding for equipment, staff, or programs was allocated in the 2004 Iraqi Budget. As late as December 2003, the only functioning center in the country was Irbil.
APPROVED: DFI $65,000,000

RECOMMENDATION: Approve Allocation Approval #69 by signing the attached document.

Approve: KJV Disapprove:_____ Approve with modification:_____

ATTACHMENT: Spreadsheet - Allocation Approval #69

[redacted]

Allocation Req # 69
PRB

15-May-04

PRB	Name	Governorate	CPA Office	Funding Src	Program	Amt Rcmd	In Budget
691	IPCC	Various	IPCC	DFI	Various	$180,000,000	No
692	Revenue Stabilization Fund	Baghdad	Ministry of Finance	DFI	Economic	$125,000,000	No
693	Victim's Compensation Fund	Various	Governance	DFI	Economic/Social	$25,000,000	No
694	Public Distribution System	Various	Ministry of Trade	DFI	Humanitarian	$200,000,000	No
696	Electricity Sector	Various	Ministry of Electricity	DFI	Electricity	$315,000,000	No
697	Oil Infrastructure Rebuilding	Various	Ministry of Oil	DFI	Reconstruction	$460,000,000	No
698	Agriculture Reconstruction and Development for Iraq	Central and South	Ministry of Agriculture	DFI	Reconstruction	$65,000,000	No
699	SOE Rehabilitation	Various	Private Sector Development	DFI	Economic	$50,000,000	No
700	Vocational Training	Various	MOLSA	DFI	Reconstruction	$65,000,000	No

Approved: _____ 5/17/04
L. PAUL BREMER
CPA Administrator

(b)(6)

		POSITION		NAME	SOURCE						DURATION	DEPARTS	REPLACE BY	REPLACEMENT	COMMENTS
					3161	Detailee	Cont.	Mil	Coal	Vacant	NTE				
		Executive Office	9												
1	1				1										
2	2				1										
3	3				1										
4	4				1										
5	5				1										
6	6				1										
7	7				1										
8	8				1										
9	9				1										
		Protocol	4												
					1										
1	10				1										
2	11				1										
3	12				1										
4	13														
		SUBTOTAL	13		13										
		MINISTERIAL ADVISORY GROUP													
		Interior	27												
1	14	Senior Consultant		(b)(6)	1						6/30/2005	6/30/2005			
2	15	Chief of Staff						1		1	6/30/2005				
3	16	Budget Analyst/Payroll				1					6/30/2005	9/1/2004			
4	17	Border Police Opns 1					1				6/30/2005	10/5/2004			
5	18	Sen Consultant - For CT & Sp Ops			1						6/30/2005	12/31/2004			
6	19	Asst Chief - Fire						1			6/30/2005				
7	20	Opns Spec - CPA South (Fire)			1						6/30/2005	8/30/2004			
8	21	Bus Plan Mgt (Police)			1					1	6/30/2005				
9	22	Bus Plan Mgt (Police)			1					1	6/30/2005				
10	23	Chief Police Advisor							1		6/30/2005	8/24/2004			UK
11	24	Director (Security Policy)					1				6/30/2005	7/4/2004	6/15/2004		
12	25	Policy Advisor (Assistant)			1					1	6/30/2005				
13	26	Ch, Admin Svcs			1						6/30/2005	8/20/2004			
14	27	Special Assistant for Security Affairs			1						6/30/2005	12/31/2004			
15	28	FPS Director			1						12/30/2005	8/13/2004			
16	29	Chief (Fire) - Public Safety Academy				1					6/30/2005	9/24/2004			
17	30	Tng Instructor (Fire)						1			6/30/2005	9/30/2004			
18	31	Tng Instructor (Fire)							1		6/30/2005	6/30/2005			
19	32	Dep Chief Adv (Police)							1		6/30/2005				
20	33	Asst Chief of Staff				1			1	1	6/30/2005	9/30/2004			

		POSITION		NAME	SOURCE						DURATION	DEPARTS	REPLACE BY	REPLACEMENT	COMMENTS
21	34	Program Analysis (Police)		vacant	1					1	6/30/2005				
22	35	Staffing/Pers Comm (Police)		vacant	1					1	6/30/2005				
23	36	Staffing/Pers Comm (Police)		vacant	1					1	6/30/2005				
24	37	Policy Advisor (Assistant)		(b)(6)	1						6/30/2005	6/30/2005			
25	38	Policy Advisor (Assistant)			1						6/30/2005	7/31/2004			
26	39	Policy Advisor (Assistant)			1						6/30/2005	12/1/2004			
27	40	Policy Advisor (Assistant)			1						6/30/2005	12/31/2004			
		Oil	13												
1	41	Senior Consultant			1						6/30/2005	9/1/2004			
2	42	Deputy Senior Consultant			1						6/30/2005	7/30/2004			
3	43	Deputy Senior Consultant													
4	44	Policy & Strategic Planning			1						6/30/2005	8/30/2004			
5	45	Foreign Investment Licensing			1					1	6/30/2005				
6	46	Finance & Econ. Analysis			1					1	6/30/2005				
7	47	Project Development Control				1					6/30/2005	6/30/2005			Energy
8	48	Petroleum Law			1					1	6/30/2005	6/30/2005			
9	49	Exploration Technology								1	6/30/2005	9/30/2004			
10	50	Upstream Operations							1		6/30/2005	9/30/2004			U.K.
11	51	Crude Oil & Products Training							1		6/30/2005	9/30/2004			Austrailian
12	52	Refining Technology I			1					1	6/30/2005				
13	53	Information Management				1				1	6/30/2005				
		Electricity	9												
1	54	Senior Consultant			1						6/30/2006	9/30/2004			
2	55	Generation Engineer			1						6/30/2006	6/30/2006			Incoming
3	56	Transmission Engineer			1						6/30/2005				
4	57	Distribution Engineer			1						6/30/2005				
5	58	Finance & Rates Consultant				1					6/30/2005				
6	59	Fuels Expert				1					6/30/2005				
7	60	Security Officer						1			6/30/2005				
8	61	Logistics Expert			1						6/30/2005	6/30/2005			
9	62	Parts, Programs and Proc Officer			1					1	6/30/2005				
		Justice	5												
1	63	Technical Advisor			1						6/30/2005	6/30/2005	N/A		
2	64	Security Advisor				1				1	6/30/2005	6/30/2005	N/A		In-Coming
3	65	Security Advisor				1				1	6/30/2005	6/30/2005	N/A		In-Coming
4	66	Security Advisor				1				1	6/30/2005	6/30/2005	N/A		In-Coming
5	67	IPCC Advisor			1						6/30/2005	6/30/2005	N/A		
		Defense	20												
		Mentor to the													

		POSITION	NAME	SOURCE						DURATION	DEPARTS	REPLACE BY	REPLACEMENT	COMMENTS
1	68	Minister's Private Secretariat						1	1	6/30/2006				
2	69	Internal Audit or Op. Eval.						1	1	6/30/2006				
3	70	Secretary General						1	1	6/30/2006				
4	71	Public Affairs Office						1	1	6/30/2006				
5	72	Programmes Dir. Gen.						1	1	6/30/2006				
6	73	Programmes Dir. Gen.						1	1	6/30/2006				
7	74	Dir. of Defense Requirements						1	1	6/30/2006				
8	75	DG of Acquision & Logistics.		1					1	6/30/2006				
9	76	Director of Logistics						1	1	6/30/2006				
10	77	Director of Infrastructure	(b)(6)					1		6/30/2006	8/1/2004			Australian
11	78	Director of Personnel		1					1	6/30/2006				
12	79	Change Mgt. Facilitator						1	1	6/30/2006				
13	80	Project Office Manager						1	1	6/30/2006				
14	81	DG for Intell & Comm		1				1	1	6/30/2006				
15	82	Dir of Def. Intel. Req & Asmt.						1		6/30/2006	10/30/2004			UK
16	83	Analytical Research Center						1	1	6/30/2006				
17	84	Mil. Acad. & Mil. Ed.						1	1	6/30/2006				
18	85	Sr. Military Advisor						1	1	6/30/2006				
19	86	CoS, IAF						1	1	6/30/2006				
20	87	General Counsel						1	1	6/30/2006				
		Trade												
1	88	Senior Consultant		1						6/30/2007	6/30/2007	N/A		
2	89	Financial Advisor		1						6/30/2005	6/30/2005	N/A		
3	90	Tech Mgmt Advisor				1			1	6/30/2005	6/30/2004	N/A		SAIC - IRDC
4	91	Trade Promotion Advisor			1					6/30/2005	6/30/2005	N/A		
5	92	Public Distribution Sys Adv		1						6/30/2006	6/30/2005			
6	93	Legal Advisor		1						6/30/2006	6/30/2005			
		Finance												
1	94	Senior Consultant			1				1	6/30/2005		6/15/2004		Treasury Or Omb Detailee
2	95	Fiscal Policy / Budget Form.			1					6/30/2005	7/30/2004			Treasury
3	96	Budget Execution Director			1					6/30/2005	7/30/2004			Treasury
4	97	Compensation Advisor			1					6/30/2005	8/20/2004			Backfilled by Jackie Strass
5	98	Audit Advisor			1					6/30/2005	8/30/2004			Treasury
6	99	Revenue Advisor				1				6/30/2005	6/30/2005			Bearing Point
7	100	Debt Management Advisor						1		6/30/2005	6/30/2005			Italy
8	101	OPS/IT/Training Director		1						6/30/2005	8/4/2004			Treasury
9	102	SOE Advisor						1	1	6/30/2005				DFID Contractor
10	103	Regional Programs Adv.		1						6/30/2005	7/30/2004			Treasury
11	104	Security/Money Movement Dir		1						6/30/2005	8/25/2004			Treasury
		Transportation												

		POSITION		NAME	SOURCE						DURATION	DEPARTS	REPLACE BY	REPLACEMENT	COMMENTS
1	105	Senior Consultant		(b)(6)	1						6/30/2005				
2	106	Finance & Admin			1						6/30/2005	6/30/2005			
3	107	Contracts Manager			1						6/30/2005				
4	108	Ports Development			1						6/30/2005				
5	109	Security Program Manager			1						6/30/2005				
6	110	Railroads Program Manager			1						6/30/2005				
7	111	Railroads Program Manager			1						6/30/2005				
8	112	Aviation Trainer			1						6/30/2005				FAA
9	113	Ports Operations Mgr			1						6/30/2005				
10	114	Ports Operations Mgr			1						6/30/2005				
11	115	Transportation Development Liaison			1					1	6/30/2005				
12	116	FAA Trainer - Mosul				1					6/30/2005				
13	117	Aviation Trainer -BIAP			1						6/30/2005				
14	118	FAA Meteorlogical				1				1	6/30/2005				FAA
15	119	FAA Naviation Systems				1				1	6/30/2005				FAA
16	120	Ports Operations Mgr			1						6/30/2005				
		Agriculture	3												
1	121	Senior Consultant							1		6/30/2005	7/31/2004			Australia will replace
2	122	Advisor - Ministry Opns							1		6/30/2005	7/31/2004			
3	123	Project Coordinator				1				1	6/30/2005				Agriculture
		Communications	17												
		(New Submission)													
1	124	Senior Consultant			1					1	6/30/2005	6/30/2005			Acting Jerry Thames
2	125	Program Manager - 1st Responder			1						6/30/2005	6/30/2005			
3	126	Rqmts Coordinator - 1st Responder			1						2/28/2005	2/28/2005			
4	127	IFRN Program Manager			1						10/30/2004				10104
5	128	ITPC Wholesale Consultant			1						12/30/2004	12/30/2004			
6	129	ITPC Retail Consultant			1						12/30/2004	12/30/2004			
7	130	ITPC Costing			1					1	6/30/2005				10098
8	131	ITPC Tariff (Domestic)			1					1	6/30/2005				10092
9	132	ITPC Tariff (International)			1					1	6/30/2005	6/30/2005			10093
10	133	ITPC Network Planner			1						6/30/2005	6/30/2005			
11	134	ITPC Training Consultant			1						12/30/2004				
12	135	ITPC Financial Consultant			1						12/30/2004	12/30/2004			11951
13	136	Telecom Regulatory Attorney			1						12/30/2004	12/30/2004			
14	137	Telecom Regulatory Attorney			1						12/30/2004	12/30/2004			
15	138	Postal Advisor			1						6/30/2005	6/30/2005			
16	139	Postal Advisor				1					6/30/2005	6/30/2005			Rotational Fill by USPS
17	140	Chief of Staff			1						6/30/2005	6/30/2005			
		Central Bank	13												
1	142	Advisor on Monetary Policy				1					12/30/2005	9/30/2004			

		POSITION		(b)(6)	URCE					DURATION	DEPARTS	REPLACE BY	REPLACEMENT	COMMENTS
2	143	Dep. Adv. On Monetary Policy				1			1	12/30/2004				
3	144	Bank Supervision Adv.				1				12/30/2005	9/30/2004			
4	145	PMT Sys. & IT Adv				1			1	12/30/2004				
5	146	Adv. On State Banks Rehab.			1					12/30/2005	12/30/2004			
6	147	Dep. Adv. On State Banks Re			1					12/30/2004	12/30/2004			
7	148	Private Banking Advisor				1				12/30/2004	9/30/2004			
8	149	Dep. Private Banking Adv.				1			1	12/30/2004				
9	150	Adv Ext Debt Red/Int Fin Inst				1				12/30/2005	12/30/2004			
10	151	Dep Adv Ext Debt Red/Int Fin				1			1	12/30/2004				
11	152	Adv on Trade Bank of Iraq				1				12/30/2004	9/30/2004			
12	153	Sr. Mgt/Fin Min. Attache				1			1	12/30/2005				
13	154	Sr. Mgt/Fin Min. Attache				1				12/30/2005	7/10/2004			
		Munic & Public Works	4											
1	155	Water Advisor						1	1	12/30/2004				DFID Contract expires 6/30
2	156	Water Advisor						1	1	12/30/2004				DFID Contract expires 6/30
3	157	Institutional Advisor						1	1	12/30/2004				DFID Contract expires 6/30
4	158	Strategic / Urban Planning Advisor			1				1	12/30/2004				
		Water Resources	3											
1	159	Senior Consultant				1				6/30/2005	7/31/2004	7/15/2004		USACE
2	160	Deputy Technical Advisor				1			1	6/30/2005				USACE
3	161	Deputy Technical Advisor					1			6/30/2005	9/30/2004	9/1/2004		JMD
		Labor & Social Affairs	4											
1	162	Senior Consultant				1			1	6/30/2005				
2	163	Prog. Adv. - Employment Svc.				1				6/30/2005	8/30/2004	8/15/2004		
3	164	Prog. Adv. - Soc. Security					1			6/30/2005	1/30/2005			
4	165	Prog. Adv. - Soc. Work				1				6/30/2005	8/30/2004	8/15/2004		
		Housing	6											
1	166	Senior Consultant			1					9/30/2005	9/30/2005	N/A		
2	167	Private Housing Developer			1					9/30/2005	9/30/2005	N/A		
3	168	Public Housing Policy Mgr					1			9/30/2005	6/30/2004	6/15/2004		SAIC Contractor
4	169	Roads & Bridges Advisor					1		1	9/30/2005	6/30/2004	6/15/2004		SAIC Contractor
5	170	Privatizaton Director			1				1	9/30/2005	3/30/2005	3/15/2005		
6	171	Logistician			1					9/30/2005	9/30/2005	N/A		
		Education	0											
		Higher Education	1											
1	172	Tech Advisor - IT				1				12/30/2004	12/30/2004			State TDY

		POSITION		NAME	SOURCE						DURATION	DEPARTS	REPLACE BY	REPLACEMENT	COMMENTS
		Displacement & Migration	3	(b)(6)											
1	173	Senior Consultant			1						12/30/2004	12/30/2004			
2	174	Technical Advisor						1			12/30/2004	12/30/2004			Portugal
3	175	Internally Displaced Adv			1					1	12/30/2004				
		Human Rights	2												
1	176	Senior Consultant						1			8/30/2004	8/30/2004			
2	177	Tech Advisor						1			12/30/2004	9/30/2004	9/15/2004		
		Culture	4												
1	178	Exec Advisor			1						6/30/2005	7/30/2004	7/15/2004		
2	179	Technical Adv - Museums					1			1	6/30/2005	6/30/2004	6/15/2004		IRDC
3	180	Technical Adv - Archeology					1			1	6/30/2005	6/30/2004	6/15/2004		IRDC
5	181	Technical Advisor - Libraries					1			1	6/30/2005	6/30/2004	6/15/2004		IRDC
		Environment	3												
1	182	Senior Consultant			1						12/30/2005	12/30/2005			
2	183	Tech Env Advisor			1					1	12/30/2005				Pending Hire
3	184	Environmental Attorney			1						12/30/2005	9/15/2004	9/1/2004		
		Foreign Affairs	0												
		Industry & Minerals	5												
1	185	Senior Consultant						1			6/30/2006	1/30/2005	1/15/2005		
2	186	Adv. for Ind. Dev/SOE Trans.		vacant		1				1	6/30/2006				
3	187	Financial Mgt. Advisor		vacant		1				1	6/30/2006				
4	188	Tech Adv. Pers. & Training		vacant		1				1	6/30/2006				
5	189	Legal Advisor		vacant	1					1	6/30/2006				
		Planning & Development	8												
1	190	Senior Consultant		Vacant					1	1	6/30/2006				Neil Hawkins is to work with
2	191	Inst. Capacity Bldg. Adv.		Vacant		1				1	6/30/2006				Coalition Partners to see wh
3	192	Capital Projects Advisor		Vacant		1				1	12/30/2005				will provide staff.
4	193	Budget Formulation Advisor		Vacant					1	1	12/30/2005				
5	194	Donor Coordination Adv.		Vacant		1				1	12/30/2005				
6	195	NGO Reg. & Coord.		Vacant					1	1	6/30/2006				
7	196	Statistical Advisor		Vacant		1				1	12/30/2005				
8	197	Database Expert		Vacant					1	1	12/30/2005				

		POSITION		NAME	SOURCE						DURATION	DEPARTS	REPLACE BY	REPLACEMENT	COMMENTS
		Science & Tech	4												
				(b)(6)											
1	198	Deputy Senior Consultant						1			7/30/2004	7/30/2004	N/A		
2	199	Non-Proliferation Advisor				1					8/30/2004	8/30/2004	N/A		
3	200	Business/Proj Dev Advisor			1						8/30/2004	8/30/2004	N/A		
4	201	Food Processing Spec			1						9/30/2004	9/30/2004	N/A		
		Youth & Sports													
1	202	Senior Consultant			1						6/30/2005	6/30/2005			
2	203	Technical Adv - Youth Programs							1		6/30/2005	6/30/2005			
3	204	Technical Adv - Financial Matters							1	1	6/30/2005				
4	205	Technical Advisor - Project Mgr							1	1	6/30/2005				
5	206	Technical Advisor - Sports Programs							1	1	6/30/2005				
		Securities Markets Advisory													
1	207	Senior Consultant			1						6/30/2005	6/30/2005			
2	208	Program Advisor			1					1	6/30/2005				
3	209	Program Advisor							1	1	6/30/2005				Australian
		SUBTOTAL FOR MAG	19		89	46	9	8	43	82					
		Baghdad Central													
1		Regional Coordinator				1					9/30/2004	9/30/2004			US AID
2		Chief of Staff/Opns						1			2/28/2005	2/28/2005			
3		Operations Sgt						1			2/28/2005	2/28/2005			
4		Program Budget Officer						1			2/28/2005	2/28/2005			
5		Programs Fund Manager						1			9/30/2004	9/30/2004			
6		Program Budget Analyst				1					9/30/2004	9/30/2004			
7		Director, Governance			1					1	2/28/2005				
8		Democratization FSN				1					2/28/2005	7/30/2004			Energy
9		Democratization FSN			1						2/28/2005	9/30/3004			
10		Outer Province Advisor				1					2/28/2005	7/22/2004			
11		NGO Coordinator						1			1/30/2005	1/30/2005			
12		Civic Education Specialist						1			1/30/2005	1/30/2005			
13		West Baghdad Advisor					1				2/28/2005	2/28/2005			
14		East Baghdad Advisor			1						2/28/2005	2/28/2005			
15		District Advisor, Sadr City				1					2/28/2025	7/30/2005			
16		Civil Admin NCO						1			1/30/2005	1/30/2005			
		SUBTOTAL FOR BAGHDAD CENTRAL	16		3	5	1	7	0	1					
		Strategic Communications													

POSITION		SOURCE						DURATION	DEPARTS	REPLACE BY	REPLACEMENT	COMMENTS
Director			1						30-Jun			
Chief of Staff					1				7-Jun			
Speech Writer			1						18-Aug			
Special Programs Coordinator		1							12 Jun/30 Sep			
Website Manager		1					1		–			
Webmaster Support -- **William Ogborn**		1					1		30-Sep			
Special Assistant to the Director		1							30-Sep			
Analyst		1					1					
Translator				1					n/a			
Translator				1					n/a			
Translator				1					n/a			
Translator				1					n/a			
Receptionist				1					n/a			
Spokesman		1							30-Jun			
Portfolio Press Officer		1							30-Jun			
Portfolio Press Officer		1							early July			
Portfolio Press Officer		1							July			
Portfolio Press Officer		1							15-Jun			
Portfolio Press Officer		1							30-Sep			
Portfolio Press Officer		1							1-Jul			
Portfolio Press Officer						1			30-Jun			
Portfolio Press Officer						1			30-Jun			
Portfolio Press Officer		1							20 Sep latest			
Portfolio Press Officer						1			30-Jun			
Portfolio Press Officer -- **Lisa Gates**		1					1		30-Sep			
Portfolio Press Officer -- **Beth Marple**		1					1		30-Sep			
Press Officer - Special Projects		1							1-Aug			
Assistant to the Spokesman						1			30-Jun			
USAID Press Officer			1						2005			
Planning & Projects Director					1				4-Jun			
Strategic Plans				1					1-Jul			
PAO Planner				1					1-Jul			
PAO Planner				1					1-Jul			
PAO Planner				1					6-Jul			
PAO Planner				1					17-Apr			
IO Plans				1					31-May			
IO OPS				1					31-May			
Administrative Support						1			30-Jun			
Military Info. Support Team (MIST) Chief				1					Sept			
Military Info. Support Team (MIST) Deputy Chief				1					4-Aug			
Military Info. Support Team (MIST) Data Manager				1					30-Jun			
Military Info. Support Team (MIST) Illustrator				1					1-Jun			
Military Info. Support Team (MIST) NCOIC				1					7-May			
Military Info. Support Team (MIST) Artist			1						n/a			
Arabic Media Unit (AMU) - Director			1									
AMU Deputy						1			30-Jun			
Arabic Briefing Officer		1							30-Sep			
Regional Media Coord Asst		1							30-Sep			
Regional Media Coordinator / Public Diplomacy Head			1						20-May			
Press & Cultural EYeschange Programs			1						18-Aug			
Press & Cultural EYeschange Programs			1						May-05			
Regional Media Coordinator		1							30-Aug			
Regional Media Specialist				1					1-Jun			
Combat Camera Chief					1				1-Jun			
Director		1							30-Jun			
Producer		1							30-Jun			

(g)(q)

	POSITION		NAME	SOURCE						DURATION	DEPARTS	REPLACE BY	REPLACEMENT	COMMENTS
	IMN contractors (Harris Corp)		(b)(6)			1								
	IMN contractors (Harris Corp)					1								
	IMN contractors (Harris Corp)					1								
	IMN contractors (Harris Corp)					1								
	IMN contractors (Harris Corp)					1								
	IMN contractors (Harris Corp)					1								
	Press Center Director			1							30-Jun			
	Press Secretary - Press Center				1						30-Jun			
	Press Center Assistant			1					1		30-Sep			
	Press Center Assistant – **Julie Zann**			1					1		30-Sep			
	Media Training			1							7-Jul			
	Media Training						1				5-Jun			
	Advance Office Director			1							30-Jun			
	Lead Events Coordinator			1							30-Jun			
	Lead Events Coordinator			1							30-Jun			
	Lead Events Coordinator			1							30-Jun			
	Lead Events Coordinator			1							30-Jun			
	Events Coordinator/Press			1							30-Jun			
	MiLitary Affairs, Deputy						1							
	MiLitary Affairs, Spokesman						1				14-Apr			
	MiLitary Affairs, Spokesman						1							
	CJTF-7 IO Team Chief						1				30-Jun			
	CJTF-7 IO						1				7-Jan-05			
	CJTF-7 IO						1				31-Jul			
	CJTF-7 IO						1							
	Public Affairs officer - Al Amarah				1									
	Public Affairs officer - Be'aqubah			1							30-Jun			
	Public Affairs officer - Baghdad			1							Mar-05			
	Public Affairs officer - Karbala				1									
	Public Affairs officer - Mosul				1									
	Public Affairs officer - Ramadi				1									
	Public Affairs officer - Tikrit				1									
	Public Affairs officer - Basrah						1		1					
	Public Affairs officer - Hilla			1					1					
	Public Affairs officer - Irbil				1									
	Public Affairs officer - Kirkuk						1				30-Jun			
	Public Affairs officer - Kut						1				30-Jun			
	Public Affairs officer - Najaf				1									
	Public Affairs officer - Nasiriyah						1				30-Jun			
	Public Affairs officer - Sulaymaniyah				1									
	Public Affairs officer - Dahuk				1									
	Region S Public Affairs						1				30-Jun			
	Region SC Public Affairs			1							30-Jun			
	SUBTOTAL FOR STRATEGIC COMMUNICATIONS	**99**		**35**	**17**	**13**	**22**	**12**	**9**					
	Headquarters Support Group													
	HSG Commander						1							
	Deputy/HQ Support Group						1							
	SGS						1							
	Admin Asst						1							
	Personnel													
	Personnel Division Chief						1						Lt Col McGarrity	
	Admin NCO						1							
	Admin NCO						1							

POSITION	NAME	SOURCE						DURATION	DEPARTS	REPLACE BY	REPLACEMENT	COMMENTS
Admin NCO	(b)(6)				1							
Security NCO					1						CMSgt McDorman	
Personnel Management Spec		1										
Personnel Management Spec		1										
Logistics												
Logistics Division Chief					1						Col Barlow	
Air Movement Officer					1							
Air Movement NCO					1							
Traffic Management Officer					1						SSgt Roop	
Facilities Manager		1										
Customer Service Rep		1										
Executive Assistant					1							
Admin Clerk					1							
Admin Clerk					1							
Operations												
Director					1							
Admin Asst				1								
Deputy Director, Plans					1							
Planner				1							No Replacement	
Planner				1								
Ministry Liaison (MRCO)				1								
Ministry Liaison (MRCO)				1								
Ministry Liaison (MRCO)				1							No Replacement	
Ministry Liaison (MRCO)				1								
Deputy Director, Operations					1							
Operations Officer				1								
Operations Officer				1								
Operations Officer				1								
Operations Officer				1							No Replacement	
Operations Officer				1							No Replacement	
Victory Main Liaison					1							
Victory Main Liaison					1							
Logistics Officer					1							
Admin Asst				1								
Facility Management												
Director					1							
Deputy					1							
Property and Assets Registry					1							
Real Estate Manager					1							
Real Estate Manager					1							
Property and Assets Registry					1							
Master Planner		1										
Real Estate Manager/Interpreter				1								
Property and Assets Registry				1								
Real Estate Manager/Interpreter				1								
Real Estate Manager/Interpreter				1								
Real Estate Manager-Baghdad												
Property and Assets Registry-Baghdad	TBD											
Master Planner-Baghdad	TBD											
Real Estate Manager-South	TBD											
Property and Assets Registry-South	TBD											
Master Planner-South	TBD											
Real Estate Manager-S Central	TBD											
Property and Assets Registry-S Central	TBD											
Master Planner-S Central	TBD											
Real Estate Manager-North	TBD											

POSITION	NAME	SOURCE					DURATION	DEPARTS	REPLACE BY	REPLACEMENT	COMMENTS
Property and Assets Registry-North	TBD										
Master Planner-North	TBD										
Support Contractor	White			1							
Green Zone											
Director	(b)(6)				1						
Deputy					1						
Log					1						
Ops					1						
NCOIC					1						
Telcom Network				1							
Project Control Specialist				1							
Computer Surity Spect -IA				1							
Network Engineer				1							
Telcom Specialist				1							
Install Team				1							
Install Team				1							
Install Team				1							
Install Team				1							
Project Control Specialist				1							
Technical Lead Engineer				1							
Voice/IP				1							
Forum Data Engineer				1							
NOC Operations				1							
Site Cable Engineer				1							
Deputy Program Manager				1							
NOCOperations				1							
Amb Support				1							
Help Desk				1							
Sys Admin				1							
Install Team Lead				1							
Install Team-Signal Annex				1							
Install Team-Signal Annex				1							
Install Team-Signal Annex				1							
Install Team-Cable & Wire				1							
Implementation Engineering				1							
Install Team - Cable & Wire				1							
Install Team-Signal Annex				1							
Install Team-Signal Annex				1							
Help Desk				1							
Forum Lead				1							
Avaya Switch				1							
Implementation Engineering				1							
Microwave Engineer				1							
Microwave Engineer				1							
Microwave Engineer				1							
Microwave Engineer				1							
Install Team - Site Network Eng				1							
Help Desk				1							
Microwave Engineer				1							
Implementation Engineer				1							
Install Team - Cable & Wire				1							
NOC Operations				1							
IDNX Installation & Transmission Position				1							
Network Support				1							
Avaya Install				1							
Aveya Install				1							

POSITION	NAME	SOURCE		DURATION	DEPARTS	REPLACE BY	REPLACEMENT	COMMENTS
Voice O&M	(b)(6)		1					
Program Manager			1					
COM/SA Mngr			1					
Help Desk			1					
Sys Admin			1					
Help Desk			1					
Voice Comm Spec/Help Desk			1					
Tech Support			1					
COM			1					
Information Assurance			1					
Sys Admin			1					
SysAdmin			1					
SysAdmin			1					
Help Desk			1					
Help Desk			1					
Help Desk			1					
Help Desk			1					
First Responder			1					
First Responder			1					
First Responder			1					
First Responder			1					
First Responder			1					
Network Design Engineer			1					
Network Eng.			1					
Sys Admin			1					
Sys Admin			1					
Help Desk			1					
SysAdmin			1					
Network Admin			1					
Sys Admin			1					
Sr Technician			1					
Program Manager			1					
Site Project Lead			1					
Network Engineer			1					
Help Desk			1					
Help Desk			1					
Help Desk			1					
Training Officer			1					
Help Desk			1					
Project Manager			1					
Communications Engineer			1					
Communications Engineer			1					
Administrative Personnel			1					
Help Desk			1					
Help Desk			1					
Help Desk			1					
Help Desk			1					
Site Manager			1					
Technician			1					
Technician			1					
Site Manager			1					
Network Engineer			1					
Windows Engineer			1					
Help Desk			1					
Help Desk			1					
Office Automation Trainer			1					

		POSITION		NAME	SOURCE						DURATION	DEPARTS	REPLACE BY	REPLACEMENT	COMMENTS
		Office Automation Trainer		(b)(6)			1								
		Site Manager					1								
		Site Manager					1								
		IT Roving Technician					1								
		Technician					1								
		Help Desk					1								
		Help Desk					1								
		Help Desk					1								
		Help Desk					1								
		Office Automation Trainer					1								
		Office Automation Trainer					1								
		Operations Mgr					1								
		Logistic/Program Manager					1								
		Tower & Microwave Tech					1								
		Tower & Microwave Tech					1								
		Tower & Microwave Tech					1								
		Switch Tech					1								
		Switch Tech					1								
		Switch Tech					1								
		Switch Tech					1								
		Switch Tech					1								
		Customer Service					1								
		Switch Tech					1								
		Tower & Microwave Tech					1								
		Customer Service					1								
		Customer Service					1								
		Customer Service					1								
		Logistical Support					1								
		Tower & Microwave Tech					1								
		Maintenance					1								
		Maintenance					1								
		Maintenance					1								
		Maintenance					1								
		Network Manager					1								
		Help Desk					1								
		System Admin					1								
		System Admin					1								
		Program Manager Forward					1								
		Senior Advisor					1								
		Senior Engineer					1								
		Theater Logician					1								
		Telcom Infrastructure					1								
		SUBTOTAL FOR HSG	**201**		**5**	**0**	**163**	**33**	**0**	**0**					
		Comptroller	**4**			**4**									
		Commission on Public Integrity													
1	210	CPI-Director of CPI						1			12/31/2004	12/31/2004			
2	211	CPI-Office Manager			1					1	12/31/2004				
3	212	CPI-Admin and Opns Officer			1					1	12/31/2004				
4	213	CPI-Personnel Manager			1						12/31/2004	12/31/2004			
5	214	CPI-Accountant/Finance Manager			1					1	12/31/2004	12/31/2004			In Pipeline

		POSITION		NAME	SOURCE						DURATION	DEPARTS	REPLACE BY	REPLACEMENT	COMMENTS
6	215	CPI-Technical Support Manager								1	12/31/2004	12/31/2004			In Pipeline
7	216	CPI-Employee Integrity Manager				1				1	12/31/2004	12/31/2004			In Pipeline
8	217	CPI-Database Researcher								1	12/31/2004	12/31/2004			In Pipeline
9	218	CPI-Database Researcher								1	12/31/2004				
10	219	CPI-Military/Ministry Liaison								1	12/31/2004				
11	220	CPI-Legal Administration						1		1	12/31/2004				
12	221	CPI-Senior Legal Advisor								1	12/31/2004				
13	222	CPI-Legal Assistant								1	12/31/2004	12/31/2004			In Pipeline
14	223	CPI-Senior Comm Rel Advisor								1	12/31/2004	12/31/2004			In Pipeline
15	224	CPI-Community Outreach Manager								1	12/31/2004	12/31/2004			In Pipeline
16	225	CPI-Community Education Specialist				1				1	12/31/2004	12/31/2004			
17	226	CPI-Community Education Specialist								1	12/31/2004	12/31/2004			In Pipeline
18	227	CPI-Community Education Specialist								1	12/31/2004	12/31/2004			In Pipeline
19	228	CPI-Community Relations Specialist						1		1	12/31/2004				
20	229	CPI-Public Affairs Officer						1		1	12/31/2004				
21	230	CPI-Senior Trans and Prev Advisor				1					12/31/2004	12/31/2004			
22	231	CPI-Public Ethics Manager								1	12/31/2004	12/31/2004			In Pipeline
23	232	CPI-Financial Disclosure Auditor									12/31/2004	12/31/2004			
24	233	CPI-Chief Auditor								1	12/31/2004	12/31/2004			In Pipeline
25	234	CPI-Auditor Trainer								1	12/31/2004	12/31/2004			In Pipeline
26	235	CPI-Code of Conduct Compliance Manager				1					12/31/2004	12/31/2004			
27	236	CPI-External Relations								1	12/31/2004	12/31/2004			In Pipeline
		SUBTOTAL FOR CPI	**2**		**19**	**4**	**0**	**4**	**0**	**22**					
		TOTALS FOR IRMO	**55**	(9)(q)	**168**	**72**	**186**	**74**	**55**	**114**					

قانون الشركات العامة

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Region: Near East/South Asia

Sub-Region: Near East
Country: Iraq
Topic: DOMESTIC, ECONOMIC

Source-Date: 08/24/1997
Law No. 22 of 1997 on State Companies

*JN1509155497 **Baghdad al-Jumhuriyah** in Arabic 24 Aug 97 p 2*

["Text" of Law No. 22 of 1997 on State Companies]

[FBIS Translated Text] In the name of God the merciful, the compassionate

The Republic of Iraq

In the name of the people

The president of the republic

As decided by the National Assembly and approved by the Revolution Command Council, and in accordance with the provisions of Article 53 of the constitution, we issue the following law:

Law No. 22 of 1997 on State Companies

Chapter One: The Aims of the Law and the Requirements of Establishment

Article 1: For the purposes of this law, the following terms shall have the meanings stated hereunder:

The minister: The minister concerned or the head of an organization which is not linked to a ministry.

The state company: The economic unit which is self-financed, fully owned by the state, enjoying a corporate status, independent financially and administratively, and functioning on economic bases.

The registrar: The registrar of companies at the Department for the Registration of Companies in the Ministry of Trade.

Article 2: This law is aimed at organizing state companies, with regard to their establishment, management, and liquidation, under unified financial and administrative bases and rules so as to enable them to attain a high level of growth

in their work and production and to adopt the principle of proper economic accounting, competent investment of public funds, and efficiency in achieving state aims and improving the performance of the national economy.

Article 3: The ministry shall submit an application to the cabinet for the establishment of a state company supported by a study which states the economic and technical reasons for its establishment, provided the application includes the following:

First: The company's name, location, and head office.

Second: The company's aims and activity.

Third: The company's capital and sources of financing its activity.

Fourth: Any other information deemed essential by the ministry.

Article 4: Once the cabinet has approved the application for the establishment of the company, the ministry shall prepare the contract or statement, which shall include the following details:

First: The company's name, location, and head office. The name must reflect its activity and include the word "state."

Second: The company's aims.

Third: The company's activity.

Fourth: The company's capital.

Fifth: The names of the founders.

Sixth: Any other information deemed essential by the ministry.

Article 5: For the purposes of statistical records and documentation, the ministry shall submit the establishment contract or statement, which has been approved by the cabinet, to the registrar so he can register the company.

Article 6: The registrar shall register the company and issue a certification of establishment. The ministry shall publish this certificate and contract or statement in the Official Gazette and in the bulletin which is issued by the registrar.

Article 7: The company shall acquire a corporate status as of the date of the issuance of its certificate of establishment.

Chapter Two: The Company's Capital

Article 8: The company's capital shall be fixed in the decision which shall be issued by the cabinet approving its establishment.

Article 9: First: The State Treasury shall pay the company's capital as a lump sum or in installments, whose amounts and due dates shall be fixed in accordance with a timetable which shall be drawn up by the company in coordination with the Ministry of Finance.

Second: The value of the company's movable and immovable property shall be considered part of the paid up capital.

Third: When two or more self-financed state corporate persons participate in the establishment of a state company, the partners shall pay their share of the capital and submit to the same rules which are set forth in the provisions of this law.

Article 10: First: Whenever there is a need to increase or reduce the company's capital, the ministry, in coordination with the Ministry of Finance, shall submit an application to the cabinet supported by a financial study on the reasons for taking such a step and its impact on the company's activity, rights, and obligations.

Second: Once the cabinet has approved the increase or reduction of the company's capital, the ministry shall take the necessary steps to implement that as well as the contract or statement on the establishment of the company.

Third: The ministry shall inform the registrar to amend the registration and publish it in the Official Gazette.

Chapter Three: Profits and Losses

Article 11: For the purposes of this law, net profit means the increase in the revenues over the expenditures, as shown in the profit and loss account for the company's fiscal year, organized according to existing rules and regulations and approved accounting procedures, audited by the Financial Control Bureau, and endorsed by an authorized legal quarter.

Second: Capital profits and losses and any other profits and losses resulting from any extraordinary activity by the company shall be separated from the profits which are to be distributed among the employees.

Third: The profits which are to be distributed must not be more than 30 percent of the value of current activity. Any excess shall be transferred to the Ministry of Finance.

Fourth: The profits stipulated in Clause (III) of this article shall be distributed as follows: i) Forty-five percent to the State Treasury. ii) Thirty-two percent as incentives to company employees and to those who excel in their work, including members of the board of directors and ministry employees according to the percentages which will be fixed by the board of directors with the approval of the ministry. iii) Five percent for research and development. iv) Five percent for social services for the employees. The remainder shall go to the capital reserve.

Fifth: The cabinet may increase or reduce the percentages in Clauses (III) and (IV) of this article depending on the economic activity and circumstances.

Article 12: Twenty-five percent of the net profit before its distribution shall be deducted for covering recurrent losses from previous years, if there are any.

Article 13: If the company's losses amount to 25 percent of the nominal capital, the company's board of directors shall make an economic appraisal, indicating the causes of the losses and suggesting solutions. The appraisal shall be referred to the ministry so it can make the appropriate decision on it.

Article 14: If the company's losses amount to 50 percent of the nominal capital, the ministry shall make an economic appraisal, which shall be referred to the cabinet so that it can make the appropriate decision on whether to maintain or liquidate the company.

Chapter Four: Investments and Loans

Article 15: First: The company may invest its surplus funds in joint ventures with other partner companies, provided the ventures are relevant to the company's aims inside Iraq. The company has to obtain the approval of the cabinet if the ventures are outside Iraq.

Second: The cabinet's approval has to be obtained also when funds from partner Arab and foreign companies or establishments are to be used in joint ventures that are relevant to the company's aims outside Iraq.

Third: The company has the right to participate with Arab or foreign companies and establishments in joint ventures that are relevant to the company's aims inside Iraq.

Article 16: First: The company may invest its surplus funds as fixed deposits in banks inside Iraq for a period of not more than 180 days, provided a special account is opened in the company's records to record the interest on these deposits and to also show them in the final accounts so that it will be easy to determine the company's performance in this sector.

Second: i) Insurance and re-insurance companies and banks may invest their funds in the different investment fields. ii) The cabinet may decide to include any other investment quarter under the provisions of Paragraph (i) of this clause.

Article 17: The company may give or obtain loans, or obtain funds to finance its activity from national financial institutions and state companies under contracts and terms which shall be agreed upon, provided the loan does not exceed 50 percent of the company's paid-up capital.

Article 18: The approval of cabinet must be obtained when the loan is being obtained from outside Iraq in order to finance the company's investment or current activity.

Chapter Five: The Company's Management and Board of Directors

Article 19: The company's board of directors shall assume the task of drawing up the management, financial, organizational, and technical policies and plans for conducting the company's activity, and achieving its aims, and supervising and following up on their implementation. It shall also exercise all the pertinent rights and powers. It may authorize the company's general manager with any powers it deems appropriate.

Article 20: The board of directors shall consist of the company's general manager as chairman and eight members who shall be appointed as follows:

First: Four members shall be chosen by the minister from the among the heads of the company's various units for their experience and specialized knowledge in their fields.

Second: Two members shall be elected from among the company's employees.

Third: Two members, who are experienced and specialized in their fields, shall be selected by the minister from outside the company with the approval of the "Opinion Board."

Fourth: The board of directors shall have three reserve members. One shall be elected by the employees and two appointed by the minister.

Fifth: The board of directors shall elect during its first meeting a vice chairman from among its members. He will replace the chairman in his absence.

Article 21: The company's basic law shall determine the method of electing the representatives of the company's employees in the board of directors and the qualifications they must have.

Article 22: The term of the board of directors shall be three years, which is renewable. The term shall begin from the date of the first meeting of the board.

Article 23: First: The board of directors shall meet once a month at the invitation of its chairman.

Second: The board of directors may hold an extraordinary meeting at the invitation of its chairman or a written request by two of its members stating the reasons for it.

Third: The quorum for the board of directors is achieved by the attendance of the majority of its members, including the chairman or his deputy. Decisions shall be

made by the majority vote of those attending. In the case of a tie vote, the side getting the chairman's vote wins.

Article 24: If a vacancy occurs in the board of directors, the chairman shall invite a reserve member to cover up for the remainder of the board's term.

Article 25: The board of directors' decisions shall be implemented as soon as they are issued. However, those dealing with the issues mentioned below shall be implemented after obtaining the minister's approval:

First: Annual plans and budgets.

Second: The final accounts and the company's annual report.

Third: Legislations.

Fourth: The production incentive system, since it is considered part of the cost of production.

Article 26: The board of directors' decisions on the issues mentioned in Article 25 of this law shall be considered endorsed unless the minister objects to them within 15 days from the date of their submission to his office. If he objects to them, they shall be re-submitted to the board of directors as soon as it meets. If the board of directors insists on its opinion, a meeting shall be held under the chairmanship of the minister in order to examine the subject. The decision made by the majority of the members present shall be final.

Chapter Six: The Company's General Manager

Article 27: The company shall be run by a general manager who is experienced, specialized, and holds at least a first university degree. The general manager shall be appointed under a decision by the cabinet. He shall be the highest authority in the company and he shall undertake all the necessary work for managing and running its activity in accordance with the powers granted to him by the board of directors.

Chapter Seven: Internal Control

Article 28: Internal control is aimed at establishing effective control on the company's funds. In the achievement of this aim, the company shall conduct its activity according to programs that ensure the application of all control systems.

Article 29: The Financial Control Bureau shall prepare monthly reports containing the results of its activity for the previous period. The report shall be submitted to the company's general manager. The company's board of directors shall then take the necessary steps to tackle any problems raised by the report within 30 days from the date the report is submitted to the office of the general manager.

Article 30: The Internal Control Department shall be attached to the general manager. It is impermissible to transfer or punish any member of this department without obtaining the consent of the board of directors and stating the reasons.

Chapter Eight: Merger of Companies

Article 31: First: It is permissible under a decision by the cabinet to merge two or more state companies into a new state company, provided they engage in a similar or integrated activity.

Second: The ministry shall prepare a technical and economic feasibility study of the merger and submit it to the cabinet so it can make the appropriate decision.

Article 32: Once the cabinet has approved the merger, the ministry will amend the original contract or draw up a new one. The board of directors will also amend the basic law or draft a new one.

Article 33: The ministry shall inform the registrar of the amended contract or provide him with a new one. The merger shall be considered valid as of the date of the cabinet's approval, or as of any other date set by cabinet. On that date, the corporate status of the old company shall expire. The registrar shall issue a new certification of establishment.

Article 34: First: The ministry shall publish the merger decision in the Official Gazette and in the bulletin which is issued by the registrar.

Second: The old company's rights and obligations shall revert to the new company.

Chapter Nine: Change of the State Company

Article 35: It is permissible to change a state company to a shareholding company with the approval of the cabinet.

Article 36: The ministry shall prepare a study on the economic and technical reasons for the change, the method of assessing the value of the shares in the capital, and the method of selling the shares. The study shall be submitted to the cabinet so it can make the appropriate decision on them.

Article 37: First: Once the cabinet has approved the change, the ministry shall prepare a new contract for the company and submit it to the registrar with the approval of the cabinet.

Second: The minister shall publish the decision on the change in the Official Gazette and in the bulletin which is issued by the registrar.

Third: The shareholding company shall acquire a corporate status as of the date of the publication of the decision.

Fourth: The cabinet may, following the transformation of a state company into a shareholding company, fix a certain percentage of the company's nominal capital so the company employees can buy shares in the shareholding company.

Article 38: The socialist sector's share in the new company shall be determined under the provisions of existing laws.

Chapter Ten: Liquidation of Companies

Article 39: First: Once the reasons mentioned in Article (14) of this law become valid, the ministry shall seek the approval of the cabinet to liquidate the company.

Second: If the cabinet decides to liquidate the company, the ministry must take the following steps: i) Form a liquidation committee representing the Ministry of Finance and the Financial Control Bureau, define its powers and jurisdictions, and send a copy of the formation of the committee to the registrar. ii) As soon as it is informed of the liquidation decision, the company shall stop assuming any new obligations. However, it can continue its activity in so far as fulfilling its obligations and retaining its corporate status during the liquidation period. iii) The liquidation committee shall seize all the company's records and documents, make an inventory of its assets, and prepare an initial report, which will be submitted to the ministry. iv) The committee will liquidate the company's rights and obligations and what is mentioned in the liquidation decision, taking into consideration the provisions of this law. v) The liquidation committee shall prepare the final accounts and a report on the results of the company's liquidation once the liquidation has been carried out or at the end of every fiscal year, if the company's liquidation work continues for more than one year, and submit them to the ministry. vi) Once the liquidation work has been completed, the committee shall submit its final report to the ministry backed by the report of the accounts controller. vii) If the results of the liquidation show a balance in the company's funds, this balance shall be paid to the State Treasury or to the companies subscribing to the newly established company. The minister has the powers to transfer assets at the approximate value. viii) The liquidation period must not exceed three years in all cases. Otherwise, the matter should be referred to the cabinet so it can make the appropriate decision. ix) Once the ministry is satisfied that the liquidation has been carried out in accordance with the provisions of this law, it shall notify the registrar to this effect so he can issue his decision to cancel the name of the company and publish that in the Official Gazette and in his bulletin.

Chapter Eleven: General and Final Rules

Article 40: Within a period of one year from the implementation of this law, all existing self-financed economic organizations must adjust their conditions in harmony with the provisions of this law.

Article 41: The cabinet may, whenever necessary, exempt any mining companies belonging to the Oil Ministry from the provisions of this law.

Article 42: The company's activity shall be subject to the control and auditing of the Finance Control Bureau.

Article 43: The minister shall issue an internal system for the company which shall be prepared by its board of directors in accordance with the provisions of the law within 60 days from the its formation. The system shall include the following:

First: The duties and powers of the board of directors.

Second: The method electing the representatives of the employees in the board of directors.

Third: The required qualifications for a member of the board of directors.

Fourth: The management structure of the company and the descriptions of the management and organizational units' jobs and duties.

Fifth: The organization of the procedures for following on the company's activity and internal control.

Sixth: Any other matters relating to the tasks and activity of the company.

Article 44: The existing employment rules shall apply to the employees of the companies covered by this law until new employment rules are issued.

Article 45: This law shall be implemented as of the date of its publication in the Official Gazette. Any public or private provisions contrary to its provisions are considered invalid.

Written in Baghdad on 15 Rabi' al-Thani 1418 Hegira corresponding to 18 August 1997.

[Signed] Saddam Husayn, president of the republic

Reasons for issuing this law: This law was enacted for the purpose of organizing the activity of self-financed state economic organizations and unifying the laws organizing the activities of these organizations by establishing national state companies and organizing their work in such a way as to contribute to the advancement of the national economy and to achieve the social aims of the socialist sector.

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Company	Action Plan	Cost ($MM)	Timing (Months)	Project Manager	Remarks
Phosphate	2) Repair looting	(2)	6	Firm	
Northern Fertilizer	1) Natural gas pressure	-	2	Oil Ministry/Firm	
Southern Fertilizer	1) Natural gas pressure	-	2	Oil Ministry/Firm	
Northern Cement	None needed at this point	-	-	-	-
Iraqi Cement	1) Needs electricity a) 5MW at Falluja	-	Now	CPA (b)(6) Firm/MIM	Workwith vendor and MIM to get volume discount
	b) 15MW at Al Qaem			Electricity Commision/MIM	Review Syria as a contract option and build grid from border to plants
Southern Cement	1) Needs electricity at Kufa 2) Needs new management	-	Now	MIM	Kuffa plant leadership dismissed by local Commander due to allegations of Corruption
Al Qadesia	1) Needs 2MW of electricity	-	Now	CPA (b)(6) Firm/MI	Workwith vendor and MIM to get volume discount
	2) Working capital	-0.75	Now		
Ur Engineering	1) Needs 4MW of electricity	-	Now	CPA (b)(6) Firm/MI	Workwith vendor and MIM to get volume discount
Drugs and Medical Supplies					

Company	Action Plan	Cost ($MM)	Timing (Months)	Project Manager	Remarks
(Samaara)	1) Needs 2MW of electricity	-	Now	CPA (b)(6) Firm/MIM	Workwith vendor and MIM to get volume discount
Drugs and Medical Supplies (Ninawa	1) Needs electricity	2MW	Now	CPA (b)(6) h/MI	Workwith vendor and MIM to get volume discount
	2) Needs raw material	Unknown		Firm/MIM	
	3) Working capital	Unknown		CPA (b)(6) /MoF/Firm	
	4) Resolve $80MM subsidy issue			MIM/CPA	
Cigerettes & Tobacco	1) Needs to construct wall to separate the US Army	-	Now	Firm	
	2) Repair machinery			Firm	Arrange early access to asess
	3) Lease Warehouse Space	-2	Now	Firm/CPA	Obtain rent subsidy from Army
	1) Need 4MW of electricity	Unknown	Now	(b)(6) irm/MIM	Workwith vendor and MIM to get volume discount
Najaf Tire	1) Need 4MW of electricity	-	Now	CPA (b)(6) Firm/MI	Workwith vendor and MIM to get volume discount
Construction Industries	Unknown at this point				

Ministry of Industry
Plan Action Program

As of 27 August 2003

Company	Action Plan	Cost ($MM)	Timing (Months)	Project Manager	Remarks
Mishraq Sulphur	1) Sell excess sulfur inventory for $30MM	30	6	MIM (Mohanad)	
	2) Establish security:			MIM	
	a)Build fence			Firm	
	b)Housing for security personnel			Firm	
	3) $20MM to rebuild plant	-20	6 months	Firm	
	4) Working capital/Operating Loans	1.3	1 month	CPA (b)(6) Firm/MoF	
Training & Rehabilitation	1) 4 looted locations that need repair	-0.5	6	TBD	
	2) Capital	Unknown	Unknown	CPA (b)(6) Firm/MoF	
General Systems	1) None: Up and running				
Hand Woven Carpets	1) Working capital	-0.5	Now	CPA (b)(6) /MoF/Firm	
	2) Technical Assistance: Sales & Mkting	Unknown	Now	Firm	
Al Furat Chemicals	1) Working capital	-0.5	Now	CPA (b)(6) /MoF/Firm	
Petrochemical Industries	1) Increase natural gas line pressure	-	Now	Oil Ministry/Firm	
Phosphate	1) Repair/Rebuild bridge	Unknown	12-Jun	Ministry of Transportation	

Ministry of Industry and Minerals
(US $)

		Cash Inflows				Operating Expenses											
MIM Headquarters																	
Mishraq Sulfur	500,000	0	30,000,000	0	30,000,000	0	240,000	0	0	1,000,000	0	100,000	100,000	1,440,000	22,000,000	6,560,000	0
Training & Rehabilitation	450,000	500,000	0	0	500,000	150,000	1,020,300	50,000	10,000	0	50,000	0	50,000	1,330,300	170,000	(1,000,300)	1,000,000
General Systems Company	445,000	7,000,000	0	0	7,000,000	3,500,000	499,320	50,000	5,000	0	50,000	50,000	100,000	4,254,320	1,500,000	1,245,680	0
Hand Woven Carpets	100,000	1,000,000	800,000	0	1,800,000	500,000	1,031,700	50,000	4,000	50,000	0	100,000	50,000	1,785,700	0	14,300	0
Al Furat Chemical Industries	1,500,000	3,000,000	0	0	3,000,000	1,500,000	1,972,200	50,000	40,000	50,000	0	50,000	50,000	3,712,200	3,000,000	(3,712,200)	3,700,000
Petrochemical Industries	3,000,000	10,000,000	0	0	10,000,000	2,000,000	4,414,080	1,000,000	75,000	150,000	0	50,000	100,000	7,789,080	2,200,000	10,920	0
Phosphate	5,000,000	6,000,000	1,500,000	0	7,500,000	4,000,000	3,661,680	1,000,000	200,000	75,000	0	50,000	100,000	9,086,680	2,400,000	(3,986,680)	4,000,000
Northern Fertilizer	1,000,000	10,000,000	0	0	10,000,000	3,000,000	1,803,480	500,000	150,000	50,000	0	50,000	100,000	5,653,480	2,000,000	2,346,520	0
Southern Fertilizer	1,500,000	12,000,000	0	0	12,000,000	3,600,000	3,071,160	750,000	200,000	50,000	0	50,000	100,000	7,821,160	3,000,000	1,178,840	0
Northern Cement	2,000,000	37,800,000	0	0	37,800,000	16,632,000	2,622,000	2,000,000	1,000,000	500,000	0	50,000	100,000	22,904,000	14,000,000	896,000	0
Iraqi cement	3,000,000	25,200,000	0	0	25,200,000	11,088,000	3,762,000	2,000,000	650,000	500,000	0	50,000	100,000	18,150,000	7,000,000	50,000	0
Southern Cement	2,600,000	50,400,000	0	0	50,400,000	22,176,000	5,928,000	2,000,000	1,500,000	500,000	0	50,000	150,000	32,304,000	15,000,000	3,096,000	0
Al Faris					0									0	0	0	
Al Qadesia Electrical Industries	2,600,000	6,000,000	0	0	6,000,000	7,200,000	2,577,540	100,000	50,000	0	0	50,000	100,000	10,077,540	0	(4,077,540)	4,000,000
Industrial Design & Consultation	250,000	1,500,000			1,500,000	0	923,400	200,000	5,000	0	50,000	50,000	250,000	1,478,400	0	21,600	0
Ur Engineering Industry					0									0		0	
Geological Survey & Mining					0									0		0	
Nassr SC for Mechanical Industries					0									0		0	
Drugs & Medical Supplies - Sammara	1,500,000	3,000,000	0	0	3,000,000	0	2,964,000	100,000	50,000	0	0	50,000	100,000	3,264,000	1,000,000	(1,264,000)	1,300,000
Drugs & Medical Supplies - Ninawa	1,200,000	1,000,000	0	0	1,000,000	0	1,083,000	100,000	50,000	0	0	50,000	100,000	1,383,000	1,000,000	(1,383,000)	1,400,000
Glass & Ceramics					0									0		0	
Information Systems					0									0		0	
Industrial Design & Construction					0									0		0	
Specialized Institute for Engineering Industries					0									0		0	
Woolen Industries SC					0									0		0	

		Cash Inflows				Operating Expenses										
Textile Industries - Hilla					0								0		0	
Vegetable Oils Industry					0								0		0	
Leather Industries					0								0		0	
Battery Industries SC					0								0		0	
Mechanical Industries					0								0		0	
Cotton Industries SC					0								0		0	
Ready Made Wear Industries					0								0		0	
Tobacco & Cigarettes	2,500,000	11,250,000	0	500,000	11,750,000	8,181,818	2,560,440	1,000,000	150,000	100,000	0	50,000	500,000	12,542,258	1,000,000	(1,792,258)	1,800,000
Iron & Steel	500,000	0	50,000,000	0	50,000,000	0	0	0	0	400,000	0	0	100,000	500,000	20,000,000	29,500,000	0
Electrical Industries SC					0									0		0	
Tires Industries - Najaf	500,000	6,000,000	0	0	6,000,000	2,800,000	2,736,000	200,000	200,000	50,000	0	50,000	500,000	6,536,000	1,500,000	(2,036,000)	2,000,000
Wasit Textile					0									0		0	
Construction Industries					0									0		0	2,500,000
Al Sawari Chemical Industries					0									0		0	
Paper Industry					0									0		0	
Rubber Industries					0									0		0	
Industrial Development					0									0		0	
Sugar Industry					0									0		0	
Furniture Factory					0									0		0	
Dairy Products SC					0									0		0	
Nissan (17)					0									0		0	
Research & Development					0									0		0	
Car Manufacturing (Vehicle Industries)					0									0		0	
Total	30,145,000	191,650,000	82,300,000	500,000	274,450,000	86,327,818	42,870,300	11,150,000	4,339,000	3,475,000	150,000	950,000	2,750,000	152,012,118	96,770,000	25,667,882	21,700,000

(b)(6)

From: (b)(6)
Sent: Saturday, March 20, 2004 6:26 PM
To: (b)(6)
Cc:
Subject: General Commission for Research and Industrial Development

Dear (b)(6) advisor (C.P.A.) in Ministry of Industry and Minerals) (b)(6)

Hoping you are in your best health.

Signed to the e-mail of advisor (C.P.A.) in Ministry of Finance (b)(6) (b)(6) on 20 /3 /2004, we would like to clear the following:-

1. We thank you on your efforts that we know it through (b)(6) (b)(6) about depending central financing system in our organization (General Commission for Research and Industrial Development) that we need it seriously through rebuilding our new Iraq which we work for it together .
2. We and (b)(6) await the best final results about this matter from you.
3. We invite you to visit our organization (G.C.R.I.D.) in any time you wish (please tell us before).

God bless you for our and your family
Best regards and all respects.

Authorized to follow up
ENG.Ahmad Kamil Hassan
(General Commission for Research and Industrial Development)

E-mail (b)(6)

3/24/2004

Copy for:
(b)(6)

With my best regards

Do you Yahoo!?
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	Company Name	50% remained profits from 2002
1	Nassr State Co. for Mechanical Industries	820025706
2	State Co. for Electrical Industries	827486269
3	State Co. for Batteries Industries	261451669
4	State Co. for Dairy Products	65446000
5	State Co. for Cotton Industries	746116320
6	State Co. for Woolen Industries	259484351
7	State Co. for Hand Woven Carpets	72765059
8	State Co. for Leather Industries	603465000
9	State Co. for Geological Survey & Mining	165279042
10	State Co. for Vegetable Oils Industry	913291500
11	17- Nissan State Co.	101283800
12	Specialized Institute for Engineering Industries	40248792
13	State Co. for Industrial Design & Construction	201756607
14	State Co. for Design & Engineering Consultations	148411379
15	State Co. for Information Systems	38504542
16	State Co. for Electronic Systems	129544919
17	State Commission for Training & Rehabilitation	76279291
18	State Commission for Research & Development	57561000
19	Iraqi State Co. for Cement	2157000111
20	State Co. for Industrial Construction	558674051
21	State Comp. for Refractories	133521711
22	Industrial development Co.	25246093
23	That Al-Sawary State Co. for Chemical Industries	223020817
24	Al-faris State Co.	357629087
25	State Co. for Tobaccos & Cigarettes	1097934799
26	Baghdad Factory for Furniture	28000000
27	State Co. for Mechanical Industries	744063968
28	State Co. for Vehicles Industries	0
29	Al-Furat State Co. for Chemical Industries	383831289
30	State Co. for Textile Industries - Hilla	336713072

	Company Name	50% remained profits from 2002
31	State Co. for Tires Industries- Najaf	390204094
32	State Co. for Rubber Industries	277327104
33	Southern State Co. for Cement	2158761000
34	Dialaa State Co. for Electrical Industries	477655570
35	State Co. for Glass & Ceramics Industry	68190660
36	State Co. for Phosphate	910511823
37	State Co. for Drugs & Medical Supplies Industry - Sammraa	459156000
38	Northern State Co. for Cement	659035753
39	State Co. for Drugs & Medical Supplies Industry - Naniwa	76455750
40	State Co. for Mishraq Sulfate	210099046
41	State Co. for Ready Made Wear Industries	87952890
42	Northern State Co. for Fertilizer Industry	373745766
43	Wasit Co. for Textile Industries	914161713
44	State Co. for Sugar Industry	0
45	State Co. for Paper Industries	236510325
46	UR State Co. for Engineering Industries	486615000
47	State Co. for Petrochemical Industries	733928279
48	Southern State Co. for Fertilizer Industry	583984792
49	State Co. for Iron & Steel Industry	887411230
50	Alzawraa State Co.	105915165
51	Ibn Seena State Co.	0
52	Alsomood State Co. for Steel Industry	407458502
53	State Co. for Heavy Engineering Equipment	205122801
54	Al khazir Center for Electronics	0
	Total	**22284239507**

A New Trade Regime for the New Iraqi Economy
September 2, 2003

Summary

This memo outlines suggestions for the tariff regime for the Iraqi economy. We recommend scrapping Iraq's old trade laws (except for international treaties) and starting from scratch. Balancing the benefits of free trade and Iraq's need to raise revenue, our recommendations for Iraq's new trade regime are:

1. Imports should be allowed to enter the country duty free.

2. A temporary, 5-percent *ad valorem* "reconstruction tax" should be levied on all imports and be sent directly to the Development Fund for Iraq. This tax should be reconsidered in three to five years, as the need for reconstruction revenues diminish.

3. Excise taxes on a dozen or so luxury and semi-luxury items (such as cigarettes, liquor, satellite dishes, etc.) should be imposed on both imports and domestically produced goods. Because Iraq currently lacks a well-functioning internal tax system, excise taxes on domestic items (say, cigarettes) should be levied at the factory gate. We may also want to impose excise taxes on cars until gasoline prices are fully liberalized.

4. The Amounts raised by both the 5-percent reconstruction tax and the excise taxes should be estimated and included in the 2004 Budget, as this will be a sign to donors that Iraq is willing to contribute to its own reconstruction.

5. Trade in services should be included in these provisions along the lines covered by the WTO General Agreement on Services. Transportation and telecommunication, and financial services should be fully liberalized to assure competition.

6. Export and import restrictions should be removed once the prices of tradable goods are fully liberalized. Exceptions could be made for import restrictions written to address security, cultural and public health concerns. Export taxes would not be permitted.

7. *National mandatory standards that restrict trade should be eliminated, with the exception of agricultural goods with the highest potential to affect public health. These goods should be randomly inspected at border crossing points.*

8. A customs administration conforming to best international practices should be established.

9. We should take immediate steps to join the World Trade Organization (WTO). If Iraq agrees to bind its tariff/reconstruction tax at a uniform 5 percent, it should sail through the accession process.

Why tariffs should be eliminated

Free trade makes countries richer. A zero-tariff regime would allow Iraq's citizens to enjoy the benefits of low-cost imports, raising living standards. Although low tariffs are in each country's best interest, the advantages of a zero tariffs are especially large in Iraq's case. For more than two decades, Iraq exposure to the rest of the world has been limited by war, sanctions, and an inward-looking development policy. In addition to benefiting consumers, low trade barriers will give Iraqi firms access to low-cost inputs and allow Iraq to be an attractive platform for export-oriented foreign investment. In the long-run, an open trade regime will allow Iraq to diversify its economy into industries for which it has a comparative advantage, further increasing the living standards of the Iraqi people.

Another point in favor of low tariffs is that tariffs have been already been capped on many of Iraq's imports by previous treaties. *Iraq has free trade agreements with 11 Arab countries that reduce tariffs to a uniform 5 percent*. Additionally, Iraq is likely to be incorporated into the European Union's Euro-Med integrationist framework, given the European Commission's propensity for bilateral free trade agreements. (Iraq also signed a trade-promotion agreement with the U.S. in 1987, but this agreement does not affect tariff schedules very much.) **CHECK THIS**

Why a reconstruction tax is needed

During the current transition period, Iraq has pressing needs for new revenue. Some form of non-oil revenues must be found. Because a reconstruction tax levied at the border would be easy to collect, it should be included in the government's overall strategy to raise revenue. In addition to the revenue effects, a reconstruction tax would help establish the Iraqi customs service. Newly trained guards will be much more likely to pay attention to what is coming across the border if they know that the taxes they collect will help rebuild their country.

There is no economic difference between "tariffs" and "reconstruction taxes" if both are levied in the same way. The advantages of calling the import tax a reconstruction tax are:

- It suggests the tax will be lowered in a few years when infrastructure reconstruction is largely complete (we suggest an explicit 5-year review).

- Reconstruction taxes can be considered outside of existing free trade agreements and justified to trading partners as emergency measures. There is an international precedent for countries levying import taxes outside of the formal structure of tariffs in emergences (e.g., balance of payments crises).

Whatever we call the import tax, it will be too low to distort Iraq's industrial development. A 5-percent import tax is far from high enough to protect any fledgling industry that is inconsistent with Iraq's comparative advantage. Countries that have tried "import substitution" strategies have levied tariffs of 50 percent or more.

Revenue effects of a 5 percent reconstruction tax

It is difficult to predict how many imports that Iraq will require in the next few years, but we can make a rough estimate for this number. Iraq is likely to run a trade deficit for the next few years, since it has very large needs for new infrastructure investment. If Iraq exports $12 billion of oil in 2004, then imports will be at least this large. (The World Bank's preliminary assessment for Iraq's trade and customs regime includes an estimate within the same range, suggesting that imports could easily reach $10 billion.) A 5 percent tariff implies on all goods would then raise about $500-$600 million.

Why the reconstruction tax should be uniform

If any exemptions to the reconstruction tax are allowed, they should be kept to an absolute minimum, so that the tax is levied uniformly across goods. There are two main reasons why:

1. *Uniform import-tax rates tend to be less distortionary.*

   Distortions from import taxes arise because they reduce the amount of low-cost imports that residents of the country enjoy. The tax's distortion is therefore small under two conditions: if the tax rate is low or if the good being imported is not very sensitive to price. Because we do not know the price sensitivity of all imported goods, it is best to treat goods the same and keep the reconstruction tax low.

2. *Uniform tariff rates will be more difficult to increase later.*

   Perhaps a more important reason for insisting on a uniform-tariff policy is that it makes tariffs more difficult to raise in the future. It is very likely that in the next few years, protectionist pressure in Iraq will increase dramatically. Individual owners of firms (such as privatized state-owned industries) will clamor for their particular industry to be protected. A uniform tariff policy helps prevent this type of protection from being implemented, because it forces all tariffs to rise if one tariff rises. While most Iraqis may not care if, say, petrochemical imports are taxed heavily, they will care a great deal if tariffs on consumer goods like televisions, satellite dishes and (perhaps) food are also raised. This aligns the interest of consumers against tariff increases, providing a crucial political counterweight to protectionist pressure.

Of course, Iraq cannot commit formally today to a uniform-tariff regime later. But a support of uniform tariffs today would be helpful in making a uniform policy stick.

The need for excise taxes

Iraq's need for additional revenue suggests that specific excise taxes are appropriate as well. These taxes (on items like alcohol and cigarettes) raise large amounts of revenue because the demand for these goods is typically insensitive to price. Most countries impose them. These taxes can also be levied for "public goods" reasons: For example, excise taxes are probably appropriate for automobiles, given Iraq's traffic problems and the artificially low price of gasoline. Once subsidies are removed and the price of gasoline rises to world levels, we should consider removing this tax.

Most of the goods facing excise taxes will be imported, so the appropriate place to levy the tax is at the border. For the goods that are also produced domestically, taxes should be levied at the factory gate. It is crucial that excise taxes are not levied only on foreign goods; if they are, excise taxes function just like a distortionary tariff.

We are not yet ready with a list of items to be subject to the excise tax. Devising this list will be done quickly, as part of the construction of Iraq's 2004 tax regime (a Bearing Point consultant just arrived in Baghdad to coordinate this effort). Estimated excise and reconstruction tax revenues can be included in the 2004 Budget so that donors will know we are imposing them.

How the recommended policy will affect WTO access and bilateral negotiations

Iraq should make an immediate application for membership or observer status in the WTO. Like all countries, Iraq will have to embark on a process of negotiations in order join the WTO, but the liberal trade regime we recommend should greatly speed the application process. This process should be a much higher priority than negotiations with individual countries. Jordan joined in 2000 after an application process that began formally in 1996. Officials there have offered to help with Iraq's application.

Existing bilateral treated should be unaffected by the reconstruction tax. Aside from the precedent for special import taxes in emergency situations, a 5 percent tax would be consistent with existing free-trade agreements signed with the Arab countries, since these treaties have a 5 percent cap.

The need for some temporary export restrictions

Current CPA policy prohibits the exports of goods that have been subsidized by the past regime and therefore are available to citizens at below-market prices (e.g., gasoline). Our policy should continue these prohibitions until prices are liberalized. Export restrictions that are not specifically tied to the existence of subsidies should be eliminated.

The content of an immediate announcement

In the next several days, we recommend that CPA announces

- The permanent extension of the tariff holiday;
- The 5-percent reconstruction tax;
- The expectation of excise taxes on some luxury and semi-luxury items, to be decided as part of the 2004 Budget process.

In the next few weeks, we can decide the specific list of goods subject to the excise taxes, as well as any goods (i.e. humanitarian assistance) that will be exempt from the reconstruction tax.

From (b)(6)
Sent Monday, December 8, 2003 11:04 pm
To (b)(6)
Cc
Bcc
Subject Fwd: FW: Sunday afternoon in Iraq
Attachments (b)(6) at sword.JPG 108K

Subject: Sunday afternoon in Iraq

Our continuing efforts to rebuild Iraq are progressing well. I have a team in the northern provincial city of Al Qaâ€™im working to restore what has become known as the Super Phosphate Plant located there.

The Super Phosphate Plant processes locally mined phosphate, coming from about one hundred miles down the adjoining rail line, into several blends of fertilizer and other products including sulphuric acid. Along with the fertilizer that is used throughout the country, the Iraqis also used the plant to produced yellow cake uranium in the late 1970âs. The Israelis destroyed that portion of the plant in 1981. Another large area of the plantsâ€™ productive capability was bombed by Coalition forces earlier this year in an effort to eradicate any chemical weapons of mass destruction that were thought to have been produced there.

The rail bridge leading from the mine to the plant was also destroyed by Coalition forces in early March 2004, and has only recently been repaired, and is another successful Civil Affairs project. The rail line should open at the end of December, when the newly poured concrete used in the support structure has had time to cure. The repaired rail line will open a much-needed trade and transportation route to Mediterranean ports in Jordan.

Over the years, and independent of the military bombings, the plant had fallen into great disrepair due to the US and UN sanctions which limited almost all of the â€˜dual useâ€™ military/civilian equipment that could be imported into Iraq. Consequently, the various products made at the plant, to include the fertilizer that is needed for agricultural production throughout the country, have been in very short supply.

The Civil Affairs soldiers who are stationed at the plant are coordinating the repairs necessary for it to become operational again. Within one week of my soldiersâ€™ arrival, and through their hard work with the local Iraqi factory manager, 600 workers were again employed bagging fertilizer for transportation and delivery throughout Iraq. A world- wide shortage of sulphuric acid is also being met by the by-product of that fertilizer production. Overall operation of the plant requires about 6,000 rail car movements per month and provides further employment across the country on

the rail lines.

Unfortunately, that employment does not include mail delivery for US soldiers. Over one-million pounds of mail has built up at the Kuwaiti port awaiting delivery to soldiers across Iraq and Kuwait. Family members who have sent Christmas or other packages are becoming frustrated at the delays and do not understand why their items are not being received. While army postal units are working very hard to deliver as much mail as quickly as they can, the sheer tonnage of it is overwhelming the system. This is a recurring problem with the Army. Every time there is a large-scale deployment, the mail is one of the last things to be considered and no god answer seems to be in sight.

During the cordon/search operation of several thousand homes that was being conducted near Al Qaâ€™im last week, several hundred local terrorists, Syrian infiltrators and many other local criminals were apprehended. The operation seems to have broken the network of terrorists who were taking control of that portion of the country. We dispersed over $106,000 in what we call â€œgood will paymentsâ€? to the local population during the 8 days of combat operations. Those payments were to cover the costs of any damage to the houses that occurred during the search and for rewards to those folks who turned neighbors who had unauthorized weapons. The area has been peaceful since the operation ended, and so it seems to have been successful. Other such operations are being conducted throughout the country and are having similar effects.

Although enemy action appears to be in a lull period right now, we are not entirely sure as to what the bad guys are doing or why they are not attacking us. At any rate, the new official term for the Former Regime Loyalists (continuing followers of Saddam) that we have been fighting is now â€œFormer Regime Elementsâ€?, indicating to many of us that there may be a lot more of those followers than had once been believed and who are ready to fight against the continued presence of the Coalition Forces here in Iraq.

The costs of the war here are staggering and cannot be measured in dollars alone. They are often very close and personal in nature. On a much sadder note regarding the operation in Al Qa'im, three soldiers from the Iowa National Guard were wounded along the highway during an ambush of a re-supply convoy. All three had been students of one of my majors while he was a teacher at their high school. Two had been members of the high school baseball team that he had coached. One of the two soldiers subsequently died of his wounds. This was the second former student that the major has lost to enemy action and it is having a significant emotional toll on him.

The attached photo is of me standing in front of the massive swords that Saddam Hussein had built in Baghdad. He paraded his troops under them. I am standing in front of the base of the sword and the basket of green items behind me is full of Iranian helmets that were captured during the Iran/Iraq war; the war during which we supported Saddam. During military parades, Iraqi troops would march over a line of them that had been built into the road, sending an incredible insult to the people of Iran.

UI-030803-16
& read a meeting on SOEs

(b)(6)

State Owned Enterprises (SOEs) - Loan Application & Loan Evaluation Procedures

The procedures set out below are intended to assist SOEs, banks and the Iraqi Ministry of Finance (MOF) in identifying the key steps that need to be followed when an SOE proposes to seek loan capital for its operations.

Each loan application must be made in accordance with the 'Company Loan Request' form, a copy of which is appended to these procedures.

Loan Applications by SOEs

1. A company proposing to request a business loan from a bank shall seek the in-principle agreement of the responsible Iraqi Ministry and the CPA Senior Advisor for State Owned Enterprises before proceeding with a formal request.

2. The company shall complete a Company Loan Request form and submit it to the MOF, duly signed and authorized by the Chief Financial Officer and the General Manager of the SOE.

3. All questions on the request form must be answered.

4. Within two (2) business days of receiving the Company Loan Request, the MOF shall refer it to each of the major State owned banks for consideration as to the terms and conditions of a loan offer.

5. The loans manager of each bank to which the loan request is referred shall initiate an evaluation of the request and shall submit in writing his/her assessment and recommendation to the General Manager as to the terms and conditions of the bank's loan offer, which may include a refusal to lend:

    a) the loans manager shall, in respect of each loan request, satisfy him/herself that the SOE's facilities are in existence by either:
        i. undertaking a site visit; or
        ii. if the CPA Advisor to the Ministry responsible for the SOE, or the Director General of the Ministry, has verified the existence of the facilities, by obtaining certification from the Advisor or the Director General.
    b) if the loans manager considers it necessary to seek clarification of significant details contained in the request, or to seek additional information as the basis for evaluating the loan request, he/she may request an extension of time from the MOF for conveying the bank's offer to the MOF.

6. The General Manager of each bank, through the loans manager, shall within five (5) business days, convey the bank's offer to the MOF, including a summary of its assessment of the applicant in terms of the financial criteria set out in the Attachment hereto; where an SOE is able to offer collateral in support of its loan application, the bank shall take this into account in assessing the loan proposal and the terms of any offer.

7. The MOF shall consult with the CPA Senior Advisor to the MOF in relation to each bank's offer and shall, within two business days of receipt of the final bank's offer, make a recommendation to the CPA Director of Management and Budget for decision as to which, if any, offer should be accepted.

8. The decision of the CPA Director of Management and Budget shall be conveyed forthwith by the MOF to the successful bank and the applicant SOE for implementation of the loan.

Loan Evaluation Procedures for Banks

1. On receipt from the MOF of a loan application from an SOE, the bank's loans manager shall initiate an evaluation of the request which shall form the basis for a recommendation to the General Manager as to the terms and conditions of the bank's loan offer (which may include a refusal to make an offer).

2. The bank's assessment shall address the matters (numbered 1 to 6) set out in the Attachment hereto, together with any other matters the loans manager and the General Manager consider relevant (including a request for additional information from the applicant).

ATTACHMENT

SOE Loan Requests – Evaluation Procedures for Banks

1. Identify the amount and broad purpose of the loan request -whether it is to provide:
   a) *working capital* for the acquisition of various inputs for existing or new product lines/services; eg, raw materials for manufactures, trading stock, wages of employees, office computers or other equipment, etc; or
   b) finance for a specific *project* (eg, to finance initial cash flows for the project pending receipt of progress payments).

2. If the broad purpose of the loan is for working capital (see l(a) above), is it to be used:
   a) to maintain present product lines/services at existing levels of output and in markets presently serviced; or
   b) for expansion of existing product lines/services in markets presently serviced; or
   c) to expand into new markets with existing product lines/services; or
   d) to introduce new product lines/services into markets presently serviced by the SOB; or
   e) to introduce new product lines/services into markets presently serviced, as well as new markets; or
   f) otherwise than in (a) to (e)?

3. Assess the *financial performance (profitability)* of the SOB by reference to the income statement provided in response to question 23 (the statement should provide comparative information for 2 years); and the projected profitability in response to question 25:
   a) are the projections of profitability a reasonable reflection of market reality (is there a reasonable expectation that the loan will generate the (additional) returns projected), having regard to:
      i. the amount and purpose of the loan?
      ii. conditions in the markets proposed to be serviced by the SOB?
   b) in terms of sensitivity analysis, do or you consider the projections to be conservative, optimistic broadly neutral?
   c) do the projections adequately allow for the SOB having to assume responsibility for meeting salary payments and the removal of other subsidies (if any) from January 2004?

4. Assess the *present and projected financial strength (net asset position, net worth, or equity)* of the SOB by reference to the balance sheet information provided under question 23 and the projections under question 25:
    a) do the assets provide adequate cover to meet any liabilities (including principal repayments on existing loans and the proposed new loan) as they fall due?
    b) are cash and other liquid assets adequate to meet short term liabilities (those falling due within 12 months)?
    c) do the assets reasonably reflect their true value (eg, are provisions for doubtful debts adequate, are stocks valued at their realizable value, are fixed assets valued at current replacement cost (or are they valued at historic cost), are allowances for depreciation of fixed assets adequate)?
    d) are the projections of balance sheet values, especially the net asset position, a reasonable reflection of any benefits likely to flow from the proposed loan?

5. Do the projected cash flows reasonably reflect likely business conditions for the product lines/services concerned, in the markets proposed; and is the asset mix reflected in the projected balance sheet consistent with the liquidity needs of the cash flows?

6. In the case of proposed loans for *projects*, in addition to items 2. and 3. above, evaluate:
    a) the expected payback period of the loan (the time required to repay the loan from net revenues (revenues minus expenses);
    b) the Internal Rate of Return (IRR) of the project (the discount rate (rate of return) at which the present value of the net cash flows (cash revenues minus cash expenses) from the project, is equal to zero).

State Owned Enterprise (SOE) Loans and Frozen Bank Accounts

Frozen Bank Accounts

- All SOE frozen accounts will be transferred to an account of the Ministry of Finance.
- The funds will be used to finance loans to SOEs for working capital to assist them to recommence operations.

Loans for SOEs

- A system has been established for the timely processing of loan applications from SOEs
  - ➢ key features are the involvement of the Iraq Ministry of Finance and the Iraqi banks in assessing and processing loan applications.

- Information seminars are scheduled for Saturday 2 August and Sunday 3 August for CPA Advisors, Ministry DGs and SOE management.
  - ➢ copies of the Company Loan Request Form and the Loan Application & Evaluation Procedures are attached .

Foreign Language

Foreign Language

Mosul Trip July 22-24, 2003

CPA Ministry of Industry & Minerals ("MIM")

(b)(6)

The MIM team visited 5 SOEs on the trip detailed herein to conduct due diligence on the status of facilities and the immediate needs to restart or continue operations. The SOEs included:

- Mishraq State Company for Sulfur ("Mishraq")
- Northern State Company for Cement ("Northern Cement")
- State Company for Sugar Industries ("Sugar Co")
- State Company for Cotton Industries ("Cotton Co")
- State Company for Ready Made Wear ("RMW")

Following is an overview of the findings and issues uncovered for each of the SOEs visited.

Mishraq

- Massive looting and destruction of all facilities, including the headquarters. Almost all pumps, motors, cables and control equipment has been stolen. Total damages estimated at $15 million.
- 400,000 tons of finished pure sulfur worth $20 million ($50/ton) was burnt by looters. Fire still burns, but is under control and only lower quality sulfur is burning now.
- Sulfur loading equipment was torched by employees in response to a request to return to work. Company is not currently operating at all as a result.
- Employees and local villages responsible for looting. Village elders encouraged whole village to steal everything possible. One elder was quoted as saying, "steal everything, the Americans will come replace it all with new equipment". At one point, approximately 1,000 people were looting the facilities which are spread over 17 square kilometers.
- Looting continues today, but at a lesser rate now that most valuable equipment is already stolen or destroyed.
- Management claims employees are extremely uneducated and unqualified. If higher quality employees were available, the Company would only need 60% of its current staffing level.
- 800,000 tons of finished sulfur worth $40 million remains and is ready for sale if loading equipment can be acquired or leased.
- Most equipment was built in the 1970's and early 1980's. Water and steam boilers are in terrible shape, due both to aging and recent looting. Newest equipment is a purification unit built in 1990 by Freeport Co, a US company. Unit cost $40 million.
- If renovated and provided security, Mishraq could produce 5 million tons per year of Sulfur worth $250 million. Company needs one year to rebuild before it could restart mining operations.
- Total worldwide demand is 40 million tons. Sulfur is also a byproduct of oil, but management claims only 500,000 tons per year is produced through Iraqi oil refining. Management believes there is a market for all 5 million tons per year. Needs independent verification. Also, cost of sulfur mining and refining at Mishraq needs to be compared to cost of sulfur extraction from oil to determine if Mishraq is competitive.
- Mishraq extracts sulfur from deposits 200 meters below ground by pumping hot water into the deposits and forcing liquefied sulfur to rise to the surface. Water is obtained free of charge from river abutting facilities. 14 cubic meters of water is used for each ton of sulfur extracted.

- Until security issue is solved, no money should be spent on rebuilding facilities. Local security is not a solution since it would be a case of the fox guarding the hen house. Security must come from other parts of Iraq without any loyalty to local villages. Kurdish security forces may be a solution.

Northern Cement

- We visited the Badoosh factory, the largest of all Northern Cement factories. All notes below cover solely this factory unless otherwise noted.
- Director General's name is Allah Altafeli
- 5 production lines consisting of 3 new lines with 2,000 tons per day capacity and 2 old lines with 300 tons per day capacity.
- Facilities were not looted whatsoever. Upgrades are needed after 13 years of sanctions, but factory is in relatively good condition for Iraqi standards.
- Only one new line is currently running using 15mw. Other lines need additonal 25mw electricity to restart. Need a total of 40mw to run all new lines.
- Can purchase 2x25mw power plants for $15 million if power is not available off of grid in the forseeable future.
- Currently selling at 40,000 ID per ton for bulk and 50,000 ID for bagged cement. Selling to government and local contractors. Much of this is suspected to be resold in black market at much higher rates.
- Company is currently depositing an average of $50,000 of revenue per day in bank, but can not access it per orders of local govenorate. Company has deposited 1 billion ID ($666,000) in bank since June 1, 2003.

Most raw materials are extracted from on-site mine. Gypsum, which makes up 5% of finished product, is purchased from State Co. for Geological Survey & Mining. Dynamite also needed for on-site mining.

- US troops which were guarding facility left on Tues July 22. New employee security not effective according to management since they are loyal to local villages. DG has received death threats if he does not give cement to local villages free of charge. **Company plans to completely shut down operations immediately** since all output will be stolen. DG wants to hire KDP to provide security.
- DG wants, as long term solution to distribution/allocation issue, to have all production allocated to a single buyer who will determine distribution. This appears to do little more than pass the buck though.
- Sinjar factory (not visited) was looted. One mill out of four was rebuilt in July by scavenging other three for parts. Two bagging facilities out of four were rebuilt in a similar fashion. 5mw was recently provided and operations have restarted. One out of two kilns will restart in August. Can produce 2,500 tons of cement per day if additional 10mw is provided (15mw total).
- Security at Sinjar factory not an issue – local police force is reportedly effective.
- Local contractors are currently being used to provide transportation equipment to move raw materials from mine to Sinjar factory. This adds 2,000 ID in costs per ton of finished cement.

Sugar Co

- Visited Mosul factory only. All notes below cover solely this factory unless otherwise noted.
- US Army currently stationed at factory, which is directly across the street from Mosul Airport. This provides sufficient deterrent to looters.

[redacted]

- Not currently operational due to lack of raw materials.
- Factory was built in 1958, with an expansion in 1970. Plant is in poor condition due to aging and lack of spare parts.
- The Company is not profitable. Mgmt claims this is because cost of sugar beets is artificially high due to poor farming techniques, and with better techniques it could be profitable. One hectare of land currently produces 1.6 tons of sugar. Mgmt believes this could be improved to as high as 5.0. This would drive down the cost of sugar beets to acceptable levels, they believe.
- At current (already unprofitable) prices paid for sugar beets, farmers are reluctant to grow sugar beets and are instead turning to cotton. Only 700 hectares are contracted for the next season. 1,8000 hectares are needed to justify restarting operations.
- Refined sugar currently worth approximately $270 per ton. Company pays $20 per ton of beets which produce 80 kilos of sugar valued at $24. Molasses and pulp from one ton of beets worth an additional $6. Total value of output is $30 per ton. Gross margin is therefore 33%. After SG&A expenses, Company loses money.
- Company has seeds for 2,000 hectares in storage.
- Sugar Co used to focus 20 years ago on refining raw sugar. It estimates it can do this for $55 per ton. If the difference in value of raw versus refined sugar consistently stays above $55, then the Company may have a sustainable operation. Eric Otto is looking into historical prices of raw and refined sugar.

Cotton Co

- Visited Mosul factory only. All notes below cover solely this factory unless otherwise noted.
- 1,750 employees.
- Currently operational. No looting of facilities, which are in relatively good condition. Scales of facilities is very large, covering hundreds of thousands of sq. ft.
- Company is operating at 40% capacity due to lack of spare parts. Currently producing 20,000 to 40,000 tons per day of fabric.
- US Army has a small presence at facility to deter looters.
- Factory operations include everything from the ginning of the raw cotton through to the weaving and dying of the fabric.
- Since the quality of Iraqi cotton is low (known as "short hair cotton"), only coarse fabrics can be produced. Finished products include mattress covers and burlap style fabrics, but not soft cotton clothing quality.
- Now that sanctions are lifted, Company wants funding to buy higher quality imported cotton, which it will mix with its massive stores of Iraqi cotton to produce clothing quality fabric.
- Much of fabric and yarn is sold to private sector.
- Both factory workers and management complained that current 4 tier pay scale is unfair. As an example, they introduced us to workers who have been with the Company for 30 years and used to make $150 per month, but now make only $60 per month (lowest tier). Over 700 of 1,750 employees fall into the lowest pay tier. Mgmt believes 500 of them are paid significantly less than they received under previous pay structure, where majority of compensation came from incentives and overtime pay. Many workers are threatening to leave the job if pay issue is not addressed. Mgmt wants permission to move some workers from lowest to second tier.



- Long term viability of Company questionable due to import pressure, but with facilities operational and large raw material stores, short term funding to maintain stability is advisable.

RMW

- Visited Mosul factory only.
- Facilities were not looted at all, and are in relatively good condition.
- US Army currently has 20 soldiers living at facility to deter looting.
- Factories are fully operational, employing over 900 workers, almost all of which are female.
- Raw materials are running low, expected to run out in late August. Only funding needs are for additional raw materials. Electricity is being supplied and facilities are adequate to continue operations without further capex.
- Final products, casual clothing for children and adults and school uniforms, are sold both wholesales and direct to customers through Company owned retail stores.
- Company targets lowest end of market, which is succeptible to greatest threat from import competition.
- Factory was built in 1980. Consists of little more than manual cutting rooms and row after row of sewing machines.
- Mgmt has no experience in sales, marketing or raw material acquisition. New mgmt is needed if this Company is to successfully transition to market economy. Current mgmt unable to comprehend "new way of doing business".
- Without phones or funding for travel, mgmt claims it can not contact new suppliers. Old suppliers were middle-men who provided low quality fabrics at inflated prices.
- All current cash flow from sales is going to RMW headquarters, which is preventing factory from purchasing additional raw materials. Factory does not know if it will receive any of the 2003 operating budget allocated to RMW parent Company ($1 million). Given that this is the only currently functioning RMW facility, it should receive the lion's share of this funding.
- Mgmt also complains that it has no Board of Directors representation at RMW. This is preventing it from getting proper support from parent company.
- Low raw materials supplies is limiting operations today. Only selling $40,000 per month in finished goods. This is far lower than costs.
- In long term, Company will have extreme difficulties competing against imports. However, given that facilities are operational and salaries are paid anyways, Company should be provided funding for raw materials to maintain short term stability.

[redacted]

Reconstruction, Restructuring and straight forward liquidation

- Iraqi Industry and particularly SOEs are valuable assets and potentially a major dynamo in developing new Iraqi economy with regional ambitions.

- Strategic, financial and marketing management skills are week in both the private sector as well as the SOEs... Technical and production management are excellent and represent the real value in these organizations.

- Fire sale of the Industrial SOEs will lead to the fragmentation of the human resources, loss of major contributor to the reconstruction effort for no valid reason.

Basic fundamentals:

1. Iraqi economy has no thing to do with economy of the old soviet block.
2. Iraqi economy is essentially a private sector dominated economy which was strangled by the ruling family and its extensions and supporters who amassed huge wealth, land and real estates mostly taken by coercion or force.
3. Industrial SOEs employs less than 4% of the working population and by virtue does not represent a significant political or economical power base for the previous regime or its elements.
4. There is a serious shortage in long term Industrial Investors in Iraq.
5. The fixed assets value of the Industrial SOEs is very low.
6. Industrial SOEs (combined) can be money makers if both subsidies and price control are lifted. There will not be any cost to Iraqi budget.
7. In addition Industrial SOEs carrying employees which should have been supported by the Social Safety Net.

What is the deal?

1. Fire sale may raise some capital to the Iraqi budget, but immediate social and political cost is serious.
2. The cost to the Social Safety Net caused by closures and lay offs on the other hand will be higher than the sales value of the SOEs.

What is the alternative?

Objectives:

1. To safeguard the assets of the Industrial SOEs.
2. To preserve valuable human resources in these SOEs.
3. To maximize the value of the ISOEs at the point of privatization.

4. To built effective and efficient corner stones for the evolution of Industry in Iraq.
5. To built a "Catalyst Fund" to lead private investment in new and pioneering sectors and technologies.

How to do it:

Iraqi Development Fund

1. The first element is the setting up an investment fund lead by trustees and managed by investment professionals, banker's lawyers and accountants.
2. The fund will be free from any political influence and direction and make its decision
3. The Fund trustees will be overseen by a board checking its adherence to its mandate.

Assets and funding:

1. Property of the ISOEs will be passed from the state to IDF.
2. Long term loans.
3. Bonds on local or International markets.
4. Until the point of introduction of a Social Safety Net, the state may contribute toward the keeping of surplus employees

Mandate:

1. Fund and oversee the restructuring of the ISOEs in its portfolio within a given time limit.
2. To privatize in the most effective way the ISOEs and in the right economic climate through, floatation, buy in, buy out or joint ventures.
3. In the privatization process, the continuity of the sector is assured and expansion of operation is preferred.

Organization:

1. The fund will organize the ISOEs in three holding companies.
2. The first holding companies will include the key money makers who are profitable but need capital injection to speed up the rehabilitation program of its plants. This program will increase it efficiency and make it more attractive to international partners how can take these industries to the second phase of expansion. Such industries can be Petrochemicals, Fertilizers and pharmaceuticals.
3. The second holding company will include companies which needs more management and marketing support and are close to be self sustaining and perhaps profitable. Extra skills may be brought from abroad to enhance these efforts. Gradual flotation and or buy in by external partners who are strong in this field can be the way forward for such a group of companies. Textile, sugar and perhaps some the chemical and engineering companies.
4. The Third holding company will include the weakest companies in the chain. The help will mostly in the form of finding an international partner who has a good technology/brand name in the specific market of each company and

broker the best deal possible as long as it involve a long term investment, technology transfer and expansion of production facility.

Post privatization mandate:

1. At the close of the restructuring/privatization program of SOEs the fund will preferably keep a minority shareholding in the medium term as collateral against future fund raising and also to keep confidence in the share value of the companies concerned.
2. In the long term the fund should be free to sale its shares in order to raise cash which may be needed in future investments.
3. The fund may also invest in some private sector companies which might be in need of funding as well as restructuring for the purpose of raising the profitability of the fund.

In the long term:

1. The fund may lead investment consortiums in pioneering industries in Iraq.
2. It may become a major stabilizing institution in the Iraqi Stock exchange.
3. It may fund start up private enterprises.

Why do we do it?

1. Ensuring a smooth transfer of ISOEs to Market economy and private investors with minimum risk and social pain.
2. Maximize financial return from the sale of ISOEs.
3. Development of inefficient industries into a viable profit making enterprises.
4. Iraq will have an investment fund to support further investments.
5. It is a win win situation.

What do we need?

1. Professional trustees and management for the fund.
2. Professional managers, marketing and accountancy professional to lead the companies in the period to privatization. These can be contracted from abroad to help sending some fresh air and international experience into the companies concerned.
3. Separate the role of the DG from the Chairman of the board. The role of the Chairman can simple representing the interest of the holding company and ultimately the fund.

Ministry of Industries & Minerals

	Company Name	products
1	Nassr State Co. for Mechanical Industries	Steel Balls & Castable for cement, Steel structure, moulds, Sandaw panel
2	State Co. for Electrical Industries	Air Conditions Units, electric motors, bulbs, florecent fixture, Ceilings fa
3	State Co. for Batteries Industries	Acid Batteries 60 Amp-180 Amp, dry batteries 3 sizes
4	State Co. for Dairy Products	Milk, Butter, Cheese, Ugaut, Cream ect.
5	State Co. for Cotton Industries	Cotton fabric, medical Cotton &
6	State Co. for Woolen Industries	Wool carpets, wool fabric, Blankets
7	State Co. for Hand Woven Carpets	Hand made Wool Carpets
8	State Co. for Leather Industries	leather shoes, sport shoes, hand bags, leather jackets School b
9	State Co. for Geological Survey & Mining	Consultation, Salt Nacl, Kaolene, Bentonite, Boxite, Sand
10	State Co. for Vegetable Oils Industry	vegetable oil solid & liquid, Soaps, detergents, tooth paste, shampo
11	17- Nissan State Co.	Steel fine Castings, Trafic signs, Medals
12	Specialized Institute for Engineering Industries	Inspections, mechanical Consultations
13	State Co. for Industrial Design & Construction	Industrial projects, Design, Consultations
14	State Co. for Design & Engineering Consultations	Industrial projects, Design, Consultations
15	State Co. for Information Systems	Computer Soft Ware
16	State Co. for Electronic Systems	electronic Control systems for different purpose
17	State Commission for Training & Rehabilitation	
18	State Commission for Research & Development	
19	Iraqi State Co. for Cement	Normal Cement, Sulphate Resistance Cement, White Cement
20	State Co. for Industrial Construction	Bricks, pvc pipes, Concrete poles, Concrete Structure, Sand, Gra
21	State Co. for Refractories	Refractory Brick (different types)
22	Industrial development co.	
23	That Al-Sawary State Co. for Chemical Industries	Rock wool Insullation, inks, fiber-glass tanks
24	Al-faris State Co.	Steel Tanks, Heat exchangers, vessels, steel structure
25	State Co. for Tobaccos & Cigarettes	Cigerates different types, matches
26	Baghdad Factory for Furniture	office furniture, House furniture

	Company Name	products
27	State Co. for Mechanical Industries	Water sprinkler systems, Tractors, Water pumps
28	State Co. for Vehicles Industries	Buses, Trucks, Diesel engines
29	Al-Furat State Co. for Chemical Industries	Cloriengas, Caustic soda, hydrocloric acid sulphuric ac PP Woven bags
30	State Co. for Textile Industries - Hilla	Cotton & polyester fabric
31	State Co. for Tires Industries- Najaf	Car Tyres & Tubes, rubber hoses
32	State Co. for Rubber Industries	Car Tyres & Tubes
33	Southern State Co. for Cement	Cement ordinary, Cement Sulphate Resistance
	Al-Qadesia State Co. for Electrical Industries	electric Transformers, Ceilins fans, spark plugs, Argon gas,
	State Co. for Glass & Ceramics Industry	Class Sheets, Table wear, Ceramic Tiles, Sanatary wear
	State Co. for Phosphate	phosphatic fertilizer NPK, TSP, MAP & sulphuric acid
	State Co. for Drugs & Medical Supplies Industry - Sammraa	Drugs, medical Oxygen
	Northern State Co. for Cement	Normal Cement
	State Co. for Drugs & Medical Supplies Industry - Naniwa	Drugs,
	State Co. for Mishraq Sulfate	Sulphur, Sulphur powder, Aluminuin sulphate, sulphuric ac.
	State Co. for Ready Made Wear Industries	men & children garments
	Northern State Co. for Fertilizer Industry	Urea in bulk & Bags
	Wasit Co. for Textile Industries	Cotton fabric,
	State Co. for Sugar Industry	Suger, Bread yeast
	State Co. for Paper Industries	Writing paper, Craft paper, eggs Tray, School books
	UR State Co. for Engineering Industries	electric Cables, telephone cables, enemal wires, aluminuin section
	State Co. for Petrochemical Industries	HDPE, LDPE, Clorine gas, Caustic Soda LDPE Sheets
	Southern State Co. for Fertilizer Industry	Urea in Bulk & Bags
	State Co. for Iron & Steel Industry	Reinforce steel bars, welded pipes, Steel sections

COALITION PROVISIONAL AUTHORITY

BAGHDAD

MEMORANDUM FOR: Coalition or Iraqi Border Officers, Trabeel,

FROM: (b)(6) Sr. Advisor of the Ministry of Industry & Minerals, CPA

SUBJECT: Exporting Industrial Sulfur.

Date: April 24, 2004

In accordance with CPA Order No. 54 dated 24th February 2004, an export license is not required for the export of sulphur. Mr. Mohamed Salih Mareed purchased industrial sulphur for export to Jordan from Misraq Sulphur under authority of the Ministry of Industry & Minerals.

Please see attached order.

Any additional issues or questions concerning this memorandum should be addressed to me directly at the following E-Mail: (b)(6)

(b)(6)
COL, USA
Senior Advisor
Ministry of Industry & Minerals
Coalition Provisional Authority (CPA)

LT-030824-35

UNCLASSIFIED

COALITION PROVISIONAL AUTHORITY

BAGHDAD

CoS		
Mil Asst		
Exec. Sec		8/24

INFO

August 24, 2003 1530L

FOR: THE ADMINISTRATOR

FROM: Tom Foley, Director of Private Sector Development

SUBJECT: First cut recommendations for the SOE's

Attached for your review is a schedule showing the first cut at our classification of the SOE's. The overall results are the following:

	NUMBER OF SOE's	NUMBER OF WORKERS
Keepers	52	113,626
Reclassifications*	11	15,140
Not Sures	21	18,064
Losers	55	84,009
Total	139	230,839

*Some SOEs are not businesses, but government agencies, the air traffic control agency and a meteorological survey group, for example, which should remain state-owned.

There are a number of SOE's not covered in the above groupings. They include 11 from the Ministry of Electricity, 19 from the Oil Ministry, 9 from the Ministry of Finance, and 1 from the Ministry of Health. We also have not included the approximately 50 SOE's with mixed ownership. The fully-owned SOE's not included here are integrated into the operations of the oil, electricity, and finance sectors (mostly banks and insurance companies) and are being

53
34
9 Fin
Oil

actively tended to by their respective ministry. We intend to look more carefully at them in our next assessment phase and presume that most of them will eventually qualify for privatization. We also presume that the mixed SOE's are being tended to by their private sector owners and that the state's interest in these companies will be sold to the best bidder or each of the company's management or employees. In any case, the mixed SOE's collectively employ fewer than 20,000 people.

We estimate that the jobs lost from rationalizing the 139 businesses listed above will include 30% of Keepers and Reclassifications, 50% of Not Sures, and 100% of Losers, for a total of approximately 130,000 jobs. We will be spending the next week soliciting input from the ministries, DG's, and others regarding our classifications to see if any of them should be changed. Concurrently, we will be looking into the impact on employment by region so we can coordinate our close-downs and other staff reduction plans with political considerations.

We have commenced an effort to help the Keeper SOE managements get their companies up and running at or near pre-war levels as soon as possible. This is being done by identifying obstacles to the companies returning to full production and helping them break through these obstacles. The most common obstacles are: insufficient electricity; low natural gas pressure; damage from looting, and; insufficient capital for operations. An attached schedule shows our current action list to address critical obstacles confronting some of our most important Keepers.

My initial impressions from analyzing the data and speaking to ministry officials is that most SOE's are returning to normal operations at a good rate, partly as a result of CPA's efforts over the past several months and partly as a result of ministerial and management initiative. Tight liquidity may be preventing some from making faster progress, but I will work with Peter McPherson to solve this problem this week. I feel good about our early privatization opportunities and being able to have something ready for implementation on September 15, as promised. I also feel good about the framework that is shaping-up for handling longer term privatization issues. Enjoy your break.

ATTACHMENTS: SOE Classification Schedule

SOE Action Plan

COORDINATION: (b)(6)

	Company	Good or Service	Ministry	03 CPA Subsidy ($MM)	Employees	Est. Asset Value ($MM)	'04 Est Revenue ($MM)	Salary Expense ($MM)	Operating & Other Expenses ($MM)	CapEx to Restart Operations ($MM)	'04 Est Cash Surplus (Shortfall) ($MM)	Political Factors	Current Operating Rate	Industry Viability (hi/MI,)	Obstacles to Full Operations
	CATEGORY: KEEPER														
1	Airways	Commercial airline	Trans.		2329		101.100	4.000	87.000	2.000	10.000	High		Low	
2	Private	Buses and taxis	Trans.		1751		4.000	1.644	0.731	0.600	1.353				
3	Land Transport	Trucking	Trans.		1556		4.000	0.450	2.210	1.367	0.940				
4	Ardial	Passenger transport	Trans.		785		2.000	0.754	0.652	0.000	0.095				
5	Passenger	Long distance and inter-city transportatio	Trans.		3433		5.670	3.335	1.727	0.667	0.073	Low		Low	
6	Delegates	Limousine service	Trans.		206		0.684	0.245	0.266	0.006	0.197				
7	Internet	Internet	Trans.		412		3.335	0.420	0.525	0.335	2.255	Low		Low	
8	Railway	Rail travel	Trans.		12290		5.970	10.350	5.022	0.240	(12.837)				
9	National Center for Labs	Building & soil exams	Housing		1449	0.112	4.349	1.756	2.593	4.750	(4.729)	High	10%	High	L
10	National Center for Consultancy	Engineering designs and services	Housing		395	0.042	1.000	0.610	0.251	4.220	(4.081)	Low	35%	Low	L
11	Al-Farouq State Construction Co.	Construction: bldg., water	Housing		1439	2.031	8.467	2.000	7.480	4.200	(4.180)	High	50%	High	L
12	Al-Mansour State Construction Co	Construction works, bldgs.	Housing		1527	5.170	10.833	2.800	8.027	0.041	(0.035)	High	50%	High	L
13	Al-Rasheed State Construction Co	Construction works, bldgs	Housing		1186	1.937	9.064	2.642	6.417	0.035	1.967	High	40%	High	L
14	Hammurabi State Construction Co.	Road/bridge Construction	Housing		2351	0.715	24.596	5.220	21.100	0.008	0.709	Low	40%	High	
15	Ashur SCC	Road/bridge Construction	Housing		2214	0.533	14.000	6.100	9.900	0.008	0.546	Low		High	
16	Al-Fao SCC	Commercial Construction	Housing		3329	0.000	37.180	6.434	32.870	0.008	(2.124)	Low		High	
17	Saad SCC	Commercial Construction	Housing		1219	0.000	2.330	2.848	0.422	0.000	(0.940)	Low		High	
18	Al Mutasim	Road/bridge Construction	Housing		1409	0.344	5.12	2.345	3.558	0.072	0.878	Low	40%	High	
19	Mishraq Sulphur	Sulphur Mining	Ind/Min	$0.500	1278		30	0.000	1.200	22.000	6.960	Low	0%	High	S, L, P
20	Training & Rehab.	Service provider Training	Ind/Min	$0.450	895		0.5	1.020	0.310	0.170	(1.000)				
21	General Systems	Electronic Control Systems	Ind/Min	$0.445	438	0.00	7.00	0.469	3.755	1.500	1.246	Low	80%	High	
22	Hand Woven Carpets	Persian Carpets	Ind/Min	$0.100	505		1.800	1.032	0.754	0.000	0.014				
23	Al Furat Chemical	Chlorine & other chemicals	Ind/Min	$1.500	1730		3.000	1.972	1.740	3.000	(3.712)				
24	Petrochemical	Fertilizer	Ind/Min	$3.000	3872		10.000	4.414	3.375	2.200	0.010	High			
25	Phosphate	Phosphate	Ind/Min	$5.000	3212		7.500	3.652	5.425	2.400	(3.977)				
26	Northern Fertilizer	Urea	Ind/Min	$1.000	1936		10.000	1.803	3.850	2.000	2.347				
27	Southern Fertilizer	Urea	Ind/Min	$1.500	2340		12.000	3.071	4.750	3.000	1.179				
28	Northern Cement	Cement	Ind/Min	$2.000	2203		37.800	2.622	23.282	14.000	0.895	High			
29	Iraqi Cement	Cement	Ind/Min	$3.000	3310		25.200	3.762	14.389	7.000	0.050	High			
30	Southern Cement	Cement	Ind/Min	$2.600	5200		50.400	5.928	26.378	15.000	3.096	High			
31	Al Faris	Steel tab & press. vessels	Ind/Min	$1.725	1334										
32	Al Qadesia Electrical	Manuf. Pwr transformers	Ind/Min	$2.600	2281			2.578	7.000	0.000	(4.078)				
33	Indus. Design & Consult.	Architectual Engineering	Ind/Min	$0.250	210		1.500	0.983	0.555		0.022				
34	JK Engineering	Aluminum Cables	Ind/Min	$2.700	3562	20.000									
35	Nassr SC for Mechanical Indus.	Manuf. industrial machy	Ind/Min	$3.000	2483										
36	Samarra	Drugs & Medical Supplies	Ind/Min	$1.500	2600		3.000	2.500	0.300	1.000	1.054			M	
37	Kimawia	Drugs & Medical Supplies	Ind/Min	$1.200	947		1.000	1.083	0.300	1.000	(1.383)			M	
38	Tobacco & Cigarettes	Tobacco & Cigarettes	Ind/Min	$2.500	2248		11.750	2.560	9.981	1.000	(1.791)	High		M	2ACR B
39	Iron & Steel	Steel fabrication (pipes)	Ind/Min	$0.500	3158		50.000		0.500	20.000	29.500			M	
40	Tires Industries - Najaf	Vehicle Tires (car)	Ind/Min	$3.500	2357		6.000	2.736	3.600	1.500	(2.836)	High		M	P
41	Ag Supplies	Ag supplies distributor	Agricult		1382		193.700	2.770	186.600	0.000	7.200	High	80%	High	
42	Veterinary	Vet supplies	Agricult		2424		27.579	4.600	23.745	0.443	(1.409)	High	50%	Low	
43	Mesopotamia Seed	Produces grain seeds	Agricult		747		16.200	1.022	9.999	0.650	(1.471)	High	20%	High	

(b)(6)

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INITIAL COMMENTS

MEMORANDUM

BIG QUESTION / ISSUE: GOVERNING COUNCIL DECIDES FOR OR AGAINST PRIVATIZATION

To: Ambassador Paul Bremer III

cc: Ambassador Patrick Kennedy

From: Tom Foley

Date: August 14, 2003

I am very pleased to be here and working for you on this essential mission. Here are my early thoughts on how I see my responsibilities and how I plan to proceed:

Objective: I understand my overall objective is to set the Iraqi economy on a course that will lead to the development of a modern, vibrant capitalist economy capable of supporting and assuring a stable representative government in Iraq. My goal is to have determined a framework and essential policies for making this happen within six months and within 9-12 months to have undertaken enough actions and developed enough momentum along that path to persuade key decision-makers that the economy is moving in the right direction and the framework and policies we have adopted are sound and will survive.

Essential Tasks: I see the essential tasks in getting this done as the following:

1. Rationalize/restructure the SOE's.
2. Develop a privatization plan for the SOE's, housing, and possibly other state owned assets.
3. Help develop a private sector banking and credit system.
4. Help develop and begin to set in place modern and durable laws covering private ownership rights, rules of trade and commerce, and regulation of commercial practices.
5. Facilitate and develop active foreign trade and investment.
6. Stimulate job and income growth to put Iraq on a path to have per capita GNP over $5,000 within five years.

WHERE IS PER CAPITA GDP NOW?

$1000, BUT THAT'S PROBABLY ROUGHLY $2500

7. Ensure that fair means are found for moving the distribution of income and wealth in Iraq quickly toward that typically seen in modern, broad-based western economies.

The Plan: My plan for getting this done includes the following:

1. Organization: I plan to organize my team into four functional areas: SOE Restructuring, Privatization, Private Sector Initiatives and Commerce/Trade/Foreign Investment (see attached organization chart). I foresee a team of 12-15 people supplemented, when appropriate, with additional resources from Bearing Point. I have identified seven members of this team who are here or in-process. I plan to identify the remainder and have them in-process within four weeks. My goal is to build an internationally diverse team with as many ethnic Iraqis or Arabs as possible, particularly ones who might want to remain here permanently.

2. SOE Restructuring/Rationalization: I plan to immediately focus our SOE assessment effort on identifying the ten largest and most visible SOE's that are "likely winners" and those that are "sure losers." I plan to do this in four weeks or less. Once identified, we will immediately develop and implement plans for getting each of the "likely winners" up and running as best we can. At the same time we will develop in conjunction with your office liquidation plans for the "sure losers." Timing on the implementation of these liquidation plans will depend on your and other people's assessments of their political impact and the ability to provide a safety net for those displaced by the liquidations. It is important that the restructuring/rationalization of the SOE's be seen as a separate endeavor from privatization. Once we have identified and developed plans for the ten "likely winners" and large group of "sure losers", the assessment process can resume for all the other SOE's.

3. Privatization: I plan to form a privatization team charged with developing a comprehensive privatization plan within six months. My goal would be to have a plan that: 1) broadly distributes ownership of the viable SOE's mostly into the hands of Iraqis; 2) avoids the abuses and other problems in previous privatization efforts, and; 3) is likely to be honored and completed by CPA's successor.

4. Private Sector Initiatives: In addition to restructuring and privatizing the SOE's there are a number of initiatives that must be taken to develop the private sector internally. The first is to develop credit and other banking services for businesses, particularly for small and medium sized businesses. The two state-owned banks won't be up to this task anywhere near soon enough. The only way to achieve this in a timeframe relevant to our efforts is to open-up Iraq to foreign banks. To do this we need to amend Iraq's current restrictions on foreign company operations and investment. This is a top priority and hopefully can be done in the next month or so. We also need to increase jobs whether public or private. Hiring police, an army, and other civil servants will increase

SOURCE?

incomes and help stimulate private sector demand. Privatization of housing in other venues has resulted in significant increases in spending on household improvements. Development of a legal structure for commerce and foreign trade and investment will enhance investment, both domestic and foreign, which will increase the number of jobs and will accelerate growth. All of these and other initiatives will be needed to get Iraq's GNP above $4,500 per capita, the accepted threshold level necessary for sustainable representation government.

5. Commerce/Trade/Foreign Investment: Development and long term stability for Iraq depend on active programs to promote commerce, trade, and investment. The rate of development will depend largely on the availability of foreign investment capital. A high level of integration of Iraq's economy in the world economy will also provide long term political stability. Internal interest in commerce and investment and opportunities for increased trade and foreign investment need to be developed and directed. I plan to simultaneously develop: 1) a communication program to direct all parties interested in trade and investment to a single PSD location; 2) an information and referral capability, and; 3) a trade and investment development program which would include presentations before domestic and overseas business conferences, direct solicitation of investment and sponsorship by overseas corporations, and other initiatives to promote internal and external interest in economic involvement in Iraq.

6. Getting the Message Out: As we execute the plan outlined above, we will be looking for opportunities to demonstrate that viable Iraqi businesses are getting back up and running, that jobs are being created, that the investment climate is favorable, and that Iraq is certain to become a thriving capitalist economy with an active and open involvement in the global economy.

7. Timeline: The timeline for executing the plan is the following:

Short Term Goals (4 weeks):

1. Complete identification and commencement of processing of all team members.
2. Complete identification of "likely keepers" and "sure losers" and have started implementation of recovery plans for "likely keepers."
3. Resolve prohibited foreign investment issue.
4. Have one or more foreign banks preparing an entrance plan.
5. Have gotten the word out that PSD is the contact point for parties interested in trade, SOE's and other private investment.
6. Have set-up an information and referral service for interested parties.
7. Have commenced development of a privatization plan.

WORK W/ MEDIA STOP HERE

(DEDICATED MEDIA STAFFER?)

Medium Term Goals (3-6 months):

1. Have "likely keepers" well on their way to returning to normal with some good stories.
2. Have liquidation plans in place and being implemented (subject to political factors).
3. Have draft privatization plan being negotiated with key players.
4. Have an active foreign investment development program underway.
5. Have two or more foreign banks committed to and implementing an Iraqi presence.
6. Have identified and commenced a number of private sector initiatives.
7. Have secured several high profile corporate sponsorship programs.
8. Have drafts of a commercial code, bankruptcy code, and proposed resolutions of other legal issues involving commerce
9. Have public perception be that all is moving in the right direction and that the objective outlined at the beginning of this memo is very likely to be achieved.

Longer Term (6-12 months):

1. Have developed a high level of comfort in the worldwide business community that investing in Iraq is both safe and smart.
2. Have ensured that the key elements of the privatization and other plans we have developed and are implementing will be continued by CPA's successor.
3. Have developed successor leadership for PSD.

8. Conclusion: This memo represents my thoughts at this time. I expect much of it will be amended as I become better informed about the situation here. I hope this serves as a basis for your giving me some guidance about how you would like me to direct my efforts, particularly if anything in this memo is contrary to what you think I should be doing.

(b)(6)

From: (b)(6)
Sent: Monday, April 26, 2004 11:06 PM
To: (b)(6)
Subject: Re: Misraq Sulfur

(b)(6)

I have been working with the Mishraq Sulfur Plant for the last 4 weeks. I meet with either Mr. Noori, the general manager, or his assistant about once a week. We have been discussing the sale of sulfur and what needs to be done to sell it. I have not put any limitations on the sale of the sulfur, in fact I am trying to get them to sell it as fast as they can. The issues that I see are:
- The price of sulfur is too high at $57/MT since the transportation costs to get it out of the country have risen. Mr. Noori keeps saying that he is working with the Ministry of Industry and Minerals to have the price lowered, but I have seen no result.
- They claim that at the Iraq/Turkish border, the kurds have been charging export tarrifs. (I wrote a memo telling them not to charge these tarrifs. I am not sure if this will work.
- Mr. Noori is not trustworthy, He wants to pocket any income himself, I have asked for deposit receipts for the sale of any of his sulfur, he has produced some, but they are sketchy.
- The Sulfur Plant wants the coalition to do everything from giving them HESCOs, building latrines to providing security - I have told them that they must include these costs in their business.
- There is 300,000 MT that is on the ground. Last year, the 101st spent one month putting out a fire that devastated the livestock and crops in the area. The Sulfur must be sold before we attempt to produce any more.
- The Bottom Line is that Mr. Noori really does not care abou the plant, he just wants to go to meetings all over Iraq

What is DG?

This plant is a tremendous resource for this region, if under proper management I feel that it could befinit Iraq.

If you have any other questions, please advise.

V/R
CPT (b)(6)
C/27[redacted] Engineer BN
Commander

----- Original Message -----
From: (b)(6)
Date: Monday, April 26, 2004 3:19 pm
Subject: Misraq Sulfur

> CPT Kaulfers:
>
> I understand that your unit is currently located in the vicinity
> of the
> Misraq Sulphur facility. Would you care to give me a status report on
> the factory from your vantage point? What engagement have you had with
> the DG? Have you put any limitations on their abilities to sell or
> export inventory?
>
> (b)(6)
> [redacted]
> Senior Advisor
> Ministry of Industry & Minerals
>
>

Minister's answer for this plant: Level it! Let private sector rebuild it.

Actually private sector should take over this & fertilizer right away — UB loan to pay off the employee staff & sell it for $200 m

All these are going concerns which can be privatized now

But it will need their balance sheets to be restructured
— will need staff sorted out
— & will need due diligence audit & asset survey.

You could lease it at a discounted price so that the privatisation takes responsibility for the staff

Wed / MIM

Walled: Heavy Eng Ind / IPP

Misraq: discuss w/ Min. / Gaz

2004 / 2005 Budget

Accelerating Private Sector Growth in Iraq

Office of Private Sector Development

Coalition Provisional Authority

April 2004

29 April 04

(b)(6)

Topics

- Objectives
- Initiatives and Supporting Projects
- Upcoming Deliverables

Objectives

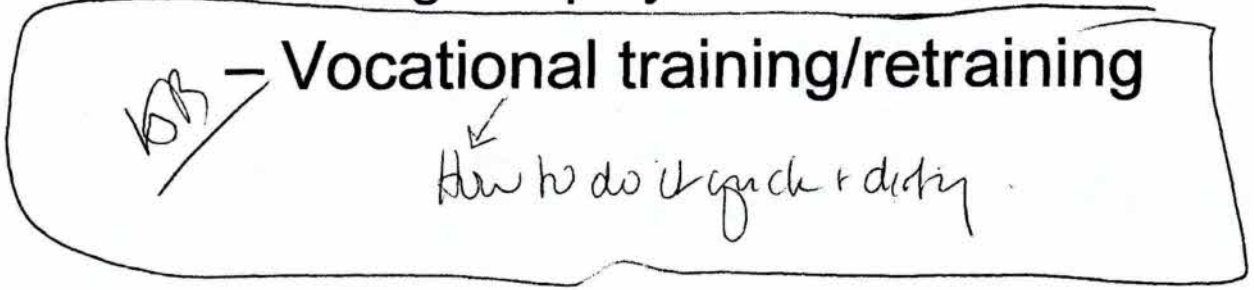
- Two Major Objectives
  - Accelerate the growth of the non-oil private sector
  - Influence the creation of legal, regulatory, and governmental policies friendly to a free market, property rights, and limited government
- One Minor Objective
  - Communicate the progress of the private sector to Iraq and to the rest of the world

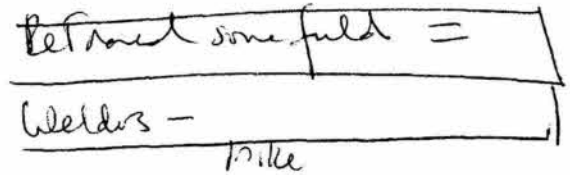
Initiatives

- State Owned Enterprise Reform
- Foreign Direct Investment and Trade
- Middle Tier Firms: Emerging Industry
- Micro/SME Development: Local Ownership, Local Jobs
- Reconstruction Spending and Jobs
- Public Sector and Law
- Private Sector Institutions
- Outreach

State Owned Enterprise Reform

- Advising Ministries
- Developing a Comprehensive Approach
  - Passive
  - Active
- Dealing with Urgent Problems
  - Salary and burn rate
    - E.g. Employee Identification
  - Vocational training/retraining





Foreign Direct Investment and Trade

- Foreign Company Registration Get one done.
- Access to Information Universal portal (SULTAN)
- Matchmaking
- Delegations and Trade Missions Done MoT
- Road Shows Done

(b)(6)

Middle Tier Firms: Emerging Industry

- Middle Market Loan Facility ($150m +)
  - Direct Loans
  - Private Banks Participation
- Firm Level Assistance
- Industry and Functional Consulting
- Classroom Training

(b)(6)

Micro/SME Development: Local Ownership, Local Jobs

- Small Business Loan Funds ($100m +)
  - Interim SB Fund ($13m)
  - Via the IFC and privately owned banks
- Small Business "How to" Kits and expertise
- Industry and Functional Consulting
- Access to classroom training
- Entrepreneurship training (NIFTE)
- Micro Lending Wrap Up and Transition (b)(6)

Reconstruction Spending and Jobs

- Complete Strategy
  - Finance ($100m +) Available for loans plus access to the middle market facility
  - Training and Linkage
  - RFP Process
    - Standards, Language, Incentives
- Flag Iraqi Successes

\\ Scorecard \\

Many Iraqi contractor to grow

(b)(6)

Public Sector and Law

- Ministry of Trade (b)(6)
  - Advising the Ministry
  - Company Registration
  - Defining Its Role
  - Risk from other Ministries
- OGC Drafts (b)(6)
  - Good laws, implementation follow up
- Capital Markets Reform (b)(6)

Private Sector Institutions

(b)(6)

- Business Centers
- Business Associations
- Iraq Stock Exchange / Depository
- National Business School/Institute

Outreach

- Backgrounders and Interviews (b)(6)
  - Mostly Iraq focused
- Unifying Web Portal; handling queries (b)(6)
- Primer (b)(6)
- Speaker Series (b)(6)
- Business group meetings (b)(6)
- Convention center gatherings (b)(6)
- PSD Newsletter/email bulletin (Couple before close up shop) (b)(6)
- Official Reporting (Weekly Report, etc.)
- Representational Events (b)(6)

Upcoming Deliverables – April

- Universal Portal for Commercial Queries
- Local Development Primer for Civil Affairs
- Middle Market Lending Vehicle
- Iraq Securities Commission Regulations
- Iraq Stock Exchange Trading Rehearsal
- First Foreign Company Registration
- Launch PSD Email Bulletin

Upcoming Deliverables - May

- Primer Rollout - National
- First Middle Market Loans
- Contract/Subcontract IO Campaign
- Iraq Stock Exchange Opening
- First RFP Training Class (b)(6)
- Speaker Series Launch
- VEGA/Bearing Point Business Center Handoff
- SOE Strategy Complete
- Contribute Selectively to Other Econ Policies

Upcoming Deliverables - June

- First Subcontractor Loans
- Debt and Equity Funds Available through Iraq Business Institute
- Business Skills Classroom Training Launch
- VEGA Business Association Project Launch
- Far East FDI Roadshow?

Factors influencing production in 2003
Availability of electricity – 10 M.W
Availability of Natural Gas – 50-55 mcf/day

SOUTHERN FERTILIZER PLANT

Production – Urea
Quantity Produced in 2002 – 598,000 metric tons

Factors influencing production in 2003
Availability of electricity – 25 M.V
Availability of natural gas – 75-80 mcf/day

PHOSPHATE STATE COMPANY

Production – Triple Super Phosphate TSP and Compound NP
Quantity Produced in 2002 – 112,000 m.t. of TSP and 341,000 m.t. of NP

Factors influencing production in 2003
Availability of electricity – 25 M.V
Availability of natural gas – 10 mcf/day
Railway bridge to transport phosphate
Spare parts for phosphoric acid plant

We have been told that approximately half of the fertilizer produced in Iraq was exported, which would imply that they had approximately 495,000 metric tons of urea available domestically in 2002. We have no way of knowing how much fertilizer was in stock prior to April 2003, although there appeared to be significant quantities of fertilizer in local markets in the summer.

The Ministry of Agriculture did import and distribute 100,000 metric tons of DAP which was applied to the wheat crop. They also recently opened a letter of credit for the purchase of 100,000 metric tons of urea which should be arriving in-country within the next week. UNIFERT is also continuing to deliver 80,000 metric tons of urea into various governorates in accordance with the terms of their contract with FAO.

At present, CPA-South is trying to buy a generator (US$12 million) for the Southern Fertilizer Plant so it can start producing urea on one production line equivalent to 40,000 metric tons of urea per month. If this effort is successful and production begins in late May, we hope to have approximately 280,000 metric tons of urea available in the local market for the 2005 wheat crop which will be planted next fall. Some of this urea should also be available for the summer rice and corn crop.

The Minister of Agriculture is currently in the process of securing a donation of 500,000 metric tons (approximately US$75 million) of urea from Saudi Arabia. It is unclear when and if this donation will materialize.

We would like to clarify the status of this donation from Saudi Arabia before the Ministry of Agriculture enters the market to buy more fertilizer for the summer crops, particularly rice and corn given that the area planted in rice and corn (300,000 hectares taken together) is relatively small in comparison with wheat 1.8 million hectares. If we import and distribute too much fertilizer at subsidized prices, we will simply be encouraging farmers and others to resell the fertilizer and export it outside of the country.

Regards,

(b)(6)

-----Original Message-----
From: (b)(6) CPA
Sent: Thursday, February 19, 2004 11:01 PM
To: (b)(6)
Subject: FW: Another tasker - fertilizer
Importance: High

Sir,

(b)(6)

From: (b)(6)
Sent: Saturday, February 21, 2004 4:45 PM
To: (b)(6) CPA
Cc: (b)(6) 'Brandtzaeg, Bjorn (NOR)'; (b)(6) Flugge, Trevor (OTHER); (b)(6)
(b)(6)
Subject: RE: Another tasker - fertilizer

Fertilizer Cos.xls (45 KB)
Phosphate Co.xls (41 KB)

the above attached assessments were conducted by (b)(6) advisors to the Ministry of Industry and Minerals (MIM) during the summer. The data is dated but provides the background info requested

hurdles to normal capacity:

- lack of supply of reliable natural gas (may be cleared for S. Fertilizer)
- lack of electricity
- management problems
- ministry interference
- lack of capital to conduct capex upgrades

contact info for the future since the first group of civil affair officers are rotating out:
(b)(6) is the new senior advisor to MIM
(b)(6) is the COS for this office

(b)(6)
Private Sector Development Group
Coalition Provisional Authority
(b)(6)

-----Original Message-----
From: (b)(6)
Sent: Saturday, February 21, 2004 11:43 AM
To: (b)(6) CPA
Cc: (b)(6) 'Brandtzaeg, Bjorn (NOR)';
(b)(6) Flugge, Trevor (OTHER)
Subject: RE: Another tasker - fertilizer

(b)(6)

I am not sure if any one from the Ministry of Industry has responded. The information outlined below is somewhat dated, but it is a starting point. I believe that the staff in the Private Sector Development Office and MIM might have more recent statistics. What is outlined below is from a letter from MIM in August 2003.

NORTHERN FERTILIZER PLANT

Production – Urea
Quantity Produced in 2002 – 392,000 metric tons

Rebuilding Iraq?
It's privatization in disguise

by Naomi Klein
Z-Net, April 13, 2003

On April 6, Deputy Defense Secretary Paul Wolfowitz spelled it out: There will be no role for the United Nations in setting up an interim government in Iraq. The US-run regime will last at least six months, "probably...longer than that."

And by the time the Iraqi people have a say in choosing a government, the key economic decisions about their country's future will have been made by their occupiers. "There has got to be an effective administration from day one," Wolfowitz said. "People need water and food and medicine, and the sewers have to work, the electricity has to work. And that's a coalition responsibility."

The process of getting all this infrastructure to work is usually called "reconstruction." But American plans for Iraq's future economy go well beyond that. Rather, the country is being treated as a blank slate on which the most ideological Washington neoliberals can design their dream economy: fully privatized, foreign-owned and open for business.

Some highlights: The $4.8 million management contract for the port in Umm Qasr has already gone to a US company, Stevedoring Services of America, and the airports are on the auction block. The US Agency for International Development has invited US multinationals to bid on everything from rebuilding roads and bridges to printing textbooks. Most of these contracts are for about a year, but some have options that extend up to four. How long before they meld into long-term contracts for privatized water services, transit systems, roads, schools and phones? When does reconstruction turn into privatization in disguise?

California Republican Congressman Darrel Issa has introduced a bill that would require the Defense Department to build a CDMA cell-phone system in postwar Iraq in order to benefit "US patent holders." As Farhad Manjoo noted in Salon, CDMA is the system used in the United States, not Europe, and was d! eveloped by Qualcomm, one of Issa's most generous donors.

And then there's oil. The Bush Administration knows it can't talk openly about selling off Iraq's oil resources to ExxonMobil and Shell. It leaves that to Fadhil Chalabi, a former Iraq petroleum ministry official. "We need to have a huge amount of money coming into the country," Chalabi says. "The only way is to partially privatize the industry."

He is part of a group of Iraqi exiles who have been advising the State Department on how to implement that privatization in such a way that it isn't seen to be coming from the United States. Helpfully, the group held a conference on April 4-5 in London, where it called on Iraq to open itself up to oil multinationals after the war. The Administration has shown its gratitude by promising there will be plenty of posts for Iraqi exiles in the interim government.

Some argue that it's too simplistic to say this war is about oil. They're right. It's about oil! , water, roads, trains, phones, ports and drugs. And if this process isn't halted, "free Iraq" will be the most sold country on earth. It's no surprise that so many multinationals are lunging for Iraq's untapped market. It's not just that the reconstruction will be worth as much as $100 billion; it's also that "free trade" by less violent means hasn't been going that well lately. More and more developing countries are rejecting privatization, while the Free Trade Area of the Americas, Bush's top trade priority, is wildly unpopular across Latin America. World Trade Organization talks on intellectual property, agriculture and services have all bogged down amid accusations that America and Europe have yet to make good on past promises.

So what is a recessionary, growth-addicted superpower to do? How about upgrading Free Trade Lite, which wrestles market access through backroom bullying, to Free Trade Supercharged, which seizes new markets on the battlefields of pre-empt! ive wars? After all, negotiations with sovereign nations can be hard. Far easier to just tear up the country, occupy it, then rebuild it the way you want. Bush hasn't

abandoned free trade, as some have claimed, he just has a new doctrine: "Bomb before you buy."

It goes further than one unlucky country. Investors are openly predicting that once privatization of Iraq takes root, Iran, Saudi Arabia and Kuwait will be forced to compete by privatizing their oil. "In Iran, it would just catch like wildfire," S. Rob Sobhani, an energy consultant, told the Wall Street Journal. Soon, America may have bombed its way into a whole new free-trade zone.

So far, the press debate over the reconstruction of Iraq has focused on fair play: It is "exceptionally maladroit," in the words of the European Union's Commissioner for External Relations, Chris Patten, for the United States to keep all the juicy contracts for itself. It has to learn to share: ExxonMobil should invite Fran! ce's TotalFinaElf to the most lucrative oilfields; Bechtel should give Britain's Thames Water a shot at the sewer contracts.

But while Patten may find US unilateralism galling and Tony Blair may be calling for UN oversight, on this matter it's beside the point. Who cares which multinationals get the best deals in Iraq's post-Saddam, pre-democracy liquidation sale? What does it matter if the privatizing is done unilaterally by Washington or multilaterally by the United States, Europe, Russia and China?

Entirely absent from this debate are the Iraqi people, who might — who knows? — want to hold on to a few of their assets. Iraq will be owed massive reparations after the bombing stops, but without any real democratic process, what is being planned is not reparations, reconstruction or rehabilitation. It is robbery: mass theft disguised as charity; privatization without representation.

A people, starved and sickened by sanctions, then pulverized by war, i! s going to emerge from this trauma to find that their country has been sold out from under them. They will also discover that their newfound "freedom" — for which so many of their loved ones perished — comes pre-shackled with irreversible economic decisions that were made in boardrooms while the bombs were still falling.

They will then be told to vote for their new leaders, and welcomed to the wonderful world of democracy.

This article first appeared in The Nation.

return to danirak.dk main page

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1.	Agriculture	S217	
2.	Communications	S214 & S20	
3.	Culture	S206	
4.	Displacement and Migration	S108	
5.	Education	S204	
6.	Electricity (b)(6)	S117	
7.	Environment	S109	
8.	Finance	S210	
	(Central Bank)	S207	
9.	Foreign Affairs	S105	
10.	Health	S200 & S22	
11.	Higher Education	S220	
12.	Housing & Construction	S115	
13.	Human Rights	S209	
14.	Industry & Minerals	S107	
15.	Interior	S2	
16.	Justice	S102	
	(Prisons)	S103	
17.	Labor & Social Affairs	S208	
18.	Municipalities and Public Works	S221	
19.	Oil	S1	
20.	Planning & Development	S104	
21.	Science & Technology	S2	
22.	Trade/Standards	M213	
23.	Transportation	S2	
24.	Water Resources	S222	
25.	Youth & Sports	S219	
	OTHE		
•	Baghdad Central	N110	
•	Civil Affairs	N1	
•	Development Cooperation	M209	
•	Executive Secretariat	Front Offi	
•	Governance	N102	
•	General Counsel	N115	
•	Iraqi Media Network	Green Rm	
•	Logistics	N10	
•	Ministries Requirements	S101L	
•	National Security Affairs (Defense)	N220	
•	Operations & Infrastructure	M234 & M2	
•	Policy, Planning & Analysis	M2	
•	Private Sector Development	S107	
•	Program Management Office	M234A	
•	Program Review Board	S203	
•	Religious Affairs (Dawah)	S204	
•	Strategic Communications	Green Rm	
•	USAID	N23	
•	US Consul	Conv. Ctr.	

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1.	[redacted]		
2.	Communications	S214 & S2	
3.	[redacted]		
4.	Displacement and Migration	S108	
5.	[redacted]		
6.	Electricity	S117	
7.	[redacted]		
8.	Finance	S210	
	(Central Bank)	S207	
9.	[redacted]		
10.	Health	S200 & S22	
11.	[redacted]		
12.	Housing & Construction	S115	
13.	[redacted]		
14.	Industry & Minerals	S107	
15.	[redacted]		
16.	Justice	S102	
	(Prisons)	S103	
17.	[redacted]		
18.	Municipalities and Public Works	S221	
19.	[redacted]		
20.	Planning & Development	S104	
21.	[redacted]		
22.	Trade	M213	
23.	[redacted]		
24.	Water Resources	S222	
25.	[redacted]		
	OTHE		
•	Baghdad Central	N110	
•	[redacted]		
•	Development Cooperation	M209	
•	[redacted]		
•	Governance	N102	
•	[redacted]		
•	Iraqi Media Network	Green Rm	
•	[redacted]		
•	Ministries Requirements	S101L	
•	[redacted]		
•	Operations & Infrastructure	M234 & M2	
•	[redacted]		
•	Private Sector Development	S107	
•	[redacted]		
•	Program Review Board	S203	
•	[redacted]		
•	Strategic Communications	Green Rm	
•	[redacted]		
•	US Consul	Conv. Ctr.	

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(b)(6)

Further to your email requesting an update of future plans in the industrial sector in the South.

The first point to make is that we see a significant interest by foreign investors for setting up factories in the South. However we will only be able to attract these investments, which are critical to reduce current high levels of unemployment, if we can provide basic utilities like stabile power supply from the grid. Southern Iraq with is abundance of oil and gas, access to the outside world through ports and airport is expected to be the industrial heartland in the new Iraq. We need 3000-5000 MW in the medium terms to meet this demand.

In the short run, we have taken a couple of initiatives that will affect the demand for power in the South.

Restarting the State Fertilizer Plant/Southern Branch/ Basra Province

CPA S is in the process of launching a tender for a 22 MW power plant to provide stabile power for the factory. The plant will partly use the grid and partly the generator for its power supply. It is expected that the installation of the generator at least will reduce the demand on the grid by 15 MW.

Cement Factory in Al Muthanna

CPA S has launched a tender for a 40 MW power plant that will provide the city of As Sammawa and the cement factory south of the city. With an additional investment of USD 14 m, we could get an additional 40 MW on the grid which would guarantee power both to the city and to the cement works.

State Petrochemical Company/ Basra Province

As you know the contract for refurbishing the 4x20MW gas turbines is still stuck within the CPA system but the latest news is that it will be awarded next week. The petrochemical company needs approximately 35MW and will be able to export the balance to the grid. Refurbishment is expected to take 4-6 months.

State Iron and Steel Company/Basra province

We are currently looking at options to restart parts of the State Iron and Steel Company if our cost/benefit analysis shows that the company is viable in a competitive free market environment. If the rolling mill is restated, it will require an additional 35-50 MW.

In addition to these major industrial structures, we have a host of smaller SOEs that require power.

Please let me know if you need a more detailed break down.

Kind regards

Bjorn

Bjorn Brandtzaeg
Trade and Industry Team Leader

Ministry of Industry
Plan Action Program

As of 27 August 2003

Company	Action Plan	Cost ($MM)	Timing (Months)	Project Manager	Status	Remarks
Mishraq Sulphur	1) Sell excess sulfur inventory for $30MM	30	6	MIM (Mohanad)	1st tender pending	
	2) Establish security:			MIM		
	a)Build fence			Firm	await proceeds from sale	
	b)Housing for security personnel			Firm	await proceeds from sale	
	3) $20MM to rebuild plant	-20	6 months	Firm	await proceeds from sale	
	4) Working capital/Operating Loans	1.3	1 month	CPA (b)(6)	await application	
Training & Rehabilitation	1) 4 looted locations that need repair	-0.5	6	TBD		
	2) Capital	Unknown	Unknown	CPA (b)(6) Firm/MoF	await project application	
General Systems	1) None: Up and running					
Hand Woven Carpets	1) Working capital	-0.5	Now	CPA (b)(6)	await project application	
	2) Technical Assistance: Sales & Mkting	Unknown	Now	Firm	coordinate TA	
Al Furat Chemicals	1) Working capital	-0.5	Now	CPA (b)(6) /MoF/Firm	await project application	
Petrochemical Industries	1) Increase natural gas line pressure	-	Now	Oil Ministry/Firm	coordinate with oil ministry	
Phosphate	1) Repair/Rebuild bridge	Unknown (2)	12-Jun	Ministry of Transportation	PRB funding approved. RFP out	

Company	Action Plan	Cost ($MM)	Timing (Months)	Project Manager	Status	Remarks
	2) Repair looting	(2)	6	Firm		
Northern Fertilizer	1) Natural gas pressure	-	2	Oil Ministry/Firm		Build pipeline - issue w/ OM
Southern Fertilizer	1) Natural gas pressure	-	2	Oil Ministry/Firm		
Northern Cement	None needed at this point	-	-	-		-
Iraqi Cement	1) Needs electricity a) 5MW at Falluja b) 15MW at Al Qaem	-	Now	CPA (b)(6) I Electricity Commision/MIM		Workwith vendor and MIM to get volume discount Review Syria as a contract option and build grid from border to plants
Southern Cement	1) Needs electricity at Kufa 2) Needs new management	-	Now	MIM		Kuffa plant leadership dismissed by local Commander due to allegations of Corruption
Al Qadesia	1) Needs 2MW of electricity	-	Now	CPA (b)(6) II		Workwith vendor and MIM to get volume discount
	2) Working capital	-0.75	Now			
Ur Engineering	1) Needs 4MW of electricity	-	Now	CPA (b)(6) n/MI		Workwith vendor and MIM to get volume discount
Drugs and Medical Supplies (Samaara)	1) Needs 2MW of electricity	-	Now	(b)(6) n/MI		Workwith vendor and MIM to get volume discount

Company	Action Plan	Cost ($MM)	Timing (Months)
Mishraq Sulphur	1) Sell excess sulfur inventory for $30MM 2) Establish security: a)Build fence b)Housing for security personnel 3) $20MM to rebuild plant 4) Working capital/Operating Loans	30 (20) 1.3	6 6 months 1 month
Training & Rehabilitation	1) 4 looted locations that need repair 2) Capital	(.5) Unknown	6 Unknown
General Systems	1) None: Up and running		
Hand Woven Carpets	1) Working capital 2) Technical Assistance: Sales & Mkting	(.5) Unknown	Now Now
Al Furat Chemicals	1) Working capital	(.5)	Now
Petrochemical Industries	1) Increase natural gas line pressure	-	Now
Phosphate	1) Repair/Rebuild bridge 2) Repair looting	Unknown (2)	6-12 6
Northern Fertilizer	1) Natural gas pressure	-	2
Southern Fertilizer	1) Natural gas pressure	-	2
Northern Cement	None needed at this point	-	-
Iraqi Cement	1) Needs electricity a) 5MW at Falluja b) 15MW at Al Qaem	-	Now
Southern Cement	1) Needs electricity at Kufa 2) Needs new management	-	Now
Al Qadesia	1) Needs 2MW of electricity 2) Working capital	- (.75)	Now Now
Ur Engineering	1) Needs 4MW of electricity	-	Now
Drugs and Medical Supplies (Samaara)	1) Needs 2MW of electricity	-	Now
Drugs and Medical Supplies (Ninawa	1) Needs electricity 2) Needs raw material 3) Working capital 4) Resolve $80MM subsidy issue	- Unknown Unknown Unknown	Now
Cigerettes & Tobacco	1) Needs to construct wall to separate the US Army 2) Repair machinery	- (2)	Now Now

[redacted]

	3) Lease Warehouse Space	Unknown	Now
Najaf Tire	1) Need 4MW of electricity	-	Now
Construction Industries	Unknown at this point		

Company	Action Plan	Cost ($MM)	Timing (Months)
Mishraq Sulphur	1) Sell excess sulfur inventory for $30MM 2) Establish security: a)Build fence b)Housing for security personnel 3) $20MM to rebuild plant 4) Working capital/Operating Loans	30 (20) 1.3	6 6 months 1 month
Training & Rehabilitation	1) 4 looted locations that need repair 2) Capital	(.5) Unknown	6 Unknown
General Systems	1) None: Up and running		
Hand Woven Carpets	1) Working capital 2) Technical Assistance: Sales & Mkting	(.5) Unknown	Now Now
Al Furat Chemicals	1) Working capital	(.5)	Now
Petrochemical Industries	1) Increase natural gas line pressure	-	Now
Phosphate	1) Repair/Rebuild bridge 2) Repair looting	Unknown (2)	6-12 6
Northern Fertilizer	1) Natural gas pressure	-	2
Southern Fertilizer	1) Natural gas pressure	-	2
Northern Cement	None needed at this point	-	-
Iraqi Cement	1) Needs electricity a) 5MW at Falluja b) 5MW at Al Qaem	-	Now
Southern Cement	1) Needs electricity at Kufa 2) Needs new management	-	Now
Al Qadesia	1) Needs 2MW of electricity 2) Working capital	- (.75)	Now Now
Ur Engineering	1) Needs 4MW of electricity	-	Now
Drugs and Medical Supplies (Samaara)	1) Needs 2MW of electricity	-	Now
Drugs and Medical Supplies (Ninawa	1) Needs electricity 2) Needs raw material 3) Working capital 4) Resolve $80MM subsidy issue	- Unknown Unknown Unknown	Now
Cigerettes & Tobacco	1) Needs to construct wall to separate the US Army 2) Repair machinery	- (2)	Now Now

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	3) Lease Warehouse Space	Unknown	Now
Najaf Tire	1) Need 4MW of electricity	-	Now
Construction Industries	Unknown at this point		

Factory Name	Location	Unit	Products	% Operating Capacity	# of Employees	Immediate Needs to Increase Productivity and Employment	Ownership	CERP	Non CERP
Al Fahed	Salhiya MB43458795	1-35 AR	Uniforms and clothing	100%	15	Continuous Electricity	Private	NA	
Al Kharar	Salhiya MB43458795 - basement	1-35 AR	Uniforms and clothing	100%	15	Continuous Electricity	Private	NA	
Al Sucar	Salhiya MB43458795 - 3rd floor	1-35 AR	Uniforms and clothing	CLOSED	0	N/A	Private	NA	
Al Hilal Industrial Co.	Zafaraniya MB50617806	2-6 IN	Air Coolers Manufacturer	17%	700 / Over 150 laid off	Electricity / Raw Materials / Weapons Cards / Capital repairs and Modernization	Mixed 51% Govt. 49 % Private	Purchase of spare parts & purchase 1megawatt	Na
Al-Ghedil Chocolate / Cookie Factory	Zafaraniya MB 51777805	2-6 IN	Chocolate and Candy	100%	120	Electricity / Fuel / SECURITY and	Private	NA	Repair to generator
Babil Soap Co.	Zafaraniya MB 50958127	2-6 IN	Soaps and Detergents	100% Could Produce More if Market would allow	40	Electricity / Security and Weapons Cards	Private	NA	Na
Baghdad Company for Alcohol Industries Zafaraniya Plant	Zafaraniya MB 49627763	2-6 IN	Pepsi Bottling by March 2004	0%	210 to return in Jan. 04 for transition to soft drink	Financial Aid for transition / Electricity Concerns	Mixed 25% Govt. / 75% Private	Assist with improvements and repairs	Na
Baghdad Soft Drinks	Zafaraniya MB 50217790	2-6 IN	Soft Drinks / Working on contract with Pepsi	15% Market is sluggish and repairs are needed	1250	Unfreezing $500,000 in German Bank / Electricity / Modernization / Capital repairs to delivery trucks / Spare Parts	Mixed 23% Govt. / 77% Private	Repair to Delivery Trucks	Na
Electronics Industries Company	Zafaraniya MB 5233178018	2-6 IN	TVs, Radios, Telephones	10% Only producing TVs at this time / can produce 200,000 telephones and 250,000 radios per year	742	Unfreeze $300,000 in Rasheed Bank / War and Looter damage to facility needs to be repaired / Spare Parts / Modernization / Security and Weapons Cards	Mixed 51% Govt. 49 % Private	renovate facilities & spare parts	Na
National Co. for Plastics and Chemical Industries	Zafaraniya MB 51067824	2-6 IN	Plastic molds, foam, crates, PVC pipe, plastic siding	7% Due to lack of raw materials, market and damage	360	Electricity (possible extortion at power substation) , raw materials, extortion by workers (due to inflation), security and weapons cards	Mixed 58% Govt. 42% Private	Raw Materials - DST#1 investigated extortion claim	Na
Semiera Mies	Zafaraniya MB 51747795	2-6 IN	Plastic Crates	22% Due to lack of raw materials and	40	Electricity / Fuel / Raw Materials /	Private	NA	purchase generator

Eastern Flour Mill	Sheik Maruf MB41231 89231	4-27 FA	Flour	100%	50	Lack of Continuous Electricity signifigantly hinders production	Private	NA	
Abdul Kairm Fathi	Riyadh MB 4936 8502	B 1-6 IN	Plastic Cups	100%	24	Raw Materials / Continuous Electricity	Private	NA	Generator & fuel
Abdul Shahid Abdul Factory	Riyadh 27 Jan location unknown. Locals didn't know where this is	B 1-6 IN	Clothes and Paint	CLOSED	0	N/A	Private	Unknown	Unknown
Abu Faris	Riyadh MB4940 8491	B 1-6 IN	Chicken Processing	CLOSED	0	N/A	Private	NA	
Ahmed Factory	Riyadh MB 4921 8503	B 1-6 IN	Tile	100%	7	Continuous Electricity	Private	NA	Purchase Generator
Al Ghadir	Riyadh MB 4943 8508	B 1-6 IN	Plastics	CLOSED-owner died	0	N/A	Private	NA	NA
Al Maroug Factory	Riyadh MB 4951 8500	B 1-6 IN	Dyeing of Cloth	50%	7	Continuous Electricity / Modernization	Private	NA	Purchase Generator
Al Mashraq Chocolate	Riyadh MB 4929 8496	B 1-6 IN	Confections	40%	100	Continuous Electricity	Private	NA	electricity, generator & fuel
Al Radhi	Riyadh MB4945 8495	B 1-6 IN	Flour	100%	20	Continuous Electricity	Private	NA	purchase generator & equipmen t
Al Rafdain Factory	Riyadh MB 4938 8533	B 1-6 IN	Plastic Pipes	50%	13	Continuous Electricity	Private	NA	Repair to generator & raw materials
Al Yakuta	Riyadh 27 Jan location unknown. Locals didn't	B 1-6 IN	Textile Manufacturing and Dyeing	?	?	?	Private	Unknown	Unknown
Alaith Factory	Riyadh MB 4948 8535	B 1-6 IN	Nylon Bags, Plastic Cups, Dairy Products	100%	50	Security./ Continuous Electricity	Private	NA	
Aldour Co.	Riyadh MB 4838 8504	B 1-6 IN	Furniture Manufacturer	CLOSED	Family living in abandon factory	N/A	Private	NA	NA
Baghdad Elevator Co	Riyadh MB 4955 8491	B 1-6 IN	Elevators	CLOSED/ Used as an NGO Warehouse	0	N/A	Private	NA	NA
Baghdad Plastic Factory	Riyadh MB 4955 8491	B 1-6 IN	Dominoes	50%	30	none	Private	NA	Repair to generator , and
Bread Factory	Riyadh 27 Jan location unknown. Locals didn't know where this is	B 1-6 IN	Large Scale Bakery	?	?	?	?	Unknown	Unknown

Al Nada Cosmetics Company	Riyadh M B 4776 8652	1-6 IN	Cosmetics	?	30	None	Owner not present	Na	Na
Detergent Factory	Riyadh 27 Jan location unknown. Locals didn't know where this is	B 1-6 IN	Laundry Detergent	?	?	?	?	Unknown	Unknown
Dujla Factory	Riyadh MB 4923 8504	B 1-6 IN	Tile	100%	7	Continuous Electricity	Private	NA	Purchase Generator
Halab Knitting and Trading Co.	Riyadh 27 Jan location unknown. Locals didn't know where this is	B 1-6 IN	Weaving / Knitting	N/A	N/A	?	Private / Owner isn't present!!!!!!	Unknown	Unknown
Iraqi Company for Paper	Riyadh MB 49418540	B 1-6 IN	Adhesive tape, paper rolls	10%	9	Continuous Electricity	Private	NA	Purchase Generator
Mazin Lawis Naim Co.	Riyadh MB 4934 8541	B 1-6 IN	Lumber Yard (Storage Only)	N/A	5	None	Private	NA	Na
Pepsi Bottling Factory	Riyadh 27 Jan location unknown. Locals didn't know where this is	B 1-6 IN	Soda	Not Open	Not Open	Not Open	Private	Unknown	Unknown
Pepsi Shipping Factory	Riyadh MB 4955 8530	B 1-6 IN	Distribution	?	?	?	?	Na	Na
Raffid Sport Shoe Company	Riyadh MB 4980 8487	B 1-6 IN	Sport Shoes	Closed family living in factory	?	?	Private	NA	NA
Suham	Riyadh MB 4928 8490	B 1-6 IN	Plastic Containers	45%	14	Continuous Electricity	Private	NA	electricity, generator & new
United Factory	Riyadh MB4945 8495	B 1-6 IN	Nylon Awnings and Shoe Design	100%	8	Continuous Electricity / Electrical Upgrades	Private	NA	purchase generator & raw
Zawra Factory	Riyadh MB 4941 8506	B 1-6 IN	Flour	100%	60	Continuous Electricity	Private	NA	Purchase Generator & spare
Modern Chemical Industry	Babil MB 4558 8338	1-6 IN	Alcohol / Arak		140	Electricity/machinery/fuel/ raw materials	Mixed Ownership	Purchase generator, machinery &	Na
General Company of Tobacco and Cigarette Manufacturing	Babil MB 45322 83471	C 1-6 IN	Cigarettes	25% Electricity Issues allow only a 6 hour work day! Has contract with Gen. Walker of MoIndustry. Is expecting a second installment of 1.25 million dollars	1000	Electricity / Modernization / Severe Mechanical Problems due to old equipment / Security at site and transportation of goods	Mixed Ownership	None	None

Al Karada Slaughter Company	Babil MB 45519 83511	C 1-6 IN	Chicken Processing	33%	60, could employ 70 - 80	Continuous Electricity / Modernization / Capital Repair/freon for freezer/fuel POC Saif Jassam Ahmed	Mixed 70% Private / 30 % Govt.	Purchase ger	Na
Al Kamel Tissue Company	MB 4776 8653	1-6 IN	Tissue Paper	40%	40, could employ 100	electricity & machinery. Wants of open new production line for making diapers. POC Ali Hussien Alwan Assawi		Purchase ger	Na
Summer Cola Company	MB 4785 8652	1-6 IN	Soda Machine Repair	100%	6	Electricity/american parts/disposable cups		purchase generator & cups	Na
Hilal Company	MB 4893 8381	1-6 IN	Plastic Bottles	66%	50	Electricity, spare parts, fuel, printing ink		Purchase generator, spare parts & ink	Na
Mazin Factory	MN 4905 8479	1-6 IN	Plastic	50%	6	electricity		purchase ger	Na
Abu Raid Plastic	MB 4955 8491	1-6 IN	Toys, dominos & cheese	40%	4	Electricity		purchase ger	Na

Company	Action Plan	Cost ($MM)	Timing (Months)	Project Manager	Remarks
Phosphate	2) Repair looting	(2)	6	Firm	
Northern Fertilizer	1) Natural gas pressure	-	2	Oil Ministry/Firm	
Southern Fertilizer	1) Natural gas pressure	-	2	Oil Ministry/Firm	
Northern Cement	None needed at this point	-	-	-	-
Iraqi Cement	1) Needs electricity a) 5MW at Falluja b) 15MW at Al Qaem	-	Now	(b)(6) Firm/MI Electricity Commision/MIM	Workwith vendor and MIM to get volume discount Review Syria as a contract option and build grid from border to plants
Southern Cement	1) Needs electricity at Kufa 2) Needs new management	-	Now	MIM	Kuffa plant leadership dismissed by local Commander due to allegations of Corruption
Al Qadesia	1) Needs 2MW of electricity 2) Working capital	- -0.75	Now Now	CPA (b)(6) Firm/MI	Workwith vendor and MIM to get volume discount
Ur Engineering	1) Needs 4MW of electricity	-	Now	(b)(6) Firm/MI	Workwith vendor and MIM to get volume discount
Drugs and Medical Supplies					

Company	Action Plan	Cost ($MM)	Timing (Months)	Project Manager	Remarks
(Samaara)	1) Needs 2MW of electricity	-	Now	CPA (b)(6) m/MI	Workwith vendor and MIM to get volume discount
Drugs and Medical Supplies (Ninawa	1) Needs electricity	2MW	Now	(b)(6) m/MI	Workwith vendor and MIM to get volume discount
	2) Needs raw material	Unknown		Firm/MIM	
	3) Working capital	Unknown		CPA (b)(6)	
	4) Resolve $80MM subsidy issue			MIM/CPA	
Cigerettes & Tobacco	1) Needs to construct wall to separate the US Army	-	Now	Firm	
	2) Repair machinery			Firm	Arrange early access to asess
	3) Lease Warehouse Space	-2	Now	(b)(6)	Obtain rent subsidy from Army
	1) Need 4MW of electricity	Unknown	Now	(Jackson)/Firm/MIM	Workwith vendor and MIM to get volume discount
Najaf Tire	1) Need 4MW of electricity	-	Now	CPA (b)(6)	Workwith vendor and MIM to get volume discount
Construction Industries	Unknown at this point				

(b)(6)

From: Brandtzaeg, Bjorn (NOR) (b)(6)
Sent: Friday, April 09, 2004 11:01 AM
To: (b)(6)
Cc:
Subject: RE: Fortnightly Update Trade and Industry Southern Iraq

(b)(6)

Thank you for your kind words. We are doing our best down here.

To answer some of your questions.

1) Funding for Al Muthanna Cement. The funding was approved as a loan by the PRB. We are now in the process of tendering for the equipment.
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4) CPA S is paying for two fire trucks to the petrochemical company and one to the fertilizer company to strengthen their fire emergency response abilities.

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The power in the South is still quite stabile.

1) **Southern Fertilizer Company** (has agreement with the Electricity Distribution Company that it only will be cut of if there is a black out in the whole of Iraq. This has been agreed because of the sensitivities of the production processes to power cuts). The company is producing approximately 1100 ton of urea per day at the moment. It is working on getting its second line back in operation which will increase capacity to 2000-2500 t per day. Or 660 K tons per year. The yearly demand for urea in Iraq is around 400 K tons.
2) **Al Muthanna Cement**: Moderate availability of power at the moment 12-14 hours a day. Will improve significantly when a new 40 MW generator will be installed with a completion date of 15 June. Will then have 24 hour power. Current production around 600 K tons per year. With stabile power this will increase to 1 m tons per year.
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5) Petrochemical: A refurbishment of their generators are underway (4 X 20 MW) which will make the company self reliant.

We are about to turn the corner with the strategic SOEs in the South **and meet our target of having all the viable SOEs operational again before the end of June.**

As you saw in my email, our SOE team is currently undertaking more detailed studies of the state owned enterprises with head quarter in the South assessing medium and long term investment requirements and the

Al Ambar – Glass and Ceramics -2,500
Cement – Umbar, Falluja and Qa'em plants 3,313 employees
State co. for Refractories
State Co. for Phosphate in Qa'em 3,212 employees

Diyala - Al Qadisiya Electrical - 2,297 employees
Several Brick and Material Construction companies – 3,145 employees

Ninewa - Northern Cement Co., all plants Badoush, Sinjar, Hamman al Ali about 2,300 employees
State Co. for Dairy
Ready Made Wear
State Co. for Sugar
Textile Co. in Mosul
Mishraq Sulfur

Salah ah Din Samarra Pharmaceutical
Northern Fertilizer – 1,300
State Co. for Veg. Oil

-----Original Message-----
From: Kraham, Sherri Program Review Bd
Sent: Wednesday, November 12, 2003 11:53 AM
To: (b)(6)
Subject: FW: Sunni Funding Strategy -- URGENT for Amb. Bremer
Importance: High

-----Original Message-----
From: Kraham, Sherri Program Review Bd
Sent: Wednesday, November 12, 2003 11:14 AM
To: (b)(6) Foley, Thomas C. (CIV); (b)(6) (b)(6) V); Nash David (SES); Crawford Darrell E. (SES); (b)(6) ; Wilkinson, Molly A. (SES); (b)(6)
Cc: (b)(6) ; Bent, Rodney G. (SES)
Subject: Sunni Funding Strategy -- URGENT for Amb. Bremer
Importance: High

I urgently need you to fill in the following bits of information which apply to you. Many, many thanks. A finished product is due to the front office by noon.

All activities reported will be on a separate page.

Planned activities:

Infrastructure improvements and Governorate Coordinators priorities:

- An allocation has been made recently for an additional $10M of projects in Al Anbar. Determinations on what projects will be funded, based on recommendations of the military commanders and Governorate Coordinator, will be made by Saturday.
- Governorate Coordinators have identified the following projects which will achieve longer term job creation:
  - Al Anbar:
  - Diyala:

(b)(6)

(b)(6)

developing load sharing plans with the grid, obtaining remote power generators for the factories and the possibility of purchasing power from independent power producers (proposal from the Ministry of Industry and Minerals)
- Many of the SOEs do not have the management skill and depth to operate in a liberal economy. (budgeting, cash flow, marketing etc) We have requested funding from the Supplemental and from Donor Aid for a corporate training facility to re-train SOE management

(b)(6)
Private Sector Development Group
Coalition Provisional Authority
(b)(6)

(b)(6)

635

From: (b)(6)
Sent: Wednesday, November 12, 2003 4:58 PM
To: (b)(6)
Subject: Suspense
Importance: High

Nineva
Misry
Cotton

This is what I have
It should be reviewed for accuracy ….are you two free for me to come down now?
thanks

Bringing State-owned enterprises back into operation is planned for the following entities:

In Salahdin Province

- The Vegetable Oil Company has its seed oil plant in the province and employs approximately 395 It is in the process of receiving seed oil to begin operations . Their ability to move forward is liquidity. A financial audit planned by CPA and the Ministry of Industry and Minerals will allow financial statements and budget and projections to be developed which can provide the basis of a SOE loan applications
- Northern Fertilizer (Urea manufacturer) is anticipated to be in operation by ~~mid November~~ end of year. The firm remains constrained by the lack of pressure in the natural gas fuel line. It employs 1,314
- The Samarah Drug Company (SDI) is operational at approximately 32% of pre war capacity. The firm employs 2,500. A financial audit by the end of the year will provide the basis for the company to apply for a capital expenditure loan to upgrade the facility and to provide worker training
- Nasser Company. Nasser is a metal fabrication company that employs 2,473 persons. The viability of the firm is marginal and the plant is operating at 10% capacity. It is constrained by electricity (it has 2MW out of a requirement of 6MW). Possible solutions to the negative electrical capacity reserve margin include obtaining independent generators for SOEs, negotiating a load sharing plan or purchasing power from privately financed and developed independent power producers (proposals were submitted to the Ministry of Industry and Minerals)

Diyala Province:

- The Al Quadisia Co (now called Diyala Co.) manufactures electrical transformers, optical fiber argon gasses and consumer electronic equipment. The firm employs approx 2,297. The firm has been operational since May and is currently operating at 30%. Management performance has been poor. All lines in the factory are operational

Al Anbar Province:

- The Glass Company has just come back on line. It employs approx 1,200 persons. A financial audit will provide the basis for the application of a capital expenditure loan to upgrade the facility
-
- The Ceramic Company is beginning operations and employs 1,200 persons. This is a new plant that is constrained by scale. It appears to be profitable with a worthwhile consumer product (bathroom fixtures). The plant manager is concerned about the MIM's leasing plans with the result that he is not moving forward aggressively with getting the company operational.
- State Company for Phosphates. This company received the largest amount of subsidy from the 2003 budget allocation ($5 million). The Company estimates total rehab cost of $9 million. The firm should restart operations around mid November when the rail bridge to its mine (in Akashat) is repaired and the

11/12/2003 Nineva

Al Mishy 1,278 - factory heavily looted & it sulphur inventory being sold to cover capital to repair 18 months

substation fixed. The firm employs around 2,000 persons. Prospects for this company are good although the lack of enough electricity is hindering full operation. Possible solutions include obtaining independent enerators or purchasing electricity from independent power producers

- Iraqi Cement operations. The Iraqi Cement Company began operations in mid October with the receipt of 5MW of electricity. It is producing 1,000 tons of cement a day. The firm employs about 600 persons in this province. This firm is constrained by the lack of electricity and the lack of money for rehabilitation. KPMG was selected through a competitive bid to audit the company to determine capital expenditure needs, cash control procedures and to develop a budget and projections. The audit will allow a $10MM SOE capital expenditure loan to be provided to Iraqi Cement by the end of year. The loan will fund upgrades and repairs of the run down facility which is expected to allow idle workers to be brought back to work

- Falluja:

- Al Faris Company in Faluja is a metal fabrication company that employs 1300 persons. This company has secured several contracts valued at $3.5 million. The company is consolidating its operations with its Faluja operation since the current location is a coalition military base (318 persons).

- Falluja Iraqi Cement operations. This facility received 2.5 MW of electricity in October and began operations. The firm employs about 400 persons in this area. It manufactures white cement. It is operating at 36% capacity operating producing 300 tons a day. It requires another 2.5MW to achieve full capacity. Like all cement operations it requires substantial rehab to get all lines 100% operational. The Iraqi Cement Co. capital expenditure loan will provide liquidity to upgrade the facility

- Haririat State Company for Refractories. This company manufactures thermal bricks. Its customers are the cement factories. They began operations in late October and have one line operational. This company will benefit from the currency exchange program (its adjacent cement factory will be the burn site for the old money). They will obtain a cost plus contract from the MoF which will help the company financially. The firm employs about 560 persons

- Iraqi Cement operations. This factory is not operational. It has not obtained electricity. This operation could be sustained by its sister operations. It employs approximately 800 persons.

- Geological Survey and Mining has mining operations in the western desert in the vicinity of Rutba. They remain idle largely due to a lack of customers. Security issues will also hamper these companies operations. The firm employs 145 in Rutba. This operation could be sustained by mining operations in the balance of the Country.

- The Ready Made Clothing Company. Ready Made produces dish dachas at this location. They employ 260 persons. They are operating at 24% capacity. The firm is largely constrained by funds to purchase raw materials. A financial audit will allow the firm to apply for a SOE loan

- Hand Made Carpet Factory. The operation is operating at 84% capacity. It employs 53.

In General:

- Workers in the SOEs, working or not, are being paid and will continue to be paid
- The CPA has just secured up to $250MM of raw material and spare parts from the Oil for Food Program for SOEs in the Ministry of Industry and Mineral
- Over 1,200 Facility Protection Service (FPS) security guards have been brought on to protect the SOEs within the 4 provinces
- There is a lack of liquidity in Iraq. The state banks are being stood back up which will allow SOE capital expenditure loans to be made. This will allow SOEs to upgrade their poorly maintained (some looting damage) production lines. Upgraded production lines will mean increased capacity which will draw back more idle workers. We are also evaluating numerous lease proposals submitted to the Ministry as a source of private financing for the SOEs
- Many of the SOE factories can not return to full capacity due to a lack of electricity or a lack of natural gas. The SOEs will benefit from the infrastructure investments in the Sunni Triangle area. The CPA is looking at

(b)(6)

From: (b)(6)
Sent: Friday, April 09, 2004 11:01 AM
To: (b)(6)
Cc:
Subject: RE: Fortnightly Update Trade and Industry Southern Iraq

(b)(6)

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As you saw in my email, our SOE team is currently undertaking more detailed studies of the state owned enterprises with head quarter in the South assessing medium and long term investment requirements and the

cost/benefit of different reform options for these SOEs. (privatisation, management contracts, continued state ownership etc)

The first draft report for the State Company of Fertilizer is sent to me for review. We hope to be able to publish the first of a total of five comprehensive reports (Fertilizer, Petrochemical, Iron and Steel, Paper, and Aluminium) in the coming weeks.

Kind regards

Bjorn

Bjorn Brandtzaeg
Trade and Industry Team Leader
Department for Economic Planning and Development
Coalition Provisional Authority South (CPA S)
(b)(6)

-----Original Message-----
From: (b)(6)
Sent: 08 April 2004 18:15
To: Brandtzaeg, Bjorn (NOR)
Cc: (b)(6)
Subject: RE: Fortnightly Update Trade and Industry Southern Iraq

Hi Bjorn:

A lot is going on down there; please be safe. You're a tall target.

The $261 issue is, quite frankly, not resolved because now, with 86 days left, the leadership wants to come out with an SOE policy. PSD is working on a proposed "policy" and then CPA will decide on how the salary issue will fall out. That will determine if we get the $261. Of course, the full story is much more convoluted and hosed up.

Please help me understand some things:

Where exactly did Muthanna get the 4.5 from?
How is Ibn Majid paying for the refurbishing? How much?
Is CPA S paying for the Um Qasr spare parts and can we get a list?
How did Petrochem pay for the Fire Trucks?

Are CERT Funds still available and have any been earmarked for SOEs down there?
Finally what is the exact status with power at these plants and operating capacity?

Thanks so much. Sounds like you are doing a whale of a job. You're the best!

(b)(6)

-----Original Message-----
From: (b)(6)
Sent: Wednesday, April 07, 2004 4:10 PM
Subject: Fortnightly Update Trade and Industry Southern Iraq

ALCON

Please find attached the fortnightly update of the progress made in the trade and industry sector in Southern Iraq.

Kind regards

Bjorn Brandtzaeg
Trade and Industry Team Leader
Department for Economic Planning and Development
Coalition Provisional Authority South (CPA S)
(b)(6)

STATUS/ACTION PLAN FOR SOES IN SOUTHERN IRAQ

The purpose of this report is to summarize CPA S findings after our visits to the strategic SOEs in Southern Iraq in November and December 2003 and propose concrete actions for overcoming the problems to the individual SOE.

Time for implementation is limited. This report considers only the possible, effective actions that should be undertaken in the next six months.

The actions should be limited to identify bottle necks in the production processes of the plants and to launch short term projects, like the supply of equipment and spare parts to eliminate constraints.

During our surveys one major problems were identified as the principal cause of a reduction in production or non operation in many of the enterprises. **This problems is the lack of a uninterrupted, constant electrical supply.** In order to deal with the identifies problem, involve many different players need to be on side including Task Force RIE, Bechtel, Mott Mc Donald. Each of the programs that these entities are responsible for can affect the production at the plants.

The summary below provides a short status report and identifies the main bottlenecks in the main strategic enterprises in Southern Iraq.

INTEGRATED STEEL PLANT AL BASRAH PROVINCE

The plant is an integrated steel complex located in Kor Az Zubayr designed to produce 400,000 Tons/year carbon steel in the form of long products, rounds and sections.It was designed, installed and commissioned by the French group CRUSOT LOIRE in 1974. The plant has 4,845 employees and before the war was producing 60,000 Tons/year of steel for military purposes, the maximum production was 200,000 Tons/year.

Status

The plant has been completely looted. It is in poor condition, especially the electrical and instrumentation part which needs to be completely redesigned and reinstalled. Some processes are old and no longer profitable, for example the direct reduction plant and the melt shop. These parts of the plant need to be extensively modified from both a mechanical and process point of view. The rolling area is still in a good shape and with the installation of new electrical equipment and automation can produce rounds and profiles to an acceptable quality standard. Essential for the rolling mill to work is the rehabilitation of the water treatment plant, compressed air plant, and distribution substation.

Actions

The above mentioned work cannot be undertaken under the guise of a local contingency plan, the involvement of a specialized company is necessary to investigate in detail the process and undertake the necessary extensive works for the rehabilitation of the plant in accordance to the actual quality standards, reliability and efficiency.

Splitting the plant into several process areas should be taken into consideration due to the different amounts of damage suffered by the equipment. However, the auxiliary services have to be almost completely rehabilitated whatever part of the process they have to supply.

In conclusion this installation need extensive investment and the involvement of large multinational company specialized in Steel manufacture. Contingency plans will have little impact in the next seven months. The future of the plant will be a decision of the new Iraqi government.

A tender to reconstruct the plant has been awarded. CPA Baghdad is taking the lead.

STEEL PIPE PLANT AL BASRAH PROVINCE

This plant manufactures steel pipes and is located near the port at Umm Qasr. It is a subsidiary plant of the State Steel Company and is part of the integrated steel works located at Az Zubayr. This is where all purchasing and sales for the steel pipe plant takes place. Before the war the plant had 600 employees. The overall production line has three main areas; the welding line, the inspection area and the finishing line. The welding line uses spiral welding technology and was installed by the German steel company Hoesch in 1985. This line can produce pipes at a rate of 1.7m per minute with a wall thickness of 4.37-12.70mm (1 ¾ - 5 inches) and a diameter of 12 – 48 inches. The pipes are cut to lengths of 8–15m. In the 1990s most spares parts were made locally. Materials are hot rolled coil (25 coils of 20-25 tonnes are in store). Production costs for the steel pipes were around US$ 350 / t for materials and US$ 250 / t for all other costs.

Status

The plant suffered considerable looting and damage after the war. Estimates for the repair/refurbishment are not known but some repair work is planned for early January.
In 1988 a new production line (cost US$ 35 million, rated output 7.0 meter/minute) was ordered from Hoesch. This line was completed and paid for but never delivered. The current cost for installing this after modifications and storage would be US$ 12 million. This machinery would replace the current welding line and some of the finishing operations with a planned output of around 1,000 t./month. However, a tack welding line would be needed and the funding for this is unclear. Several months would be required for the negotiations, modifications, delivery and installation of the new line.
Liquid oxygen was also produced on a continuous basis seven days a week with a daily output of 100 cylinders of 50 litres. Some spare parts for the plant were ordered from Atlas Copco within the framework of the oil for food programme.
Power used to be supplied by the plant's two electrical power generators, each with a rating of 2 MW, but these are irreparably damaged.

Action

The plant suffered considerable looting and damage after the war. No estimates have yet been made for repairing/refurbishing the spiral pipe welding line, but as its rated output is low (1.7 m/minute) and does not cover finishing **operations.**

It is recommended that the new longitudinal welding line stored at Hoesch is delivered and installed. The cost of the installation is USD 12 million and the funds need to come from MIM Baghdad.

CEMENT FACTORY - AL MUTHANNA PROVINCE

The plant is located near As Samawa city, Grid. NV 004 545. It has two lines for dry type cement production process, designed to produce 2,000,000 tons/year of Portland cement, high tension cement and sulphate resistant cement.
It was designed, installed and commissioned by the German company KHD between 1982 -1984.
The plant has 850 employees and currently produces 1,800 tons/day of cement equating to 360,000 tons/year based on having electricity supply 200 days/year.

Status

The plant has adopted some good, modern technology. It is in good shape compared to other installations in the country and with a little rehabilitation and replacement of parts will be able to produce 1,000,000 tons per year with one production line in full operation. The production of cement is crucial to the reconstruction of the country and it is possible for this plant to reach this level with some simple, contingency, corrective actions.

Actions

To reach 1,000,000 tons per year of Portland cement the following action has to be undertaken:
The plant needs a stable and reliable electricity supply and an additional 15 Mw of power. This could be done relatively **easily through the Kadisia substation by raising the power supply setting from 10Mw to 25Mw, proper coordination with Baghdad would be needed to allow the Iraqi Electricity Committee (IEC) to implement this. A project of USD 23 million has been approved to provide generators for the cement plant which will provide the required power.**

A project of US$ 4.5 Million has been approved by CPA South for the supply of excavating equipment for the quarry. As a priority the project needs to be pushed forward in Baghdad.
At the last a visit a detailed **list of spare parts** was requested from the management. This list has not yet been received by CPA South and **further pressure needs to be applied through the project officer, Captain Serge Doreleyers RNLMC to get this list so that this can be approved for purchasing.**

CEMENT FACTORY AL BASRAH PROVINCE

The factory is situated close to the port at Umm Qasr. Here finished cement (predominantly Portland) is made by grinding clinker, (produced at other cement works from the Southern Iraq Cement Company, Al Kufa and Al Hillah), mixed with gypsum. It has two parallel, identical production lines that were installed in 1972-4 by the Danish company F.L. Smith.
The sales, accounting and purchasing functions operate from the headquarters in Al Kufa. Prices are set by the Ministry of Industry and Minerals and currently stands at 120,000 ID/t (allegedly 10% less than the market price) but in some instances a price of 50,000 ID/t is charged subject to a maximum of 20-30 t for private Iraqi citizens with a licence to build. There are currently 221 people employed at the site.
The reasons for building a final process plant in Umm Qasr rather than a complete cement plant were:

1. Sufficient clinker production capacity in the South
2. Cheap rail transport to the area for transporting inert clinker (US$ 1.3/t) does not need to be protected from the weather unlike finished product.
3. By producing finished cement on the coast, easier to export (main market before the war).

Status

Of the two lines, one is operational. The line not in operation had a major overhaul in 2002 and defective parts sent to the Southern Oil Company. Their engineers are quoting a price of 6 million ID to repair the rotor of the drive unit for the crushing machine. This issue is still under discussion with other Iraqi SOEs and ABB (Sweden/Switzerland). The operational line is operating using the "closed process", a simplified version of the ideal "open process", due to a problem with the cement separator.
The design capacity of each line is 50 t./h and the output of the operational line could be close to this. Two silos for the finished cement have a capacity of 8,500 t. each. Power needs per line are 2.5 MW. The supply from the grid is sufficient and normally stable. On site there are a further eight generators with a total capacity of 11 MW they are not used as they need diesel to operate.

Action

A meeting has been called in the coming days with the management of the Southern Oil Company and the Cement Company in Umm Qasr to establish what can be done to get the second cement line into production.

PETROCHEMICAL PLANT AL BASRAH PROVINCE

The plant, located near Kor Az Zubayr city, grid QU 61 58, was designed, installed and commissioned as a JV between the American LUMMS and the German Thyssen in 1979, but due to the Iran – Iraq war did not start production until 1988.

The plant has eight different processing lines to produce:
- Low density polyethylene
- High density polyethylene
- Ethylene
- Plastic sheets for crops covering
- Chlorine
- Soda
- P.V.C.
- Hydrolytic acid HCL

The number of people on the pay role is 3379.

The plant is in relatively good shape, it was subject to an extensive, extraordinary maintenance program during 1992. In 2001 the highest production levels were achieved which were at approximately 45% of the designed production. Just before the last war the water cooling pipes were renovated and substituted.

Status

The plant is ready to restart the production of plastic sheets, chlorine, low and high density polyethylene.

Actions

There are two key factors to restarting production:

1. **30 Mw of steady, stable and uninterrupted power supply.**
This can be obtained by refurbishing the gas turbines power plant in the petrochemical complex. This issue has been identified and Bechtel have approached CPA Baghdad for the contract award, our team is in contact with CPA Baghdad to try to expedite the order award and the beginning of the works.

A contract to refurbish the gas turbines has been awarded to General Electrics and the work will start shortly. The refurbished turbines will generate 60 MW power.

2. **120 million cubic feet of gas per day to produce five tons of chlorine per day and four hundred tons of high and low density polyethylene per month.**
The Gas liquefaction plant is located in GRID QU 631 531, three kilometers south of the petrochemical plant.

CPA S will take the lead getting the status of the gas separation plant.

PAPER MILL MAYSAN PROVINCE

The plant, located 20 km south of Al Amarah, grid QA 09 02, was installed and commissioned in 1979 by the German company WOITH SULZER. At that time the equipment was state of the art, boilers from LURGI, controls and steam turbine from SIEMENS, instrumentation from ICAR.
The plant can produce pulp from recycled paper and from imported pulp, the percentage of new or recycled material depends on the type and quality of the final product.
There are two paper mills, one to produce cement bags and the other to produce cardboard packaging, the rated production is 350 tons a day.
The plant employs 940 workers, 25 engineers, and 100 security guards.

Status

The paper mills and the pulp plants are in good condition. The management wants to restart production of carton sheets for packaging boxes at a production rate of 25 tons per day, 7% of the rated production. The production capacity would be so low at start up due to serious problems at the water treatment plant and in the pulp plant. Some filters have had to be substituted and the original vertical motors have had to be reinstalled to give the plant the original performance. The plant is equipped with a steam gas turbine of 10Mw, complete with a steam recycling system but the heat exchangers do not work due to corrosion, caused by bed filtering contaminated water from the pulp plant. However, the turbine can operate using the existing boilers without recirculation.

Action

The paper mill needs access to USD 1 million in working capital so it can purchase raw material for production. CPA Baghdad needs to provide the working capital as soon as possible.

Investigate for greater detail:

1. The two lists of spare parts and consumables supplied by the management.
2. The two documents listing the equipment needed to restart the production of the plant as indicated above

3. Restarting the steam turbine operation, which would also be advantageous to the national grid and the Maysan population.
4. Provide working capital for purchase of waste paper for the production. Without this paper the enterprise can not restart production.

Another survey will be made by our team with the Utilities team and Bechtel.
The final lists of spares will be processed by CPA South for approval.

PAPER MILL BASRAH PROVINCE

The site is situated at Al Dayr to the north of Basrah city. It contains a production plant and is the headquarters for the three paper mills; Basrah, Maysan (see previous) and Baghdad-Taji (outside CPA South's area).
Selling prices are set according to ministry directives. The product range of paper and cardboard packaging is the same as the Maysan plant apart from cement bags as there is no "glue packing" unit. The plant built in 1971 is older than the Maysan plant (1980) the products from here are of lesser quality "fluting" paper and "liner board" from the former plant have a higher quality than those from Al Dayr and hence are preferred as intermediate products for the complex cardboard packaging ("duplex" and "triplex") produced at both plants.

Status

There are two parallel and identical pulp mills for paper: Basrah 1, installed 1971 and Basrah 2, installed 1978. Basrah 2 is operational, some repairs having been carried out since the recent war. (A total of US$ 250,000 was provided by the Ministry for Industry and Minerals.

Of the five paper mills, PM1, for liner board, and PM3, for paper, will soon be operational. Expected output and design capacity is 10-15 and 55 t./day for PM1 and 20-25 and 57 t./day for PM3. These differences are a result of the general state of wear and repair of the mills. The corrugating line, for producing intermediate products for packaging materials, along with its control panel was damaged by looters but is being repaired.

Brown scrap waste paper is required for PM1 (and is not processed in the two pulp mills) and enough material is available – either in stock on site or elsewhere within Iraq. For PM3 clean white waste paper is needed (and would be processed on Basrah 2) and this will have to be imported. Up to now the Ministry has not made funds for purchasing imported supplies available. However there are still outstanding approved contracts within the "food for oil" programme for raw materials.

Action

In spite of the considerable looting and associated damage suffered by the plant, senior management has shown determination and initiative in restarting production.

Now need to agree details of the required testing equipment and other spare parts and apply for funding through the CPA South and must try to expedite the approved contracts from the "food for oil" programme for raw materials. CPA South will take the lead on this.

SOUTHERN FERTILIZERS COMPANY AL BASRAH PROVINCE

The plant is situated 3 km from Khor Az Zubayr and was designed, installed and commissioned by Mitsubishi Heavy Industries in 1979. It is composed of two parallel lines, producing of 500,000 tons per year of ammonia and urea on each line.
The services, water treatment plant and cooling towers are a very old design and are unable to reach the water quality and purity required. The open system technology is consuming large quantities of poor quality chemicals used, which is affecting production in terms of wear and tear of the equipment and quality of the end product.

Status

The plant was not looted and is able to restart production but the equipment is heavily worn and outside the minimum safety margins. Maintenance and management on the site is poor and needs to be updated with modern and effective procedures.
The plant is a continuous process and needs a long start up period (20 days minimum) to enable the equipment to attain the correct rated values to start the chemical processes. A constant, uninterrupted power supply is critical to the process, a loss of power supply for more than three seconds means that the plant has to shut down completely and then restart the. In last three months the technical team failed three times to start up the process due to electricity black outs from the grid.
There are two incoming power lines in, one is coming from Kor Az Zubayr PP substation which is in operation, the other from Umm Qasr substation is down.
50 Mio feet³/day of natural gas is also required to maintain the production rate, the gas should be available from the South Oil Distribution Company. The gas receiving and reducing station is ready to operate.

Actions

The fertilizer plant needs access to 15 MW of stable power to restart production. Short term point power should be explored as an option. CPA South will take the lead on this issue.

A request for a detailed list of the spare parts and the chemicals required for production until the end of June has been made to the management.
Contact will be made with Mitsubishi to try to recover some important and quite expensive equipment stored in Japan for maintenance.

IBN MAJID ENGINEERING COMPANY AL BASRAH PROVINCE

This is an engineering company serving Southern Iraq before the war, capable of designing and manufacturing fully customized fabricated steel equipment like filters, heat exchangers, vessels, tanks, bridges, piping, stacks and small ships. The site is located in Basrah city and consists of several assembling sheds and overhead cranes.
Its workforce consists of 100 engineers, 16 design engineers plus the workers for assembling and manufacturing. A total of approximately 1600 workers in total. Pre-war the company reported to the Army, with a military officer in charge.

Status

The company was completely looted after the war and little is left in terms of equipment in the assembling facilities. The offices also suffered significantly with all the software and the documentation, drawings, calculations, manuals being looted or destroyed.

Actions

To get the operation back up and running by supplying the necessary materials to restart the assembling in one of the sheds and use them as advisors for assessing and analyzing some part of the plants we are inspecting.

The spare parts that IM needs for restarting their production has been identified and costed and CPA S will provide the funding for the purchase of this equipment.

VEGETABLE OIL PROCESSING PLANT MAYSAN PROVINCE

The plant is situated in Al Mua'tassem in Maysan province. This plant produces detergent powder, soap, and ghee. It is a subsidiary of the General Company for the Vegetable Oil Industry (headquarters in Baghdad), which is responsible also for several other plants, mainly in Baghdad Province. The company was formed in 1970 and most of the plants are over thirty years old.

Status

The three product lines at the plant are totally independent from each other on the site, which also contains the PDS (peoples' distribution centre). Currently only the soap line is in a sufficiently good state of repair to permit a restart of production and once a new shipment of unrefined palm oil (from Malaysia) has arrived production will begin. (All available spare parts for this line have been used, enabling a 50 % utilisation of capacity but no reserve of spares).

It is a production plant without its own functions for accounting, sales and purchasing. Production is put in stock in the PDS and has up to now has been for the Ministry of Trade.

Action

Since the start of the embargo there has been less demand for most of the products; hence the PDS and similar stores have had a distributive function, trying to direct supplies to areas of greatest need.
Until supply for most products matches demand this policy should not be changed significantly. After 3-4 months however we could think again about restructuring the company. Once we have a plan for refurbishment (spare part compilation, then funding) and the corresponding increase in output we should discuss the whole issue with CPA in Baghdad.

(b)(6)

From: (b)(6)
Sent: Saturday, April 10, 2004 9:47 AM
To: 'mohamad tofiq'
Cc: (b)(6) Gillibrand, Michael G. (GBR)
Subject: Ministry transition

April 10, 2004

Minister:

As you will recall, the CPA is trying to transition the various Ministries to full authority as soon as possible. This will occur, no matter what, on July 1st, however it is the Ambassador's desire to transition the Ministries before then if and where possible. So far, the Ministry of Health, Education and Municipalities & Public Works has transitioned to full authority.

The Criteria that has been set forth for this transition is:

1. Does the Ministry have a short and long term strategic plan?
2. Does the Ministry structure support these goals? (By the way I am advised that you do not need the GC approval to reorganize your ministry)
3. Has the Ministry analyzed its training needs and begun to address them, where appropriate?
4. Does the Ministry have fundamental management systems in place for personnel and finance?

Since you have recently expressed your desire for full authority, we need to sit down and discuss the criteria and where we both believe and agree that the Ministry is in this process.

Full authority does not mean that assistance will no longer be provided. Based on our previous discussions, I have requested 5 full time "consultants" for the Ministry post July 1. While not yet fully approved, the Personnel folks are identifying for the Department of State both funding and people for the positions.

Regards,

(b)(6)
Senior Advisor

Accomplishments:

JUMPSTART INTERNATIONAL OVERVIEW

JumpStart International is a public charity funded by private donors from Ireland and the United States. We have also recently received a commitment for a $5 million grant from CPA Baghdad FEST. Our mission is to directly enable employment opportunities in Baghdad.

now 1,300 - 5,000 workers

Information about us is available on our web site at http://www.jsintl.org.

JumpStart has two major programs underway in Baghdad:

1. demolition and clearance of bombed, burned and looted buildings,
2. construction and management of transitional living communities for squatters.

Program Highlights, Demolition & Clearance Program:

1. The goal of the program is to dramatically improve the appearance of the city while employing a large number of Iraqis working productively.
2. We offer the service *for free* for any site that is for the public benefit.
3. Approximately 300 buildings cleared and 75 buildings demolished since September 2003.
4. Approximately 1,000,000 sq ft (100,000 sq meters) of office space cleared per week.
5. Thirty-three (33) active sites as of April 22, 2004, encompassing about 90 buildings.
6. Fully loaded cost of about $10/worker/day, including wages, supplies and heavy equipment.
7. 1,300 workers employed as of April 1st, 2004.
8. Target of 5,000 workers employed within 6 weeks.

Program Highlights, Transitional Living Communities Program:

1. The goal of the program is to stop the blockage of reconstruction activity on dozens of sites throughout Baghdad by providing a humane yet responsible outlet to get squatters out of key sites.
2. Construction cost of about $400/housing unit to retrofit looted buildings for dormitory-style housing; about $1,000/housing unit for one room w/ bath.
3. Squatters required to work for 10 days/month to pay for their housing. Any days worked beyond this earns them income of 6,000 ID/day (when working as day laborer).
4. Program began last month; 50 housing units constructed so far; 110 additional units are under construction at the old MoD site in Bab Al Moatham; possibility for 500 units (housing 3,000 people) at that site, with possibility for at least 1,000 additional units (housing 6,000 people) at the Al Rasheed Military Camp site.

The purpose of this presentation is to encourage you to offer *free* JumpStart clearance services to your Ministry.

The following attachment can help in this effort. It provides an information sheet about JumpStart services, with selection criteria designed to encourage your Ministry to choose optimal projects, and a permission form to get them to fill out. All we need is someone to sign such a form and a JumpStart foreman and team could be on-site within a week.

FREE CLEARANCE OF BUILDINGS FOR THE PUBLIC BENEFIT

JumpStart International is offering free clearance of Ministry and other public buildings to remove the ruins of burned, looted and bombed structures. JumpStart provides the manpower, the engineering and supervisory staff, the heavy equipment and other supplies. The Ministry is asked to provide permission and security guards for the site.

PERMISSION FORM

The appropriate officer at the Ministry should sign the following form:

To Whom It May Concern:

JumpStart International is authorized to clear damaged buildings and demolish destroyed buildings at the (SITE LOCATION) for the benefit of (MINISTRY OR OTHER ORGANIZATION). The costs of this clearance will be paid for by JumpStart International.

Questions about this matter can be referred to (MINISTRY CONTACT) at (PHONE NUMBER).

Sincerely,
(RESPONSIBLE PERSON)
(TITLE)
(MINISTRY)

SELECTION PROCEDURES FOR JUMPSTART CLEARANCE PROJECTS

We select the projects we deem most desirable to work on using the following criteria:

1. **Public exposure**
   JumpStart seeks to make the improvement of the city of Baghdad visible to the maximum number of residents. We choose projects in diverse neighborhoods throughout Baghdad, but especially in highly trafficked areas and in landmark buildings that have historic or symbolic value. Thus, a project in the Green Zone would rate low for JumpStart clearance on this criterion, while skyscraper headquarters for a Ministry would rate high.

2. **Public benefit**
   JumpStart seeks buildings which when re-used and re-constructed will have the highest public benefit and access to the public. Thus, a Ministry of Culture project for the National Library and the campus for the Zafrania Business Institute rated high on this criterion, while a project to demolish a building which is already hidden behind a wall would rate low.

3. **Reuse and redevelopment potential**
   JumpStart seeks buildings where the building has immediate plans for redevelopment and re-use by the authority. Thus, the Baghdad Commission of Electricity's Wazeria Warehouses rated high on this criterion, while the Ministry of Housing's NCEC building (which is not slated for immediate reuse) rated low.

4. **Ministry priorities**
   JumpStart solicits the input of the senior Ministry staff as to their priorities.

5. **Ministry Buy-in**
   The Ministries we approach to do work all have a large number of facilities. The ones they are willing to support with guards or redevelopment plans are rated higher than those that they don't support. Projects which don't have guards or redevelopment plans are likely targets for future looting activity, which defeats JumpStart's purpose.

6. **Suitability of Project Size**
   JumpStart likes projects which take at least 50 workers at least one month to complete. This is because these projects are generally higher profile projects and require less management overhead in getting the permission, etc. We are also trying to employ as many workers as possible in productive activity. Thus, the Shanine hotel terrorist bombing would rate low on this criterion, because it will only take 20 workers two weeks to complete the work, while the Ministry of Planning complex of about 8 buildings right outside Assassin's gate rated highly, because it required as many as 200 workers for a period of over three months.

7. **Security issues**
   JumpStart needs secure areas to store our equipment (wheelbarrows, shovels, generators, electrical equipment and for many projects, heavy equipment like excavators and jackhammers). We often require that the sponsoring Ministry supply the site with guards to protect the site from looters.

8. **Suitability of Project Work Expenses Per Worker**
   JumpStart likes projects that have a large number of workers doing hand work, using wheelbarrows, shovels, brooms, etc. These projects are cheaper, allowing us to employ many more workers for the same project cost. Thus, the Ministry of Education, an 11 story building that requires about 100 workers with few heavy equipment expenses, rated highly, while Souk Monsur, the largest shopping center in Iraq which requires a lot of demolition equipment, rated low on this criterion.

9. **Ease/difficulty of Administrative Approval**
   JumpStart likes to work with Ministries with which we already have a track record, and so they approve of our work on new sites quickly. When we first meet with a Ministry, they are perhaps suspicious of our intent or not willing to escalate the meeting to a Minister or Deputy Minister to make the no-brainer decision to accept our aid. Thus, the Ministry of Trade, where we've cleared all eight of their shopping centers in Baghdad, rates high on this criterion, while the Ministry of Youth & Sport, where it took two months to get approval to take down their skyscraper on Palestine Street, would rate low.

10. **Clean-up arrangements/disposal of scrap issues**
    JumpStart likes to work with Ministries that allow us to dispose of the scrap, because the normal procedure for clearing scrap is at least a four month process. In a good arrangement, JumpStart is directly authorized to sell the materials, which enables us to dispose/sell scrap within a few days. Unfortunately, most Ministries rate low on this criterion because we've had to stop projects for months because they are so slow in selling the materials, and eventually the scrap takes so much space that our equipment can't move effectively. Furthermore, the scrap often sits outside a site, attracting looters and impacting negatively on the visual impression of a site. The Ministry of Planning & the Ministry of Culture are very good in this criterion.

JUMPSTART TRANSITIONAL LIVING COMMUNITY
AN ALTERNATIVE TO LIVING IN THE STREET

As a squatter, you are in a terrible situation. You and your family are living in unsafe, unsanitary, uncomfortable, and above all uncertain conditions. As you know, these conditions could change at any time, for reasons beyond your control.

It is not fair.

Even so, you must face the fact that you are living illegally on land that isn't yours, and in housing that you are not paying for. You may want to stay where you are, but that would be bad for Iraq and bad for you. It is also not possible. So you must think about your future. !

You cannot stay where you are. But where can you go?

Ideally, you will be able to find a job, and find a place that you and your family can afford to live in. Your second choice should be to stay with someone you know, or return to the place you came from. If, and only if, you cannot do either, the JumpStart Transitional Housing Community is an alternative for you to consider.

In the JumpStart Transitional Housing Community, you have the opportunity to earn wages that will pay for your housing in a transitional shared-housing facility. You will be given the opportunity to work 7-10 days per month (depending on the amount of living space that is assigned to you) to pay for your housing, and you will be given a room for your family to live in, as well as access to shared water, sewage, bathroom, kitchen, and electric facilities.

In exchange for this housing, you are expected to work faithfully and effectively on jobs that will be assigned to you by the JumpStart Transitional Housing Community. The remainder of the month, you can work for anyone you choose to earn the wages that your family needs to survive. If you fail to perform your assigned jobs, or if you fail to live up to the standards of the community, you will be ejected from the community and you will have to find another place to live.

We hope that you will find a traditional place to live, rather than rely on the JumpStart Transitional Housing Program. However, if you choose to participate in our program, we welcome you to become an active and productive member of our community on your journey towards complete self-sufficiency.

Together we can join in building a brighter future for Iraq and Iraqis.

NOTE: The JumpStart Transitional Housing Program is a special offer that is only available to those people that we select.

(b)(6)

From: (b)(6)
Sent: Wednesday, April 21, 2004 11:57 AM
To: (b)(6)
Subject: Limestone Transport on Railway

Ma'am:

According to the IRR Director General, the stoppage of limestone transport between Akashat and Qaeim via rail is due to:

(1) the violence in Falloujah which constrains the ability to provide fresh rolling stock to this northern region;
(2) The military occupation a workshop shop in Qaeim, which hinders the ability to refuel/maintain the rolling stock;
(3) The current night curfew in Qaeim imposed by the military.

The DG mentioned that this is a temporary stoppage. Once he has determined that the security issue in Falloujah has improved, he would resume the service, but at a reduced frequency of 1 train per day given the limitations imposed by the military in Qaeim.

I have made a copy of the memo from the Iraqi Cement State Company and will return the original to you. We are planning on meeting briefly with the DG tomorrow (4/22) to discuss this and other issues. I will keep you posted.

Regards,

(b)(6)

URGENT

To the attention of: (b)(6) [redacted]

Dear Sir,

the iraqi Cement Co. informed us that railway transportation of lime stone from Ukashat Region (railway station) to Qaem has been stopped.

you are kindly requested to contact CPA Responsibles in the region to allow resumption of transportation By Rail of 4000 tons of lime stone per day.

Regards.

D.T.W.G. Kludek

19.04.2004

enclosed / letter from IRAQI Cement Co.

Foreign Language

(b)(6)

(b)(6)

(b)(6)

Province	Company	City/ Grid	Business	Emp.	Util %
Dahuk					
Ninewa	Al Mishraq Sulfur Industry Company/ SOE	Mishraq/ LE47139837	Started in 1970, the Company extracts and refines Sulfur from the largest sulfur deposit in the world. Sulfuric acid used in myriad industries worldwide. Aluminum sulfate used for water treatment and sulfur powder used in agriculture. Critical to local Iraqi industries.	1,278	0
	State Companies for Cement- Sinjar/ SOE	Mosul/ KF 375266	Manufacturers of portland cement, sulfur resistent cement, white cement and lime.	700	30
	State Companies for Cement (Northern Cement Company)/ SOE	Mosul/ Badoosh/ LF1464034914	Manufacturers of portland cement, sulfur resistent cement, white cement and lime.	1000	30
	State Companies for Cement-Hamam/ SOE	Mosul/ LF3939072	Manufacturers of portland cement, sulfur resistent cement, white cement and lime.	600	40
	State Company for Cotton Industries/ SOE	Mosul/ LF3117720886	Manufacturer of medical cotton, gauze, and cotton fabrics. Due to low quality cotton supplied by Iraqi farmers, Company focuses on low quality "burlap" fabrics.	1,300	30
	State Company for Dairy Products/ SOE	Mosul/ LF308305	Manufacturer of milk-based products including yogurt, cream, cheese, butter and sterilized milk. Subsidized Company with limited market share in a competitive market.	130	50
	State Companies for Drugs & Medical Supplies - Ninawa & Samarra/ SOE	Mosul/ LF27153888	Manufacturers of pharmaceuticals, including tablets, syrups and oral drops. Most products are generic versions of branded drugs. Also manufactured intravenous bags and kits, but this factory was 100% destroyed in war.	1000	30

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State Company for Geological Survey and Mining/ SOE	Al Dora	Conducting geological, geochemical, geophysical, hydrogeological and engineering geological surveys. Exploration and prospecting for metallic ores and industrial minerals and rocks. Mining and processing of metallic ores and industrial minerals. Directing and supervising mineral exploration activities by government and private sectors. Marketing raw and processed metallic ores and industrial minerals inside and outside Iraq.	50	50
State Company for Hand Woven Carpets/ SOE	Mosul	Hand woven silk and wool carpets manufactured in 7 centers throughout Iraq. Also manufactures rugs and mattresses - where it generated most of its revenue.	100	40
State Company for Industrial Design & Construction (SIDAC)/ SOE	Mosul/ LF31012087	The Company is staffed with highly qualified engineers who focus on contracting, erection and commissioning of industrial plants. Provides services to all major Iraqi industries, including Oil, Cement, Fertilizers and Textiles.	1200	0
State Company for Ready Made Wear Industries/ SOE	Mosul/ LF31012087	Four factories manufacturing children's clothing, men's clothing, tents and school uniforms. Mosul factory (started in 1983) is only one operating as of July, 2003. Najaf factory heavily damaged by US bombing during war.	3,500	24
State Company for Construction Industries (SCCI)/ SOE	Mosul	Manufacturer of various construction materials including bricks), plastic pipes and concrete poles.	70	0
The State Company for Sugar Industry/ SOE	Mosul/ LF33601823	Processing and refining of sugar. Main products include refined sugar, animal feed byproducts, molasses and alcohol. Not profitable at current prices for sugar beets from local farmers.	550	5
Jaber Ben Hayan (MIC) (SOE)	Mosul	Rubber, plastics and filters	925	0

Arbil

Sulayman-					
Al' Tamim	Iraqi State Companies for Cement/ SOE	Kirkuk	Manufacturers of portland cement, sulfur resistent cement, white cement and lime. Three companies, each serving separate sections of Iraq.	750	20
	State Company for Hand Woven Carpets/ SOE	Kirkuk	Hand woven silk and wool carpets manufactured in 7 centers throughout Iraq. Also manufactures rugs and mattresses - where it generated most of its revenue.	100	54
	State Company for Cotton Industries/ SOE	Kirkuk	Manufacturer of medical cotton, gauze, and cotton fabrics. Due to low quality cotton supplied by Iraqi farmers, Company focuses on low quality "burlap" fabrics.	80	0
	Water well drilling (SOE)	Kirkuk	Well drilling	1050	100
Salah ad Din	State Company for Construction Industries (SCCI)/ SOE	Tikrit/ Nibaal	Manufacturer of various construction materials including bricks (7 factories), plastic pipes and concrete poles.	150	50
	Sammarra Drug	Salahadin/ LC03973785	Producs Pharmaceuticals	2500	71
	The State Company for Woolen Industries/ SOE	Taji/ MB3402	Manufacturer of woolen fabrics, men's suits, carpets and blankets.	200	50
	Baghdad Factory for Furniture Industry/ SOE	Taji/ MC33380209	Manufacturer of office furniture, tables, sofas, bookcases and bedroom furniture.	147	5
	Nasser Company	Taji/ MC28801650	Production mechanical steel structure production	2473	15
	State Company for Electrical Industries	Taji/ MC31120032	Manufacturing electrical power transformers, distribution transformers, electrical meters (single & three phases). Critical to electicity infrastructure and oil industry in Iraq. (Frequent electrical interruptions)	619	15

	State Company for Geological Survey and Mining/ SOE	Al Dora/Samawa/	Conducting geological, geochemical, geophysical, hydrogeological and engineering geological surveys. Exploration and prospecting for metallic ores and industrial minerals and rocks. Mining and processing of metallic ores and industrial minerals. Directing and supervising mineral exploration activities by government and private sectors	56	50
	State Company for Geological Survey and Mining/ SOE	Al Dora/ Salah ad din	Conducting geological, geochemical, geophysical, hydrogeological and engineering geological surveys. Exploration and prospecting for metallic ores and industrial minerals and rocks. Mining and processing of metallic ores and industrial minerals. Directing and supervising mineral exploration activities by government and private sectors	50	50
	State Company for Construction Industries (SCCI)/ SOE	Nibaal/ LE52338843	Manufacturer of various construction materials including bricks, plastic pipes and concrete poles.	150	50
	State Companies for Fertilizer - Northern Region/ SOE	Bayji/LE52338843	Both produce urea as its main product. Urea is a basic nitrogen fertilizer used throughout Iraq and the world.	1314	0
	The General Company for Vegetable Oils/ SOR	Bayji/ LD67167688	Company manufactures food, soap, toiletries, cosmetics and laundry detergent. Sold under its own brands to Iraqi consumers. Products are rumored to be of high quality, but packaging is not consumer-marketing oriented.	395	20
	Salahadeen (TBD) (MIC) (SOE)	Tikrit	Guns/ grenades/ mortars	2850	0
Diyala	Al Qadisya State Company for Electrical Industries- Diyala / SOE	Baqouba/ MC6693706	Manufacturing electrical power transformers, distribution transformers, electrical meters (single & three phases). Critical to electicity infrastructure and oil industry in Iraq. (Frequent electrical interruptions)	2,254	30
	Diyala Canning (Mixed Private/ SOE)	Ar Ramadi? MC21746109	Agricultural Produce	1000	100
	Al Dhilal (SOE)	Diyala, Baqouba	Vehicle Rental/ Taxi Service	753	100

State Company for Materials Construction Industry (SOE)	Hussania	Manufacturer of various construction materials including bricks), plastic pipes and concrete poles.	150	0
State Company of Paper Industires (SOE)	Taji/ MC33330248	Manufacturing pencils, paper packaging, writing paper and cardboard. Ministry of Education biggest customer.	1,350	0
Al-Qadisiayah (SOE)	Diyalah/ Muqdadyah	Irrigation and drainage projects	634	100

Al Anbar

Central Iraqi State Companies for Cement/ SOE	Kulbasa	Manufacturers of portland cement, sulfur resistent cement, white cement and lime. Three companies, each serving separate sections of Iraq.	800	0
T. Al Sura Co (SOE)	Habbaniyah		200	50
T.abu Laith Co (SOE)	Habbaniyah		200	50
Harirat State Company for Refractory's (Brick Factory) SOE	Al Fallujah/ LB31359240	Construction/ Refractory's	1560	0
State Company for Geological Survey and Mining / SOE	Ruthba	Conducting geological, geochemical, geophysical, hydrogeological and engineering geological surveys. Exploration and prospecting for metallic ores and industrial minerals and rocks. Mining and processing of metallic ores and industrial minerals. Directing and supervising mineral exploration activities by government and private sectors. Marketing raw and processed metallic ores and industrial minerals inside and outside Iraq.	145	0
Central Iraqi State Companies for Cement/ SOE	Al Qaim- Anbar Branch	Manufacturers of portland cement, sulfur resistent cement, white cement and lime. Three companies, each serving separate sections of Iraq.(no electricity)	800	25
Central Iraqi State Companies for Cement/ SOE	AL Fallujah/ LB9318593912	Manufacturers of portland cement, sulfur resistent cement, white cement and lime. Three companies, each serving separate sections of Iraq.(Electrical Interruptions)	500	36
Central Iraqi State Companies for Cement / SOE	Al Qaim	Manufacturers of portland cement, sulfur resistent cement, white cement and lime. Three companies, each serving separate sections of Iraq.	600	25

Patrick Meloy @ yahoo.com

2.

State Company for Dairy Products/ SOE	Abu Ghraib/ MB23158763	Manufacturer of milk-based products including yogurt, cream, cheese, butter and sterilized milk. Subsidized Company with limited market share in a competitive market.	200	0
State Company for Construction Industries (SCCI)/ SOE	Abu Ghraib/ MB22628540	Manufacturer of various construction materials including bricks), plastic pipes and concrete poles. (Lack of electricity)	100	30
State Company for Dairy Products/ SOE	Abu Ghraib	Manufacturer of milk-based products including yogurt, cream, cheese, butter and sterilized milk. Subsidized Company with limited market share in a competitive market.	700	8
State Company for Glass & Ceramics Industry/ SOE	A Ramadi/ LB3839500419	Manufacturer of standard sheet glass and ceramic tiles for construction. Also produces consumer glass-ware. No grid power, generator's unreliable.	1200	50
State Company for Glass & Ceramics Industry/ SOE	Al Fallujah/ LB9313591404	Manufacturer of standard sheet glass and ceramic tiles for construction. Also produces consumer glass-ware. Short LPG for furnaces.	1200	20
State Industrial Design & Construction Company (SIDCO)/ SOE	A Ramadi	Provides engineering contracting, project management and feasibility studies for industrial construction projects (primarily for Petrochemical Industry)..	100	0
State Industrial Design & Construction Company (SIDCO)/ SOE	Al Qaim	Provides engineering contracting, project management and feasibility studies for industrial construction projects (primarily for Petrochemical Industry)..	64	0
State Company for Hand Woven Carpets/ SOE	Rawa	Hand woven silk and wool carpets manufactured in 7 centers throughout Iraq. Also manufactures rugs and mattresses - where it generated most of its revenue. Almost all 900 employees are female.	100	91

	State Company for Ready Made Wear Industries/ SOE	Anah	Four factories manufacturing children's clothing, men's clothing, tents and school uniforms. Mosul factory (started in 1983) is only one operating as of July, 2003. Najaf factory heavily damaged by US bombing during war.	200	24
	State Company for Tobacco & Cigarettes/ SOE	Abu Ghraib/ MB51935624	Manufacturer of matches and cigarettes under 4 brands, Sumer, Al-Rasheed, Kithana and Baghdad.	150	0
	Al Faris State Company (SOE)	Al Falluah/ MB11798544	Engineering equipment manufacture	547	25
	State Company for Phosphates/ SOE	Al Qaim/ GU005001	Produces TSP and NP, primarily for Ministry of Agriculture.(Fertilizer/ Petrochemical), awaiting gas and electricity.	2212	0
	State Company for Phosphates/ SOE	Akashof	Produces TSP and NP, primarily for Ministry of Agriculture.(Fertilizer/ Petrochemical), awaiting gas and electricity.	1000	0
	State Company for Hand Woven Carpets/ SOE	Anah	Hand woven silk and wool carpets manufactured in 7 centers throughout Iraq. Also manufactures rugs and mattresses - where it generated most of its revenue. Almost all 900 employees are female.	100	84
	Al-Nassir State Co (SOE)	Fallujah	Drains/ reclamation projects	1820	100
	Tariq (Falluja) (MIC) (SOE)	Fallujah	Military Industry	871	0
	Al-Ikhaa (TBD) (MIC) (SOE)	Fallujah	Munitions Industry	2282	0
	Al-Qaqa (MIC) (SOE)	Latifiya/ 38SMB2661451315	Explosives/ TNT	5400	0
	State Industrial Design & Consultation Company (SIDCO)/ SOE	Baghdad/ MB32928211	Provides engineering contracting, project management and feasibility studies for industrial construction projects (primarily for Petrochemical Industry)..	100	0
Baghdad	State Company for Cotton Industries/ SOE	Baghdad/ MB377919	Manufacturer of medical cotton, gauze, and cotton fabrics. Due to low quality cotton supplied by Iraqi farmers, Company focuses on low quality "burlap" fabrics. No electricity provided runs on generators.	2,300	20

Bicycle Company (Mixed Private/ SOE)/ Mahmoudia	Baghdad/ MB40665959	Bicycle Manufacturer/ metal fabrication	800	50
Mixed Sector Company's (Mixed Private/ SOE)	Baghdad/ MB5279		500	50
Ibn Sena/ SOE	Baghdad	Industrial chemicals and gas products	750	5
Nasser Al Adeem/ SOE (MIC)	Baghdad/ MB46388167	Oil Contracting	2,128	30
Al Zawra/ SOE (MIC)	Baghdad/ MB5270	Oil Contracting	864	5
Harirat State Company for Refractory's / SOE	Baghdad	Construction of refractory's	140	0
Al Samood/ SOE (MIC)	Baghdad/ MC28721564	Technolgy contracts and light assembly. Started contract worth 1.07 Million USD	1487	7
Al Kharzen Center/ SOE (MIC)	Baghdad	Electronic company	362	100
Al Faris State Company/ SOE	Baghdad	Manufacturer of water purification units, storage tanks for oil, steel structures, pressure vessels and heat exchangers. Critical supplier to various Iraqi industries.	2,422	5
Al Sawari State Company for Chemical Industries/ SOE	Baghdad/ Taji/ MB28529875	Manufacturer of resins, inks, fiberglass and rockwool.	676	59
State Company for Battery Manufacturing/ SOE	Baghdad/ Al Nour/ MB43639172	Manufacturer of automotive lead acid batteries.	918	26
State Company for Battery Manufacturing/ SOE	Baghdad/ MB28898620	Manufacturer of automotive lead acid batteries.	308	10
State Company for Battery Manufacturing/ SOE	Baghdad/ MB2287	Manufacturer of automotive lead acid batteries..	238	10
State Company for Battery Manufacturing/ SOE	Baghdad/ MB43959193	Manufacturer of automotive lead acid batteries..	338	0
State Company for Car Manufacturing/ SOE	Baghdad/ MB4174	Bus body builder and semi trailer assembly (not manufacturing, as name suggests). Also rents trailers, reconditions earth moving machinery and produces "non-standard	400	0
Iraqi State Companies for Cement/ SOE	Baghdad/ MB 49888174	Manufacturers of portland cement, sulfur resistent cement, white cement and lime. Three companies, each serving separate sections of Iraq.	600	10
State Company for Construction Industries (SCCI)/ SOE	Baghdad/ MB497818	Manufacturer of various construction materials including bricks), plastic pipes and concrete poles.	250	0
State Company for Construction Industries (SCCI)/ SOE	Baghdad/ MB466837	Manufacturer of various construction materials including bricks, plastic pipes and concrete poles.	100	0

State Company for Construction Industries (SCCI)/ SOE	Baghdad/ MB 486637	Manufacturer of various construction materials including bricks, plastic pipes and concrete poles.	100	0
State Company for Construction Industries (SCCI)/ SOE-Brick Plant	Baghdad/ 38SMB4980281792	Manufacturer of various construction materials including bricks, plastic pipes and concrete poles.	200	10
State Company for Construction Industries (SCCI)/ SOE	Baghdad/ MB497818	Manufacturer of various construction materials including bricks, plastic pipes and concrete poles.	250	0
Vehicle Company/ SOE	Baghdad/ MB4174	Truck Assembly and buss assembly	400	0
Vehicle Company/ SOE	Baghdad/ MB288862	Truck Assembly and buss assembly	500	0
State Company for Construction Industries (SCCI)/ SOE)	Baghdad/ 38SMB5688494959	Manufacturer of various construction materials including bricks, plastic pipes and concrete poles.	200	0
State Companies for Drugs & Medical Supplies - Ninawa & Samarra (SOE)	Baghdad	Manufacturers of pharmaceuticals, including tablets, syrups and oral drops. Most products are generic versions of branded drugs. Also manufactured intravenous bags and kits, but this factory was 100% destroyed in war. New projects contracted.	200	30
State Company for Electrical Industries/ SOE	Baghdad/ MB436921	Manufacturer of small motors 1.1 to 7.5 kw, fractional HP motors for air cooler, large and medium motors L.T & H.T (small volume), air conditioner units (using frion) and lighting equipment.	3,108	15
General Systems Company/ SOE	Baghdad/ MB46358950	Control systems and building automation consultancy. Provides site work, engineering, project management and software programming. Critical service for oil, electricity, cement, petrochemical and other industries.	419	70
State Company for Research & Development/ SOE	Baghdad/ MB42968225	Provided research and development for most MIM SOEs through 11 research centers, 4 for pharmaceutical industry and others for food, building materials, glass, textiles, energy & environmental, petrochemical and chemical industries.	0	0
State Company for Dairy Prodicts	Baghdad/ MB23158763	Baby Milk/ Dairly Manufacture	200	0
State Company for Dairy Prodicts	Baghdad/ 234867	Dairy Factory	700	3

State Company for Geological Survey and Mining/ SOE	Baghdad/ MB467868	Conducting geological, geochemical, geophysical, hydrogeological and engineering geological surveys. Exploration and prospecting for metallic ores and industrial minerals and rocks. Mining and processing of metallic ores and industrial minerals. Directing and supervising mineral exploration activities by government and private sectors. Marketing raw and processed metallic ores and industrial minerals inside and outside Iraq.	750	50
State Company for Geological Survey and Mining/ SOE	Baghdad/ 38SMB4679086940	Conducting geological, geochemical, geophysical, hydrogeological and engineering geological surveys. Exploration and prospecting for metallic ores and industrial minerals and rocks. Mining and processing of metallic ores and industrial minerals. Directing and supervising mineral exploration activities by government and private sectors. Marketing raw and processed metallic ores and industrial minerals inside and outside Iraq.	890	50
State Company for Hand Woven Carpets/ SOE	Baghdad/ MB39389278	Hand woven silk and wool carpets manufactured in 7 centers throughout Iraq. Manufactures rugs and mattresses - where it generated most of its revenue.	890	33
State Company for Industrial Design & Construction (SIDAC)/ SOE	Baghdad/ MB45618799	The Company is staffed with highly qualified engineers who focus on contracting, erection and commissioning of industrial plants. Provides services to all major Iraqi industries, including Oil, Cement, Fertilizers and Textiles.	100	0
State Company for Information Systems/ SOE	MB45798794	Consultation, design and support of information systems.	165	0

Nassr State Company for Mechanical Industries/ SOE	Baghdad/ MC28801650	Company consists of three major divisions: forms and tools, steel foundry and iron frames. Has 3 induction and 1 electric arc furnace. Major customers include State Cement Companies and the Oil Industry. (Steel Structures, castings and molds)	2,473	10
The Nissan 17 April State Company/ SOE	Baghdad/ MB4794833	Company manufactures three distinct products: stainless steel & aluminum castings, signs (eg road signs) and medals (mostly for military).	1643	0
State Company for Ready Made Wear Industries/ SOE	Baghdad/ MB434911	Four factories manufacturing children's clothing, men's clothing, tents and school uniforms. Mosul factory (started in 1983) is only one operating as of July, 2003. Najaf factory heavily damaged by US bombing during war.	300	60
State Company for Paper Industies/ SOE	Taiji./ MC3330248	Three factories manufacturing pencils, paper packaging, writing paper and cardboard. Ministry of Education biggest customer.	464	0
Specialized Institute for Engineering Industry/ SOE	Baghdad/ 38SMB4628681412	White collar scientific consulting service offering inspection, material testing and design of products. In 1978 the institute signed an agreement with UN on technical support including training programes on different levels.	287	5
State Industrial Design & Consultation Company (SIDCO)/ SOE	Baghdad/ MB45518799	Provides engineering contracting, project management and feasibility studies for industrial construction projects (primarily for Petrochemical Industry)..	464	0
State Company for Tobacco & Cigarettes/ SOE	Baghdad/ MB45328319	Manufacturer of matches and cigarettes under 4 brands, Sumer, Al-Rasheed, Kithana and Baghdad.	700	10
State Company for Tobacco & Cigarettes/ SOE	Baghdad/ MB519934	Manufacturer of matches and cigarettes under 4 brands, Sumer, Al-Rasheed, Kithana and Baghdad.	1400	5

The General Company for Vegetable Oils/ SOE	Baghdad/ MB497832	Company manufactures food, soap, toiletries, cosmetics and laundry detergent. Sold under its own brands to Iraqi consumers. Products are rumored to be of high quality, but packaging is not consumer-marketing oriented.	324	34
The General Company for Vegetable Oils/ SOE	Baghdad	Company manufactures food, soap, toiletries, cosmetics and laundry detergent. Sold under its own brands to Iraqi consumers. Products are rumored to be of high quality, but packaging is not consumer-marketing oriented.	863	62
The General Company for Vegetable Oils/ SOE	Baghdad/ MB491843	Company manufactures food, soap, toiletries, cosmetics and laundry detergent. Sold under its own brands to Iraqi consumers. Products are rumored to be of high quality, but packaging is not consumer-marketing oriented.	924	58
The General Company for Vegetable Oils/ SOE	Baghdad	Company manufactures food, soap, toiletries, cosmetics and laundry detergent. Sold under its own brands to Iraqi consumers. Products are rumored to be of high quality, but packaging is not consumer-marketing oriented.	155	0
The General Company for Vegetable Oils/ SOE	Baghdad/ MB39389260	Company manufactures food, soap, toiletries, cosmetics and laundry detergent. Sold under its own brands to Iraqi consumers. Products are rumored to be of high quality, but packaging is not consumer-marketing oriented.	700	40
State Company for Woolen Industries/ SOE	Baghdad/ MB39419258	Manufacturer of woolen fabrics, men's suits, carpets and blankets.	450	25
State Company for Woolen Industries/ SOE	Baghdad/ MB39239295	Manufacturer of woolen fabrics, men's suits, carpets and blankets.	300	10
State Company for Woolen Industries/ SOE	Baghdad/ MB37539421	Manufacturer of woolen fabrics, men's suits, carpets and blankets.	350	25
State Company for Woolen Industries/ SOE	Baghdad/ MB397925	Manufacturer of woolen fabrics, men's suits, carpets and blankets.	150	10
State Company for Leather Industries/ SOE	Baghdad/ MB40508146	Manufacturer of consumer leather products including shoes, bags and garments.	1402	50

State Company for Leather Industries/ SOE	Baghdad/ MB49508146	Manufacturer of consumer leather products including shoes, bags and garments.	1000	50
Reaearch and Development Company/ SOE	Baghdad/ MB42968225	Contract R&D Seervices	0	0
Industrial Promotion/ SOE	Baghdad/ MB479849	Industrial Promotion	180	0
State Commission on Research and Development/ SOE	Baghdad/ MB843659138	R&D Consulting	987	0
State Commission on Training Centers/ SOE	Baghdad/ MB43659138	Job Training	100	50
Software/ SOE	Baghda/ MB45798794	Computer Software	165	0
Al-Noaman (MIC) (SOE)	Baghdad/ 38SMB4935883385	Military Industry	640	0
Al-Mansour/ Al Khadra(MIC) (SOE)	Baghdad/ MB345862	Generator Repair/ Equipment	676	100
Abu Ghurayb	Baghdad/ 38SMB2558688364	Small Arms Ammunition	100	0
Sanareeb (TBD) (MIC) (SOE)	Baghdad/ River Area Zone13	Guns/ grenades/ mortars	654	0
Al-Shaheed (MIC) (SOE)	Baghdad/ River Area Zone13	Ammunition	1279	0
Al-Fida (MIC) (SOE)	Baghdad/ River Area Zone13	Hydraulic/ Pneumatic Analysis	1285	0
Al-Tahady (MIC) (SOE)	Baghdad/ River Area Zone13	Military Industry	400	0
Mahmudiyaah (Al Qudissiyah)(MIC) (SOE)	Baghdad/ 38SMB3920767289	Guns/ grenades/ mortars	3943	0
Al-Uboor (MIC) (SOE)	Baghdad- Doura	Weapons machinery	890	0
Um-Almarik (MIC) (SOE)	Baghdad/ River Area Zone13	Machinery, casting	1560	0
Al-Rasheed (no file) (MIC) (SOE)	Baghdad/ River Area Zone13	Weapons machinery	100	0
Al-Radhwam (MIC) (SOE)	Baghdad/ River Area Zone13	Water Purification	755	0
Al-Majd (MIC) (SOE) Al Musayyiblal Atheer	Baghdad/ 38SMB2415031254	APS Solid Propelant	547	0
Al-Battany (MIC) (SOE)	Baghdad/ River Area Zone13	Military Industry	269	0
Al-Kindi (MIC) (SOE)	Baghdad/ River Area Zone13	Military Industry	970	0
Al-Fat'h (MIC) (SOE)	Baghdad/ River Area Zone13	R&D Missile/ Explosuves	186	0
28 April Research (MIC) (SOE)	Baghdad/ River Area Zone13	Electronic Warfare	99	0
Al-Rafah (MIC) (SOE)	Baghdad- Zarar	Consulting, alloy, ceramic	370	0
Al-Khawarezmi (MIC) (SOE)	Baghdad/ River Area Zone13	Guidance Software	280	0
Ibn-Rushd (MIC) (SOE)	Baghdad/ River Area Zone13	Quality mngmt, testing inspections	451	0
Al-Zahaf Al-Kabeer (MIC) (SOE)	Baghdad/ River Area Zone13	Concrete Additives	566	0
Ibn-Al-Waled (MIC) (SOE)	Baghdad-Saydiya	Training certification	785	0
Al-Yarmouk (MIC) (SOE)	Baghdad/ River Area Zone13	Ammunition/ Barbed Wire	2709	0
Ibn-Firnas (MIC) (SOE)	Baghdad-Taiji	R&D Marine Mines	805	0
Al-Melad (MIC) (SOE)	Baghdad/ River Area Zone13	Military Industry	790	0
Al-Nidaa (MIC) (SOE)	Baghdad-Saydiya	Dies, molds, gears	1307	0

Nissan (MIC) (SOE)	Al Nahrawar	Fuzes, Military Shells	1860	0
Al-Harith (MIC) (SOE)	Baghdad/ River Area Zone13	R&D/ Air Defense/ repair imagery	1382	0
Tabooq (MIC) (SOE)	Baghdad/ River Area Zone13	powder for cartridges	534	0
Bader (MIC) (SOE)	Baghdad/ 38SMB4337386189	Tool and die	1631	0
Al-Hadhar (MIC) (SOE)	Baghdad/ River Area Zone13	Chemical Products for Munitions	100	0
Ar-Razi (MIC) (SOE)	Baghdad/ River Area Zone13	Lasers	100	0
Al Karama (MIC) (SOE)	Baghdad/ River Area Zone13	Al Samood missiles	1950	0
Sakar Al-Arab (MIC) (SOE)	Baghdad/ River Area Zone13	Chemical Protective suits	34	0
Al-Ezz (MIC) (SOE)	Baghdad/	Electroninc switching, digital phones	935	0
Al-Sumoud (no file) (MIC) (SOE)	Baghdad/ River Area Zone13	Electronic Switching/ Digital	100	0
Nasser Al Adeem/(MIC) (SOE)	Baghdad	Oil Contracting	2,128	0
Al Zawra/ (MIC) (SOE)	Baghdad/ MB5270	Oil Contracting	864	0
Al Samood/ (MIC) (SOE)	Baghdad/ MC28721564	Technolgy contracts	1487	0
Al Kharzen Center/ (MIC) (SOE)	Baghdad	Electronic company	362	0
Ibn Sena/ (SOE) (MIC)	Baghdad	Industrial chemicals and gas	584	0
Delegates Transport (SOE)	Baghdad/ 493817	Limousine Rental	214	100
The land transport company (SOE)	Baghdad/ 459896	Freight Transport	1600	100
Passenger Transport (SOE)	Baghdad/ 438918	Public Bus/ Taxi	3326	100
Private Transport (SOE)	Baghdad/ 424874	Public Bus	1.679	100
Projects Company (Transportation) (SOE)	Baghdad/ 404895	Design and engineering	1039	100
Iraqi Rail Road (SOE)	Baghdad/ 278910	Railroad Operations	12000	100
Fourat Design (SOE)	Baghdad	Design irrigation/ drainage/ dams	318	100
Dijla Company (SOE)	Baghdad	Design Irrigation projects	120	100
Al-Fao (SOE)	Baghdad	Reclamation Projects	852	100
Saad SCC (SOE)	Baghdad	Consturction buildings	1,219	100
Baghdad Company for Alcohol Industries (SOE)	Baghdad	Baghdad/ Al Khalis Brewery	350	100
Alcohol Industries (Mixed Private/ SOE)	Baghdad	Distillery	350	100
The National Co. for Food Industries (Mixed Private/ SOE)	Baghdad	Beer, Juice & Soda	420	100
Baghdad Company for Soft drinks (Mixed Private/ SOE)	Baghdad	bottles	1191	100
Iraqi Co. for Carton Industry (Mixed Private/ SOE)	Baghdad	boxes	183	100
Electric Companies (Mixed Private/ SOE)	Baghdad	Refrigerator, Freezers, Heaters & Cookers	680	100
The National Company for Plastic and Chemical	Baghdad	Sponges, plates, potato chips and leather	500	100
Supply & Chemical (Mixed Private/ SOE)	Baghdad/ 38SMC5768400499	Chemical Production	500	100

Company of Modern Paints Industries (Mixed Private/ SOE)	Baghdad/ 38SMB5155678137	Paints	303	100
Al Salaam Co. for Electronic Industries (Mixed Private/ SOE)	Baghdad/ 38SMB3606392077	TV, radio and other eletrical equip.	1,724	100
Al Hillal Industrial Co. (Mixed Private/ SOE)	Baghdad	equipt.	500	100
National Co. for Meat Industries (Mixed Private/ SOE)	Baghdad/ 38SMB4790477633	Slaughter House	500	100
Arabic Co for Communication (Mixed Private/ (SOE)	Baghdad/ MB5279	components	100	100
Office of the former President/ Dewan	Baghdad	Clerical	12,000	0
Kimdedia (SOE) HQ (SOE)	Baghdad/ 38S MB 42385/90021	Medical Supplies	1,000	100
Kimdedia (SOE) Warehouse #1 (SOE)	Baghdad/ 38S MB 34952/87344	Medical Supplies	200	50
Kimdedia (SOE) Warehouse #2 (SOE)	Baghdad/ 38S MB 08168/87362	Medical Supplies	200	50
Kimdedia (SOE) Warehouse #7 (SOE)	Baghdad/ 38S MB 37693/88883	Medical Supplies	1,000	50
Kimdedia (SOE) Warehouse #13 (SOE)	Baghdad/ 38S MB 37595/91974	Medical Supplies	1,000	50
New Nuclear Desgin Center (MIC) (SOE)	Baghdad/ Grid Avail. Upon Req.			
Nuclear Desgin Center (MIC) (SOE)	Baghdad/ Grid Avail. Upon Req.			
Nuclear Fuel Group (MIC) (SOE)	Baghdad/ Grid Avail. Upon Req.			
Tuwaitha Agricultural Bio Res. Center (MIC) (SOE)	Baghdad/ Grid Avail. Upon Req.			
Radioactive Material Storage Site (MIC) (SOE)	Baghdad/ Grid Avail. Upon Req.			

Karbala

Southern State Companies for Cement/ SOE	Karbala/ LB 96960364	Manufacturers of portland cement, sulfur resistent cement, white cement and lime. Three companies, each serving separate sections of Iraq.	800	10
State Company for Construction Industries (SCCI)/ SOE	Karbala/ LB 96960364	Manufacturer of various construction materials including bricks), plastic pipes and concrete poles.	70	40
State Companies for Cement/ SOE	Neurrea	Manufacturers of portland cement, sulfur resistent cement, white cement and lime. Three companies, each serving separate sections of Iraq.	500	30
State Companies for Cement/ SOE	Ar Razzazar	Manufacturers of portland cement, sulfur resistent cement, white cement and lime. Three companies, each serving separate sections of Iraq.	500	30
State Company for Construction Industries SCCI)/ SOE	Karbala/ Lat 44 00" Long 32 37'	Manufacturer of various construction materials including bricks, plastic pipes and concrete poles.	150	40

Babil

Al Furat State Company/ SOE	Sadat al-Hindiyah/ Lat 44 15" Long 34 40'	Production of chlorine, sulfuric acid and other chemicals used locally by oil and electrical sectors, and for water purification.	1757	50
Al Faris State Company/ SOE	Al Musayyib/ MB11815577	Manufacturer of water purification units, storage tanks for oil, steel structures, pressure vessels and heat exchangers. Critical supplier to various Iraqi industries.	318	0
Southern State Companies for Cement/ SOE	Saddah/ Lat 44 25"' Long 32 43'	Manufacturers of portland cement, sulfur resistent cement, white cement and lime. Three companies, each serving separate sections of Iraq.	500	50
State Company for Hand Woven Carpets/ SOE	Hillah	Hand woven silk and wool carpets manufactured in 7 centers throughout Iraq. Also manufactures rugs and mattresses - where it generated most of its revenue. Almost all 900 employees are female.	100	63
Vehicle Company/ SOE	Iskandaria/ MB39304102	Truck/ Tractor Assembly and buss assembly	4000	10
State Company for Materials Construction Coampny (SOE)	As Suwayrah	Manufacturer of various construction materials including bricks), plastic pipes and concrete poles.	220	0
State Company for Dairy Products/ SOE	Hillah	Manufacturer of milk-based products including yogurt, cream, cheese, butter and sterilized milk.	100	0
State Company for Mechanical Industries (SCMI)/ SOE	Iskandaria/ MB38603987	Low demand on the products in local market and poor quality forced the company to start to produce other eqipment and tools like tractors, water pumps and irrigation system. / TRACTOR FACTORY	4072	0
State Company for Textile Industries - Hilla/ SOE	Al Hillah/ MA 4650836673	Manufacturer of polyester fabrics and velvet at two separate factories. Short of Electricity. Could run at 100% if electricity available.	2,642	37
Al-Qudis (MIC) (SOE)	Iskandaria	Ammunition, Guns	716	0
Huteem (MIC) (SOE)	Iskandaria/ 38SMB38603987	Ammunition, Mortars guns	5443	0
Hamoorabi (MIC) (SOE)	Babel/ Hillah	Guns/ grenades/ mortars	647	0

Wasit	State Company for Training & Apprenticeship/ SOE	Al Kut	Training/ apprenticeship programs trades	100	0
	State Commission on Research and Development/ SOE	Al Kut	R&D Consulting	100	0
	Wasit Company for Textile Industries/ SOE	Al Kut/ NA77439759	Manufacturer of cotton fabrics, socks, underwear, hats and external wear.	2,657	51
An Najaf	Southern State Companies for Cement/ SOE	Kuffah/ MA46503667	Manufacturers of portland cement, sulfur resistent cement, white cement and lime. Three companies, each serving separate sections of Iraq.	2000	30
	State Company for Leather Industries/ SOE	Kuffah	Manufacturer of consumer leather products including shoes, bags and garments.	686	70
	State Company for Leather Industries/ SOE	An Najaf	Manufacturer of consumer leather products including shoes, bags and garments.	477	20
	State Company for Ready Made Wear Industries/ SOE	An Najaf/ MA35684334	Manufacturer of cotton fabrics, socks, underwear, hats and external wear.	1,750	0
	State Companies for Tires & Rubber/ SOE	An Najaf/ MA31786776	Two technically separate companies producing similar rubber products: tires for cars and bicycles, belts, hoses and tire tubes. Diwaniya focus on heavy equipment tires. Najaf focuses on light equipment.	2195	35
Al Qadisiyah	State Company for Cotton Industries/ SOE	Ad Diwaniyah	Manufacturer of medical cotton, gauze, and cotton fabrics. Due to low quality cotton supplied by Iraqi farmers, Company focuses on low quality "burlap" fabrics. Short of electricity, cannnot run continuously, damaging equipment.	2400	15
	State Company for Construction Industries (SCCI)/ SOE	Ad Diwaniyah	Manufacturer of various construction materials including bricks, plastic pipes and concrete poles.	220	25
	State Company for Construction Industries (SCCI)/ SOE	Kadsia/Ad Diwaniyah	Manufacturer of various construction materials including bricks, plastic pipes and concrete poles.	220	24

State Company for Cotton Industries? SOE	Qadmiya (Horria)/ Diwaniyah	Manufacturer of medical cotton, gauze, and cotton fabrics. Due to low quality cotton supplied by Iraqi farmers, Company focuses on low quality "burlap" fabrics.	2400	15
State Company for Dairy Products/ SOE	Ad Diwaniyah	Manufacturer of milk-based products including yogurt, cream, cheese, butter and sterilized milk. Subsidized Company with limited market share in a competitive market.	100	7
State Companies for Tires & Rubber/ SOE	Ad Diwaniyah	Two technically separate companies producing similar rubber products: tires for cars and bicycles, belts, hoses and tire tubes. Diwaniya focus on heavy equipment tires. Najaf focuses on light equipment.	1200	20
State Company for Training & Apprenticeship/ SOE	Zaafaraniyah	Training/ apprenticeship programs trades	100	0
Factory for Furniture Industry/ SOE	Zaafaraniyah	Manufacturer of office furniture, tables, sofas, bookcases and bedroom furniture. Completely destroyed by looters/ contractors not filled.	0	0
The General Company for Vegetable Oils/ SOE	Zaafaraniyah	Company manufactures food, soap, toiletries, cosmetics and laundry detergent. Sold under its own brands to Iraqi consumers. Products are rumored to be of high quality, but packaging is not consumer-marketing oriented.	100	30

Al Muthanna

Southern State Companies for Cement/ SOE	As Samawah/ NV00505510	Manufacturers of portland cement, sulfur resistent cement, white cement and lime. Three companies, each serving separate sections of Iraq.	750	25
State Company for Construction Industries (SCCI)/ SOE	As Samawah	Manufacturer of various construction materials including bricks, plastic pipes and concrete poles. Can't run no electricity.	220	0
Al-Muthana Dredging Co. (SOE)	Al Muthanna, As Samawah	River Dredging	646	100
Southern State Companies for Cement/ SOE	Khadhary/ NV005525	Manufacturers of portland cement, sulfur resistent cement, white cement and lime. Three companies, each serving separate sections of Iraq. No electricity.	750	0

Dhi Qar	State Company for Woolen Industries/ SOE	Ah Nasariya/ PV19803235	Manufacturer of woolen fabrics, men's suits, carpets and blankets.	1,200	0
	Ur State Company for Engineering Industry/ SOE	Ah Nasariya/ PV222304	Manufacturer of wires and cables for power and communcations industries. Products include winding and overhead line wires, and telephone, power and jelly-filled cables. Needs electricity cannot run.	3,278	0
	State Commission on Research and Development/ SOE	Nasariyah/ PV1850333	R&D Consulting	100	50
	Mechanical and electrical state company (SOE)	Dhi Qar, Ah Nasariya	Pumping Station	396	100
Maysan	State Company for Paper Industies/ SOE	Al Amarah/QA0902	Three factories manufacturing pencils, paper packaging, writing paper and cardboard. Ministry of Education biggest customer.	1050	0
	The State Company for Sugar Industry/ SOE	Al Amarah/ LF3360183	Processing and refining of sugar. Main products include refined sugar, animal feed byproducts, molasses and alcohol. Not profitable at current prices for sugar beets from local farmers.	850	0
	State Company for Construction Industries (SCCI)/ SOE	Al Amarah/ Lat 47 Long10' 31 51'	Manufacturer of various construction materials including bricks, plastic pipes and concrete poles.	1340	0
	The General Company for Vegetable Oils/ SOE	Maysan/ Al Amara	Company manufactures food, soap, toiletries, cosmetics and laundry detergent. Sold under its own brands to Iraqi consumers. Products are rumored to be of high quality, but packaging is not consumer-marketing oriented.	700	25
	Rafidain Dams (SOE)	Maysan/ Al Amara	Dams/ Flood Control	442	100
	The General Company for Vegetable Oils/ SOE	Misan	Company manufactures food, soap,	450	5
Al Basrah	State Companies for Fertilizer - Southern Regions/ SOE	Al Basrah/ QU734425	. Both produce urea as its main product. Urea is a basic nitrogen fertilizer used throughout Iraq and the world. Needs gas Oil and electricity for operation.	2340	0

Southern State Companies for Cement/ SOE	Al Basrah	Manufacturers of portland cement, sulfur resistent cement, white cement and lime. Three companies, each serving separate sections of Iraq. No electricity.	1500	100
State Company for Geological Survey and Mining/ SOE	Al Basrah	Conducting geological, geochemical, geophysical, hydrogeological and engineering geological surveys. Exploration and prospecting for metallic ores and industrial minerals and rocks. Mining and processing of metallic ores and industrial minerals. Directing and supervising mineral exploration activities by government and private sectors. Marketing raw and processed metallic ores and industrial minerals inside and outside Iraq.	53	0
State Commission on Research and development/ SOE	Al Basrah	R&D Consulting	100	60
State Company for Industrial Design & Construction (SIDAC)/ SOE	Al Basrah	The Company is staffed with highly qualified engineers who focus on contracting, erection and commissioning of industrial plants. Provides services to all major Iraqi industries, including Oil, Cement, Fertilizers and Textiles. Heavily damaged.	100	0
State Company for Iron & Steel/ SOE	Al Basrah/ QU820202	DRI, structural sections, spiral pipes and reinforcement bars. Heavily damaged.	1,500	0
State Company for Iron & Steel (Spiral Piping)/ SOE	Al Basrah/ QU 81402797	DRI, structural sections, spiral pipes and reinforcement bars. Heavily damaged.	1,000	0
State Company for Paper Industies/ SOE	Al Basrah/ QU566044	Three factories manufacturing pencils, paper packaging, writing paper and cardboard. Ministry of Education biggest customer.	2300	0
State Company for Petrochemical Industry/ SOE	Al Basrah/ QU 619585.	Manufacturing plant erected in 1976 by Loomis. Main products include ethylenes, chlorine and caustic soda. The Company is divided into 7 units based on products.(Fertilizer/ Petrochemical). The requires stable power and natural gas. The gas fired turbines are damaged. The business has 10 millionUSD contracts on hold.	3872	0

Vehicle Company/ SOE	Iskandaria/ MB39304102	Bus body builder and semi trailer assembly (not manufacturing, as name suggests). Also rents trailers, reconditions earth moving machinery and produces "non-standard equipment".	1200	8
State Company for Hand Woven Carpets/ SOE	Al Basrah	Hand woven silk and wool carpets manufactured in 7 centers throughout Iraq. Also manufactures rugs and mattresses - where it generated most of its revenue. Almost all 900 employees are female.	100	50
State Company for Training & Apprenticeship/ SOE	Al Basrah	Training/ apprenticeship programs trades	100	0
Kimadia WH Main 38R QU 69671/76814	Al Basrah38R QU 69671/76814	Medical Supplies	1000	100
Iraqi Port Authority (SOE)	Basrah	Port Operations	3000	3
Water Transport Company (SOE)	Basrah	Waterborne Transportation	1000	0
Ibn-Majd (TBD) (MIC) (SOE)	Basrah	Guns/ grenades/ mortars	1500	0

UNCLASSIFIED
MEMORANDUM

February 2, 2004

TO: Other Agency Representatives

FROM: Jay N. Anania
Director
Office of Management Policy

SUBJECT: Staffing the U.S. Embassy in Baghdad, Iraq

As stated in Secretary Powell's January 16 letters to Cabinet Secretaries and Agency Heads (attached), we are developing a comprehensive staffing projection for the post-July 1 U.S. mission in Iraq covering all agencies. **Our objective is complete the projection by April 2.** We will do this within the context of the rightsizing initiative in the President's Management Agenda, using the General Accounting Office's rightsizing framework that looks at the three elements of mission, security, and cost.

I will chair a meeting to discuss the NSDD 38 process related to the U.S. mission in Iraq on Thursday, February 19, at 2:30 p.m., in the Loy Henderson Auditorium on the first floor of the Harry S Truman Building (Department of State), 2201 C St., N.W., Washington DC.

Participants should **RSVP to** (b)(6) (b)(6) **by COB Friday, February 13.** In order to be precleared into the building, please provide: (a) **full name**, (b) **date of birth**, and (c) **Social Security Number**. For unescorted access to the Department of State, **participants must present a government employee badge** with photo on the day of the meeting.

Agencies that do not intend to establish a presence in Iraq now or in the future need not attend the meeting. For planning purposes, however, please provide a negative response.

Representatives should be prepared to provide at the meeting a **draft notional proposal** for the agency's Iraq staffing under Chief of Mission authority. To the extent possible, the **projection should cover** the following:

- All positions under COM authority (i.e., all positions not under the area military commander).
- All position types (American, third country and foreign national, direct hire, Marine Security Guards (MSGs), full-time, part-time, contractors (if stipulated in contract as being under COM authority), etc.).
- Peace Corps staff but not volunteers.

The projection should differentiate between:

- Americans and foreign/third country nationals.
- Pay plans.
- Controlled Access Area (CAA or "Classified") and non-CAA ("Unclassified") space requirements. If an agency requires additional CAA or non-CAA space for, e.g., special communications equipment, including computer systems, indicate that as well.
- "Desk" and "non-desk."
- Agencies will be requested at a later date to project staffing for use by the Office of Overseas Buildings Operations for planning and funding a New Embassy Compound.

We have developed the **attached template**, based on the one used for New Embassy Compound staffing projections, for your reference. Should an agency not yet have detailed plans for positions, the number of positions will suffice at this time.

Please keep in mind the following important points:

1. **NSDD 38:** Agency proposals at this time will not constitute formal staffing proposals under NSDD 38 or other regular staffing procedures. Proposed staffing will need to go through the required approval process at a later date. For now, the proposals will be used by the Department of State for purposes of planning for management and security support.

2. **Administrative Support**: Agencies must agree to full participation in the International Cooperative Administrative Support Services (ICASS) system. To reduce the duplication of administrative services and advance rightsizing objectives, agencies' staffs in Iraq will receive full administrative support from the Department of State or other primary ICASS service provider(s). Agencies may not seek to establish additional staff positions in Iraq to perform administrative functions.

3. **Information Systems Connectivity:** To enhance command and control in the Iraq mission, each agency will have to maintain reliable and secure electronic communication channels with the Ambassador's Office and with other agencies, preferably by connecting to the Department of State's Open Net Plus Sensitive-but-Unclassified computer network as their primary information technology platform.

Attachments:

1. Secretary Powell's letter.
2. Staffing template.

MP GEN / Rightsizing / Baghdad NSDD 38 memo 1 04

Cleared:
NEA/SA/EX: K Austin-Ferguson
HR/RMA/CSEP: C Edmunds
IRM/eDIP: J Johnson
ICASS: L Mandel

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THE SECRETARY OF STATE

200400423

WASHINGTON

January 16, 2004

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Dear Madam Secretary:

One of the highest priorities of the President's foreign policy is the establishment of a new, democratic government in Iraq. The Coalition Provisional Authority is scheduled to transfer authority to the newly sovereign Government of Iraq in July. At that time, the new U.S. Ambassador (Chief of Mission) will assume responsibility for all U.S. Government personnel and activities in Iraq, except personnel who will be present under the command of an area military commander.

As we move toward that historic event, we are planning the resumption of diplomatic relations with Iraq, including the reopening of the United States Embassy in Baghdad. It will be critically important to ensure that the Chief of Mission has the staff, and resources necessary to carry out U.S. foreign policy objectives.

Under my authority in the Diplomatic Security Act (Section 103(c), P.L. 99-399) to establish appropriate overseas staffing levels for posts and missions, we are developing a comprehensive staffing projection for the post-July 1 U.S. mission in Iraq covering all agencies. We will do this within the context of the rightsizing initiative in the President's Management Agenda, using the General Accounting Office's rightsizing framework that looks at the three elements of mission, security, and cost.

Your participation is vital as we determine the shape and scope of the U.S. Government's future presence in Iraq. I am asking that you designate a Point of Contact from your agency on Iraq staffing issues. Please have your designee advise us of your preliminary estimate of your agency's staffing requirements at the U.S. Embassy.

The Honorable
Ann M. Veneman,
Secretary of Agriculture.

The Department of State action officer is Jay Anania, Director of the Office of Management Policy. He may be reached at (b)(6) (b)(6).

Thank you for your attention to this very important matter.

Sincerely,

Colin L. Powell

COALITION PROVISIONAL AUTHORITY

BAGHDAD

23 February 2004

MEMORANDUM TO: MINISTER OF FINANCE/MINISTER OF ELECTRICITY

FROM: Senior Advisor, MINISTRY OF INDUSTRY & MINERALS

SUBJECT: Request for SOE Funding

BACKGROUND: An occupying power has the legal obligation (Article 55 of the 1907 Hague Convention Respecting the Laws and Customs of War on Land) to preserve dwindling capital assets and to safeguard and preserve whatever residual value country assets might have. Doing so will leave them in a better position to attract needed foreign investment. Circumstances of an occupation that will significantly alter the value of State Owned Enterprises (SOEs) include the re-direction of power to the populace which effectively stops any relevant production, bank accounts frozen which cuts off needed operating capital, cancellation of intergovernmental debts which negatively impact cash flow and facilities, inventory, and supplies damaged or looted during the war. It is a fact that most of Iraq's SOEs, while admit tingly run inefficiently, have suffered severe debilitation through post war neglect and are operating well below pre-war capacity.

Although the Minister of Industry & Minerals believes, philosophically, that his ministry's State Owned Enterprises (SOEs) need to be replaced by private sector entities, in the short run (2-5 years), it is important for economic stabilization and security within Iraq to get certain, pre-designated SOEs operating to its full capacity.

The Ministry of Industry & Minerals has identified three key sector SOEs as priorities. They are cement, fertilizer/phosphates and petrochemicals. For purposes of this memorandum, only the first two will be addressed herein.

CEMENT: With the upcoming construction needs of the country, to include a US Supplemental 18.6 Billion Dollar reconstruction infusion, cement plants are an absolute priority. They make up the majority of the request herein. The cement SOEs are the only cement producers in the country. They produce Portland cement, sulfur resistant cement, white cement and lime. In the past, Iraq exported cement; now it is importing cement. Cement importation is expensive to transport and will add significant expense to the project bottom lines. Limited local cement can also mean higher prices. Additionally, importation of cement will increase congestion of heavy equipment traffic into Iraq from all main supply routes at a time when maximization of transit systems is critical.

Excluding the two cement plants in the Kurdish region, the design capacity of the plants total 14 million tons a year. Pre-war levels (determined as 2002) produced 7.4 million tons. Currently, through the first quarter, the estimate is that production will come in, if current conditions continue, at under 1 million tons for the year.

Customers included other Ministries and SOEs, private customers, private construction companies and export. Anecdotal investigation reveals opportunity revenues already lost. A small example is right here in Baghdad. Huge quantities of cement are being purchased by US Army Corps of Engineers, CJTF-7, KBR, local contractors and others. Much of it is being imported from Kuwait, Syria, Turkey and Lebanon. If the cement factories were operating at each one's respective maximum available capacity now, much of the supply could be coming from within the country and ensuring that the money stays and invigorates the economy.

The Ministry of Industry & Minerals is working a number of different avenues for both power generation and major rehabilitation of these key SOEs. Base working capital is necessary, combined with the increased MW, to return the plants to minimum production capacity, in essence, enough capacity to start producing quantities necessary to provide a percentage of the cement needs for the country's upcoming needs.

FERTILIZER/PHOSPHATES: One fifth of Iraq consists of farmland, and the need for fertilizer is great. Barley and wheat, dates, rice, cotton, sugarcane and sugar beets have significant commercial value. A country that once led the region in fertilizer exports is now importing the commodity at huge costs. Primary products include Triple Super Phosphate TSP, NSP, urea and ammonia. The Ministry of Agriculture and Ministry of Oil (Oil for Food Program) has spent (and will continue to spend) millions of dollars importing fertilizer products the past year. Demands for these products remain high and potential outlook could be favorable.

ISSUES: The primary hurdles to normal capacity include lack of electricity, lack of capital to conduct capital expenditure upgrades and, in some instances, a reliable source of fuel.

While it is true that operating and/or capital funds may be necessary to bring these some of these plants to maximum capacity in production, without the required electrical power, complete assessments can not be conducted nor repairs made. It is important to note that, with power to factories-particularly old ones-inconsistent power is worse then no power.

Security is also an overriding issue. According to numbers provided the total employees of the three main companies: Northern Cement- 2,300; Central- 3,400; and Southern Cement- 5,200. These people need to be back at work. The more idle the work force, the more dangerous to the civilian population and Coalition Forces. The SOE factories serve as a source of pride to the people that work there. Many are 2nd generation in the same factory. When the plants are not operating it is viewed as a personal affront and angers the employees.

Following are the critical SOEs and base requirements for power and capital equipment:

Priority #1a- State Company for Phosphates in Al Qaem: Governate of Anbar. Produces TSP and NP, primarily for Ministry of Agriculture. Employs 2,212 people.

Max MW Requirement is 60 MW. Recommend the purchase of fifteen (15) Warzilla Diesel generators @ 4 MW each. Price: 15 @ 1.2 M USD = $18,000,000 USD

The phosphate plant produces TSP and NP for the Ministry of Agriculture - critical components for the production of fertilizer. The Phosphate plant employs 3,212 and offers a cheap local supply of raw material.

Ten million (10M USD) is required to get this factory operating. It is estimated that pre-war production provided approximately 40-50% of the Ministry of Agriculture requirements. This 10M USD would be distributed between three company plants: the TSP plant, the NP plant and the Phosphate Plant. The funds would be used primarily for repair parts and some operational rehabilitation. Approval of this request, coupled with the 5 million previously allocated from the Ministry, will not bring the factory or either design or maximum capacity but will get the plant operating and going in the right direction.

Priority #1b

Central (Iraqi) Cement Company in Al Qaem; Governate of Anbar.

Max MW Requirement is 22.5 MW. Recommend the purchase of six (6) Warzilla Diesel generators@ 4 MW each. Price: 6 @ 1.2 M USD = $7,200,000 USD

Finally, the plants are located in the Sunni Triangle. The Coalition and IGC have voiced a vested interest in bringing stability and economic growth to this region.

Total Power Costs for Priority 1 a & b: $25, 200,000 USD
Total Capital Expenditure Costs: Phosphate Company- $10,000,000 USD

Priority #4: Central (Iraqi) State Company for Cement- Manufacturers of Portland cement, sulfur resistant cement, white cement and lime. Five companies, each serving different areas of central and west central Iraq.

Five Million ($5M USD) is needed now for repair and spare parts. These funds would be split, not necessarily evenly, among the five companies depending on need and criticality. For example, sulfur resistant will have the higher demand during the reconstruction phase of the Country and, therefore, may receive more funding then a factory producing white cement (finish cement) so that it can achieve higher capacity. The Director General has provided a list of multiple requirements, (pinions, kilns, hard gears, etc.) to the Ministry who would require a detailed plan of action before any funding is released.

*Al Fallujah; 500 employees. Requires 11 MW; 3 ea Warzilla Generators @ 4 MW each = $3,600,000 USD

*Al Qaim; 800 employees: discussed above as priority #1

*Kirkuk; 750 employees. Requires 34 MW; 9 ea Warzilla Generators @ 4 MW each=$10,800,000 USD

*Kubaisa; 800 employees. Requires 40 MW, 10 ea Warzilla Generators @ 4 MW each = $12,000,000

*Baghdad; 600 employees.

Total Power Costs for Priority 4: $26,400,000 USD
Total Capital Expenditure Costs: $5,000,000 USD

Priority #5: Southern State Company for Cement - Manufacturers of Portland cement, sulfur resistant cement, and lime. Eight companies, each serving different areas of southern Iraq.

Five Million ($5M USD) is needed now for repair and spare parts. These funds would be split, not necessarily evenly, among the eight companies. The Director General has provided a list (pinions, kilns, hard gears, etc.) of requirements to the Ministry who would require a plan before any funding is released.

*Old & New Kuffah; 2,000 employees. Requires 5 MW and 29 MW, respectively. They are not co-located. Old Kuffa should obtain 1 ea Warzilla generator at $1,200,000 and a bank of Warzilla Generators for New Kuffa. 8 ea @ 4 MW= $9,600,000 USD

*Karbala; 800 employees. Requires 34 MW. 9 ea Warzilla Generators at 4 MW each = $10,800,000 USD

*Karbala/Lime. Needs 4 MW @ 1 Warzilla Generator= $1,200,000 USD

*Muthana/Samawa; 750 employees. Already taken care of.

*South Plant/Sumawa; 750 employees. 15 MW required. 4 ea Warzilla generators @ 4 MW= 16 MW at $4,800,000 USD

*Um Qasr; 5 MW required. 1 Warzilla Generator requested = $1,200,000 USD

*Sadat Al Hindia/Babil. 7 MW required for 2 ea Warzilla Generators $2,400,000 USD

Total Power Costs for Priority 5: $31,200,000 USD
Total Capital Expenditure Costs: $5,000,000 USD

Priority #6: Northern State Company for Cement - Manufacturers of Portland cement, sulfur resistant cement , white cement, and superfine. Four companies, each serving different areas of northern Iraq.

Five Million ($5M USD) is needed now for repair and spare parts. These funds would be split, not necessarily evenly, among the four companies. The Director General has provided a list of requirements (pinions, kilns, hard gears, etc.) to the Ministry who would require a plan before any funding is released.

*Mosul/Badoosh; 1,000 employees. 50 MW required. 13 ea Warzilla Generators = $15,600,000 USD

*Hamam Alil; 600 employees. 15 MW required. 4 ea Warzilla Generators = $4,800,000 USD

*Sinjar/Mosul; 700 employees. 35 MW required. 9 ea Warzilla Generators = $10,800,000 USD

*Sabonjh/Badoosh; 5 MW required. 1 ea Warzilla Generator = $1,200,000 USD

Total Power Costs for Priority 6: $34,400,000 USD
Total Capital Expenditure Costs: $5,000,000 USD

Priority #2: State Companies for Fertilizer- Northern Region. Located in Bayji in the Province of Saladin. According to management, the plants were built in 1986 for $360 M USD. Produces primarily urea. Urea

is a basic nitrogen fertilizer used throughout Iraq and the world. Pre-war levels provided approximately 70% of the Ministry of Agriculture requirement. Provided that electricity brings the plant back up so that it can run all lines, there are still minimal capital expenditures required for operation. Fifteen million ($12M USD) is needed for a waste heat boiler, rehabilitation of its intake system, repair parts and a condenser. 1,514 employees

Max MW Requirement at two different plants is 15 MW and 10 MW respectively. Since natural gas is a fuel stock for fertilizer plants, recommending 1 each GE Frame 5 for each site at 24 MW a piece. The remainder will go back to the grid. Cost: 2 x $1,200,000 = $2,400,000

Total Power Costs for Priority 2: $2,400,000 USD
Total Capital Expenditure Costs: $12,000,000 USD

Priority # 3: State Companies for Fertilizer – Southern Region. Power needs are already resolved according to MoE. The DG of Planning for the Ministry of Industry & Minerals is finalizing the details of a plan to get design capacity from these critical SOEs. $15,000,000 is required to bring capacity to productive levels. These funds are for repair and rehabilitation of the reactor, repair of the cooling tower, and general repair parts.

Total Power Costs for Priority 3: $0 USD
Total Capital Expenditure Costs: $15,000,000 USD

Miscellaneous Discussion: Use of the Warzilla generators is preferable because they (1) are strong, robust and easy to maintain and (2) they use crude/residual fuel. Meeting with MoE/CPA confirms that it is plentiful but that a coordinated effort must and will be made between MoE and MIM to ensure proper allocation and transit as well as to minimize or eliminate black market sales of Iraqi crude. The generator banks would be co-located at the various transformer substations and the fences would be extended to enclose the generators. We would request that MoE add the maintenance of these generators to their normal scheduled maintenance at the sites. The excess capacity generated by this source would transmit back to the grid.

TOTALS

(1) Total costs for new power generation requested herein is: $119,600,000 USD
(2) Total capital expenditures necessary to get base operation started: $142,000,000

Iraq 2004 Ministry Budgets Updated Estimate
(December Based +40%)

3/8/2004 2004 Ministry Budgets (Millions $USD)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2004 Total
Ministry of Industry and Minerals	**0.70**	**0.70**	**0.70**	**0.70**	**0.70**	**0.70**	**1.70**	**0.70**	**0.70**	**1.70**	**0.70**	**0.70**	**10.37**
Salaries	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	1.45
FPS Salaries	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	1.77
Operating Expenses (excluding salaries)	0.43	0.43	0.43	0.43	0.43	0.43	1.43	0.43	0.43	1.43	0.43	0.43	7.15
Transition Management Assistance							*1.00*			*1.00*			*2.00*
Capital Projects	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

COALITION PROVISIONAL AUTHORITY

BAGHDAD

8 March 2004

MEMORANDUM TO: MINISTER OF FINANCE/MINISTER OF ELECTRICITY

FROM: Senior Advisor, MINISTRY OF INDUSTRY & MINERALS

SUBJECT: Request for SOE Funding

1. Request $261,600,000 USD for power generation and capital expenditures.

2. BACKGROUND: An occupying power has the legal obligation (Article 55 of the 1907 Hague Convention Respecting the Laws and Customs of War on Land) to preserve dwindling capital assets and to safeguard and preserve whatever residual value country assets might have. Doing so will leave them in a better position to attract needed foreign investment. Circumstances of an occupation that will significantly alter the value of State Owned Enterprises (SOEs) include:

- The re-direction of power to the populace which effectively stops any relevant production
- Bank accounts frozen that cuts off needed operating capital
- Cancellation of intergovernmental debts that negatively impact cash flow;
- Facilities, inventory, and supplies damaged or looted during the war.

It is a fact that most of Iraq's SOEs, while admittedly run inefficiently, have suffered severe debilitation through post war neglect and are operating well below pre-war capacity.

The Ministry of Industry & Minerals has identified three key sector SOEs as priorities. They are cement, fertilizer/phosphates and petrochemicals. For purposes of this memorandum, only cement and fertilizer/phosphate will be addressed for expediency purposes.

CEMENT: With the upcoming construction needs of the country, to include a US Supplemental 18.6 Billion Dollar reconstruction infusion, cement plants are an absolute priority. They make up the majority of the request herein. The cement SOEs are the only cement producers in the country. They produce Portland cement, sulfur resistant cement, white cement and lime. In the past, Iraq exported cement; now it is importing cement. Cement importation is expensive to transport and will add significant expense to the project bottom lines. Limited local cement can also mean higher prices. Additionally, importation of cement will increase congestion of heavy equipment traffic into Iraq from all main supply routes at a time when maximization of transit systems is critical.

Excluding the two cement plants in the Kurdish region, the design capacity of the plants total 14 million tons a year. Pre-war levels (determined as 2002) produced 7.4 million tons. Currently, through the third quarter, the estimate is that production will come in, if current conditions continue, at under 1 million tons for the year.

Customers included other Ministries and SOEs, private customers, private construction companies and export. Anecdotal investigation reveals opportunity revenues already lost. A small example is right here in Baghdad. Huge quantities of cement are being purchased by US Army Corps of Engineers, CJTF-7, KBR, local contractors and others. Much of it is being imported from Kuwait, Syria, Turkey and Lebanon. If the cement factories were operating at each one's respective maximum available capacity now, much of the supply could be coming from within the country and ensuring that the money stays and invigorates the economy.

The Ministry of Industry & Minerals is working a number of different avenues for both power generation and major rehabilitation of these key SOEs. Base working capital is necessary, combined with the increased MW, to return the plants to minimum production capacity, in essence, enough capacity to start producing quantities necessary to provide a percentage of the cement needs for the country's upcoming needs.

FERTILIZER/PHOSPHATES: One fifth of Iraq consists of farmland, and the need for fertilizer is great. Barley and wheat, dates, rice, cotton, sugarcane and sugar beets have significant commercial value. A country that once led the region in fertilizer exports is now importing the commodity at huge costs. Primary products include Triple Super Phosphate TSP, NSP, urea and ammonia. The Ministry of Agriculture and Ministry of Oil (Oil for Food Program) has spent (and will continue to spend) millions of dollars importing fertilizer products the past year. Demands for these products remain high and potential outlook could be favorable.

3. ISSUES: The primary hurdles to normal capacity include lack of electricity, lack of capital to conduct capital expenditure upgrades and, in some instances, a reliable source of fuel.

While it is true that operating and/or capital funds may be necessary to bring these some of these plants to maximum capacity in production, without the required electrical power, complete assessments can not be conducted nor repairs made. It is important to note that, with power to factories-particularly old ones- inconsistent power is worse then no power.

Security is also an overriding issue. According to numbers provided the total employees of the three main companies: Northern Cement- 2,300; Central- 3,400; and Southern Cement- 5,200. These people need to be back at work. The more idle the work force, the more dangerous to the civilian population and Coalition Forces. The SOE factories serve as a source of pride to the people that work there. Many are 2nd generation in the same factory. When the plants are not operating it is viewed as a personal affront and angers the employees.

4. PRIORITIES: Following are the critical SOEs and base requirements for power and capital equipment:

Priority #1a - State Company for Phosphates in Al Qaem: Governate of Anbar. Produces TSP and NP, primarily for Ministry of Agriculture. Employs 2,212 people.

Max MW Requirement is 60 MW. Recommend the purchase of fifteen (15) Warzilla Diesel generators @ 4 MW each. Price: 15 @ 1.2 M USD = $18,000,000 USD

The phosphate plant produces TSP and NP for the Ministry of Agriculture - critical components for the production of fertilizer. The Phosphate plant employs 3,212 and offers a cheap local supply of raw material.

Ten million (10M USD) is required to get this factory operating. It is estimated that pre-war production provided approximately 40-50% of the Ministry of Agriculture requirements. This 10M USD would be distributed between three company plants: the TSP plant, the NP plant and the Phosphate Plant. The funds would be used primarily for repair parts and some operational rehabilitation. Approval of this request, coupled with the 5 million previously allocated from the Ministry, will not bring the factory or either design or maximum capacity but will get the plant operating and going in the right direction.

Priority #1b - Central (Iraqi) Cement Company in Al Qaem; Governate of Anbar.

Max MW Requirement is 22.5 MW. Recommend the purchase of six (6) Warzilla Diesel generators@ 4 MW each. Price: 6 @ 1.2 M USD = $7,200,000 USD

Finally, the plants are located in the Sunni Triangle. The Coalition and IGC have voiced a vested interest in bringing stability and economic growth to this region.

Total Power Costs for Priority 1 a & b: $25, 200,000 USD
Total Capital Expenditure Costs: Phosphate Company- $10,000,000 USD

Priority #4: Central (Iraqi) State Company for Cement- Manufacturers of Portland cement, sulfur resistant cement, white cement and lime. Five companies, each serving different areas of central and west central Iraq.

Five Million ($5M USD) is needed now for repair and spare parts. These funds would be split, not necessarily evenly, among the five companies depending on need and criticality. For example, sulfur resistant will have the higher demand during the reconstruction phase of the Country and, therefore, may receive more funding then a factory producing white cement (finish cement) so that it can achieve higher capacity. The Director General has provided a list of multiple requirements, (pinions, kilns, hard gears, etc.) to the Ministry who would require a detailed plan of action before any funding is released.

-Al Fallujah; 500 employees. Requires 11 MW; 3 ea Warzilla Generators @ 4 MW each = $3,600,000 USD

-Al Qaim; 800 employees: discussed above as priority #1

-Kirkuk; 750 employees. Requires 34 MW; 9 ea Warzilla Generators @ 4 MW each=$10,800,000 USD

-Kubaisa; 800 employees. Requires 40 MW, 10 ea Warzilla Generators @ 4 MW each = $12,000,000

-Baghdad; 600 employees.

Total Power Costs for Priority 4: $26,400,000 USD
Total Capital Expenditure Costs: $5,000,000 USD

Priority #5: Southern State Company for Cement - Manufacturers of Portland cement, sulfur resistant cement, and lime. Eight companies, each serving different areas of southern Iraq.

Five Million ($5M USD) is needed now for repair and spare parts. These funds would be split, not necessarily evenly, among the eight companies. The Director General has provided a list (pinions, kilns, hard gears, etc.) of requirements to the Ministry who would require a plan before any funding is released.

-Old & New Kuffah; 2,000 employees. Requires 5 MW and 29 MW, respectively. They are not co-located. Old Kuffa should obtain 1 ea Warzilla generator at $1,200,000 and a bank of Warzilla Generators for New Kuffa. 8 ea @ 4 MW= $9,600,000 USD

-Karbala; 800 employees. Requires 34 MW. 9 ea Warzilla Generators at 4 MW each = $10,800,000 USD

-Karbala/Lime. Needs 4 MW @ 1 Warzilla Generator= $1,200,000 USD

-Muthana/Samawa; 750 employees. Already taken care of.

-South Plant/Sumawa; 750 employees. 15 MW required. 4 ea Warzilla generators @ 4 MW= 16 MW at $4,800,000 USD

-Um Qasr; 5 MW required. 1 Warzilla Generator requested = $1,200,000 USD

-Sadat Al Hindia/Babil. 7 MW required for 2 ea Warzilla Generators $2,400,000 USD

Total Power Costs for Priority 5: $31,200,000 USD
Total Capital Expenditure Costs: $5,000,000 USD

Priority #6: Northern State Company for Cement - Manufacturers of Portland cement, sulfur resistant cement , white cement, and superfine. Four companies, each serving different areas of northern Iraq.

Five Million ($5M USD) is needed now for repair and spare parts. These funds would be split, not necessarily evenly, among the four companies. The Director General has provided a list of requirements (pinions, kilns, hard gears, etc.) to the Ministry who would require a plan before any funding is released.

-Mosul/Badoosh; 1,000 employees. 50 MW required. 13 ea Warzilla Generators = $15,600,000 USD

-Hamam Alil; 600 employees. 15 MW required. 4 ea Warzilla Generators = $4,800,000 USD

-Sinjar/Mosul; 700 employees. 35 MW required. 9 ea Warzilla Generators = $10,800,000 USD

-Sabonjh/Badoosh; 5 MW required. 1 ea Warzilla Generator = $1,200,000 USD

Total Power Costs for Priority 6: $34,400,000 USD
Total Capital Expenditure Costs: $5,000,000 USD

Priority #2: State Companies for Fertilizer- Northern Region. Located in Bayji in the Province of Saladin. According to management, the plants were built in 1986 for $360 M USD. Produces primarily urea. Urea is a basic nitrogen fertilizer used throughout Iraq and the world. Pre-war levels provided approximately 70% of the Ministry of Agriculture requirement. Provided that electricity brings the plant back up so that it can run all lines, there are still minimal capital expenditures required for operation. Fifteen million ($12M USD) is needed for a waste heat boiler, rehabilitation of its intake system, repair parts and a condenser. 1,514 employees

Max MW Requirement at two different plants is 15 MW and 10 MW respectively. Since natural gas is a fuel stock for fertilizer plants, recommending 1 each GE Frame 5 for each site at 24 MW a piece. The remainder will go back to the grid. Cost: 2 x $1,200,000 = $2,400,000

Total Power Costs for Priority 2: $2,400,000 USD
Total Capital Expenditure Costs: $12,000,000 USD

Priority # 3: State Companies for Fertilizer – Southern Region. Power needs are already resolved according to MoE. The DG of Planning for the Ministry of Industry & Minerals is finalizing the details of a plan to get design capacity from these critical SOEs. $15,000,000 is required to bring capacity to productive levels. These funds are for repair and rehabilitation of the reactor, repair of the cooling tower, and general repair parts.

Total Power Costs for Priority 3: $0 USD
Total Capital Expenditure Costs: $15,000,000 USD

Miscellaneous Discussion: Use of the Warzilla generators is preferable because they (1) are strong, robust and easy to maintain and (2) they use crude/residual fuel. Meeting with MoE/CPA confirms that it is plentiful but that a coordinated effort must and will be made between MoE and MIM to ensure proper allocation and transit as well as to minimize or eliminate black market sales of Iraqi crude. The generator banks would be co-located at the various transformer substations and the fences would be extended to enclose the generators. We would request that MoE add the maintenance of these generators to their normal scheduled maintenance at the sites. The excess capacity generated by this source would transmit back to the grid.

Totals:

(1) Total costs for new power generation requested herein is: $119,600,000 USD
(2) Total capital expenditures necessary to get base operation started: $142,000,000

5. Conclusion: Although the Minister of Industry & Minerals believes, philosophically, that his ministry's State Owned Enterprises (SOEs) need to be replaced by private sector entities, in the

short run (2-5 years), it is important for economic stabilization and security within Iraq to get certain, pre-designated SOEs operating to its full capacity.

CPA FUNDING REQUEST

PRB No: (PRB Staff to Assign)	**Project Name: SOE Capital Expenditure**
Date of Request: March 6, 2004	**Date Required: March 6, 2004**
Name of Requester: (b)(6)	**Signature:**
CPA Office/Unit: Private Sector Development Directorate/MIM	(b)(6)
Amount of Request: $261.6 million	
Project Location: Various Sites	

1. Project Category (check all that apply):

Reconstruction	☒	Health	☐	Salaries	☐
Humanitarian	☐	Transportation	☐	Pensions	☐
Food Distribution	☐	Economic Programs	☐	Budget/Ops. Support	☐
Water/Sewer	☐	Education	☐	Other Public Services	☐
Electricity	☒	Ministry	☐	Social Programs	☐
Rule of Law/Govern.	☐	Police/ Security	☐	Cultural Programs	☐
Div. Commanders Fund	☐	Brig. Commanders Fund	☐	Regional Dir. Fund	☐
Construction Initiative	☐				

2. Proposed Funding Source: (PRB Staff Only)

Vested Assets	☐
Seized Assets	☐
Appropriated Funds	☐
Iraqi Development Fund	☒

3. Funding Data:

Bank Account Details: or
Name/Title of Iraqi Receiving Disbursement: NA
CPA Rep/Unit Responsible for Oversight: (b)(6)
Engineering Oversight Assigned to: US Army Corps of Engineers
Name of Certifying Official:

4. Clearances: Please indicate you have obtained appropriate clearances, as applicable. (Note: If that coordination cannot be done at the regional level, it will be done by PRC.)

Regional Coordinator: Yes ☒ No ☐ Name: (b)(6) Bjorn Brandzaeg (CPA-S)
Ministry Senior Advisor: Yes ☒ No ☐ Name: (b)(6)
Office Director/Unit Commander: Yes ☒ No ☐ Name: (b)(6)
Reconstruction/USAID: Yes ☐ No ☐ Name: NA
International Coordination Council: Yes ☐ No ☐ Name: NA
Others: (b)(6) Advisor to the Ministry of Electricity; (b)(6) Ministry of Electricity
StephenNewhouse, MoPlanning

Program Staff Use Only

Date Request Received: Form Complete: Yes ☐ No ☐
Disposition:

Date Request Submitted to Program Review Committee:
Disposition:

Date Request Submitted to Program Review Board:

Disposition:

Date Request Returned to Requester/Submitted to Comptroller:
Disposition (including expenditure authorized):

Description of Program or Goods To Be Purchased – Please See Above Instructions

The Iraqi Ministry of Industry and Mineral's Independent Power Producer (IPP) program did not receive approval from the Iraqi Ministry of Finance to provide a cash collateralized, 5 year revolving letter of credit to backstop the IPP contract. In short, the IPP program will not proceed and alternative programs need to be developed as soon as possible for power to critical SOEs.

This PRB request is intended to provide power to the following SOEs (while also adding additional capacity to the grid) through the purchase of generators. It also cites capex requests that, combined with the power, will get these designated SOEs operating. $200,000,000 USD in 2004 budget was originally designated for SOE capex but has since been lost to other funding priorities. $27M USD was allocated from the 04 SOE budget for the IPP letter of credit and to create a capital expenditure fund that ultimately failed on other grounds. That money was never realized. See Prioritized Memorandum attached

KPMG has conducted a financial review of Kirkuk, Kubaissa, Fallujah and Al Qaim cement and estimates $40MM of capex is needed. The $261.6 MM requested would be used to fund the most critical capex items. Additional assessments will be conducted to determine the exact, immediate needs of the critical SOEs.

Need clean up Friday

Disposition:

Date Request Returned to Requester/Submitted to Comptroller:
Disposition (including expenditure authorized):

Description of Program or Goods To Be Purchased – Please See Above Instructions

The Iraqi Ministry of Industry and Mineral's Independent Power Producer (IPP) program did not receive approval from the Iraqi Ministry of Finance to provide a cash collateralized, 5 year revolving letter of credit to backstop the IPP contract. In short, the IPP program will not proceed and alternative programs need to be developed as soon as possible.

So far, in 2004, the following large capex programs are being implemented in critical State Owned Enterprises (SOEs):

- Muthana Cement has DFI funding to build a generating plant
- Southern Fertilizer will get a loan from the Ministry of Agriculture to purchase a generating plant
- The Ministry of Electricity has a program to repair the 400kv line in Al Qaim. This project should allow the Al Qaim Phosphate and Cement SOEs to receive adequate electricity

This PRB request is to take the $27MM that was allocated from the 04 SOE budget for the IPP letter of credit and to create a capital expenditure fund that will be used to either maintain factory equipment or to upgrade electrical infrastructure. The $27MM would be allocated to the following critical SOEs:

- Where 27 million going.

Fallujah Cement
Al Qaim Phosphate
Al Qaim Cement
Kubaisa Cement
Kirkuk Cement
Northern Fertilizer
Badosh Cement
Sinjar Cement
Karbala Cement
Muthana Cement
Kufa Cement
Southern Fertilizer

- Business Argument
- When assessment could be done Pipe Line
- Self Support Industry & Concrete

KPMG has conducted a financial review of Kirkuk, Kubaissa, Fallujah and Al Qaim cement and estimates $40MM of capex is needed. The $27MM requested would be used to fund the most critical capex items. Assessments will be conducted to determine the exact, immediate needs of the Corp critical SOEs. Currently, based on KPMG's audit and field assessments by the US Army, $2MM would be made immediately available to Fallujah and to Al Qaim Cement and $1MM to Al Qaim Phosphate Can save X w/ investment y X(-).

- Investment in Iraq.
- Return on investment
- Faster getting it going, sooner more money to treasury

Increase if can make a business case that corresponds.

COALITION PROVISIONAL AUTHORITY MEMORANDUM NUMBER 4

CONTRACT AND GRANT PROCEDURES APPLICABLE TO VESTED AND SEIZED IRAQI PROPERTY AND THE DEVELOPMENT FUND FOR IRAQ

IMPLEMENTATION OF REGULATION NUMBER 3, PROGRAM REVIEW BOARD (CPA/REG/18 June 2003/03)

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Underscoring that the Development Fund for Iraq (DFI) shall be used in a transparent manner to meet the humanitarian needs of the Iraqi people, for the economic reconstruction and repair of Iraq's infrastructure, for the continued disarmament of Iraq, and for the costs of Iraqi civilian administration, and for other purposes benefiting the people of Iraq, and that the Program Review Board as authorized by CPA Regulation Number 3 (18 June 2003) is responsible for recommending expenditures of resources from the DFI.

Noting that Resolution 1483 (2003) states that independent public accountants approved by and reporting to the International Advisory and Monetary Board (IAMB) shall audit the DFI to ensure that the DFI is used exclusively for the purposes stated in Resolution 1483 (2003),

Reaffirming that the CPA is committed to ensuring that all state- or regime-owned cash, funds or realizable securities that have been seized by Coalition Forces in Iraq consistent with the laws and usages of war, shall be used only to assist the Iraqi people and support the reconstruction of Iraq,

Implementing CPA Regulation Number 3, Program Review Board (CPA/REG/18 June 2003/03),

I hereby promulgate the following:

Section 1
Purpose

This memorandum establishes procedures applicable to the execution of contracts and grants for the benefit of the Iraqi people using Iraqi Funds, as defined herein. As steward

for the Iraqi people, the CPA will manage and spend Iraqi Funds, which belong to the Iraqi people, for their benefit. Although Iraqi Funds are not subject to the same laws and regulations that apply to funds provided to the CPA directly from Coalition governments, they shall be managed in a transparent manner that fully comports with the CPA's obligations under international law, including Resolution 1483.

Section 2
Applicability

This Memorandum applies to contracts and grants executed by or on behalf of the CPA., when those instruments obligate and expend Iraqi Funds. It covers contracts and grants executed by:

1) CPA Regional Directors carrying out the Regional Directors' Emergency Response Program;
2) CPA Regional Directors carrying out the Construction Initiative for Iraq Program;
3) Interim Ministry Officials, working in conjunction with Senior Ministry Advisors, when carrying out requirements that are not funded through the national Ministry budget process;
4) CPA's Head of Contracting Activity, or designee(s), and
5) Others delegated such authority by the Administrator.

This Memorandum does not apply to:

1) Iraqi Ministries and governmental agencies executing contracts or grants to fulfill requirements approved through the national budget process if the Administrator, or his designee, determines that the contracting procedure of the Ministry or agency is adequate to ensure the transparent use and management of Iraqi funds. However, if the contracting procedures of the particular Ministry or agency are not determined to be adequate, this Memorandum shall apply, and
2) Coalition Forces commanders carrying out the Commanders' Emergency Response Program. The Commanders' Emergency Response Program will use the procedures contained in FRAGO 89 (Appendix E) or any subsequent amended guidance to FRAGO 89.

Section 3
Definitions

1) "Competitive Range": A group of proposals that are eligible for award of a particular contract or grant, as determined by a Contracting Officer on the basis of cost and other factors stated in the solicitation.

2) "Contract": A written agreement whereby the CPA or Coalition Forces acquire goods, services or construction from a person or entity under prescribed terms and conditions, for the purpose of assisting the Iraqi people or assisting in the recovery of Iraq.

3) "Contract Award Committee": As used in this Memorandum, a group of three or more officials selected by the Contracting Officer appointing authority responsible for reviewing preliminary award decisions of Large Purchases for compliance with this Memorandum and sound business judgment. The Contract Award Committee need not convene as a group; however, except as provided in Section 7 below, a majority of the members must concur in the award decision prior to award.

4) "Contracting Officer": As used in this Memorandum, an individual who has been authorized by the Administrator, CPA, in accordance with Section 4 below, to enter into Contracts or Grants using Iraqi Funds.

5) "Grant": A written instrument that transfers Iraqi Funds from the CPA or Coalition Forces to a recipient grantee, in order to carry out a program or project that directly benefits the Iraqi people or assists in the recovery of Iraq.

6) "Invitation for Bids": An invitation to prospective contractors to submit proposals to meet CPA requirements. An invitation for bids describes a requirement for a prospective contract by explaining the nature of the opportunity, including the goods or services to be provided, required performance, the time for performance, requirements to demonstrate the responsibility of the potential source, unique requirements, the closing date for bids, and other information necessary for a potential source to submit a bid. With an IFB, the award is determined solely on the basis of price or price-related factors.

7) "Iraqi-based": A company (including a subsidiary company) whose principal place of business is located within Iraq.

8) "Iraqi Funds": Funds under the control of the Authority consisting of (a) proceeds from Iraqi state-owned property that has been vested or seized in accordance with applicable law and made available to the CPA to assist the Iraqi people and assist in the reconstruction of Iraq; and (b) funds in the Development Fund for Iraq, the establishment of which is noted in Resolution 1483 (2003). As used in this Memorandum, "Iraqi Funds" do not include funds provided through the appropriations process of Coalition member governments (for example, funds

provided directly to the CPA by the governments of the United States or the United Kingdom).

9) "Large Purchase": A contract with a value of greater than US$500,000.

10) "Micropurchase": A contract with a value of US$5,000 or less.

11) "Request for Proposal": An invitation to prospective contractors or grant recipients to submit proposals to meet CPA requirements. A request for proposal usually includes a description of a requirement for a prospective Contract or Grant that explains the nature of the opportunity including the goods or services to be provided, required performance, the time for performance, the evaluation criteria for Contract award, requirements to demonstrate the responsibility of the potential source, unique requirements, the closing date for proposals, and other information necessary for a potential source to submit a proposal.

12) "Small Purchase": A contract with a value greater than US$5000 and less than or equal to US$500,000.

13) "Solicitation": A request to submit offers or quotations to fulfill a requirement for goods or services that can be met through a Contract. "Request for Proposal" and "Invitation for Bids" are types of solicitation.

Section 4
Appointment of Contracting Officers

1) General. For the purpose of carrying out programs to assist the Iraqi people and assist in the recovery of Iraq using Iraqi Funds, the officials identified in paragraph 2 may appoint Contracting Officers who may enter into Contracts or Grants on behalf of the CPA. Unless otherwise terminated by the Administrator, this delegation shall remain in effect until the establishment of an internationally recognized, representative government by the people of Iraq.

2) The following officials are authorized to appoint Contracting Officers within their directorates, commands or organizations, in writing and in a form prescribed by the Head of Contracting Activity, CPA, in consultation with the CPA General Counsel:

a) Head of Contracting Activity, CPA, or the Principal Assistant Responsible for Contracting, CPA;

b) CPA Directors of Oil Policy; Civil Affairs; Economic Development; AID; Operations and Infrastructure; Interior Affairs; Private Sector Development; and Security Affairs.

c) Senior Iraqi Ministry Advisors, in coordination with the interim Iraqi Ministers, for contracting officers within the ministry concerned, and.

d) Other persons specifically authorized by the Administrator.

3) In exercising their authority to appoint Contracting Officers, the officials listed in paragraph 2 above shall consider the training and experience of prospective appointees and shall, to the extent practicable, confer Contracting Officer authority on those officers already holding Coalition government contracting warrants and/or experience as contingency contracting officers or field ordering officers. The Head of Contracting Activity, CPA, with the approval of the Administrator, may prescribe additional requirements (such as completion of prescribed training requirements) that persons must hold prior to receiving Contracting Officer appointments.

4) Contracting Officers responsible for carrying out programs must actively coordinate proposed funding initiatives with all other Contracting and Grant-making officials in their geographic areas, in order to ensure against duplication of effort.

Section 5
Technical Supervision of Contracting Officers

The Head of Contracting Activity, CPA, shall be responsible for providing technical supervision over Contracting Officers appointed pursuant to Section 4, above. This technical supervision may include prescribing training requirements and prescribing appropriate forms for use in solicitations, contract awards, and grant awards. For contracting officers assigned to the CPA Contracting Activity, the Head of Contracting Activity, CPA, shall provide administrative oversight as well as technical supervision.

Section 6
Principles Applicable to Instruments

1) Identification of Parties. Contracts and Grants must prominently contain the following language to identify the parties:

"This contract/grant is entered into under the authority of the Administrator as head of the Coalition Provisional Authority (CPA), which is temporarily exercising governmental authority in Iraq pursuant to the law and usages of war and relevant United Nations Security Council Resolutions, including Resolution 1483 (2003) ("Coalition") and by _____("Contractor")

2) Competition.

a) Contracts. Unless otherwise exempted under this Memorandum, competition is mandatory for all Contracts. Reasonable efforts will be made to obtain competitive offers by publicizing a solicitation through bulletin boards, the CPA World Wide Web page, the UNDB, vendor databases developed by the Head of Contracting Activity, and other means. If circumstances require award of a contract without competition, a written justification describing the exigencies requiring contracting without competition will be documented in the Contract file. Contracts will be awarded to the offer providing the greatest value to the CPA or Coalition Forces, based on price and all other evaluation factors contained in the solicitation.

b) Grants. Reasonable efforts will be made to identify all organizations capable of performing the Grant. Grants in excess of $500,000 will be tendered for proposals by capable organizations, except as authorized for good cause, in writing, by the official that appointed the Contracting Officer involved.

3) Preference for Iraqi Vendors. Iraqi-based vendors who are capable of performing a Contract or Grant in a responsible and responsive manner will be afforded the following preferences when competing with foreign firms. If the Contracting Officer determines that at least two Iraqi-based vendors are available, the Contracting Officer may limit the competition to Iraqi-based vendors only. If the Contracting Officer determines that limiting competition to Iraqi-based vendors is not appropriate, the Contracting Officer may use the amount of Iraqi participation in the contract (as a subcontractor or otherwise) as an evaluation criterion for purposes of determining who is entitled to the award of the contract.

4) Fair and Reasonable Price. The Contracting Officer must determine that the price of a contract is fair and reasonable. Prices for goods and services will not exceed their fair market value—as determined by the Contracting Officer—after considering the time for delivery or urgency of the service, and other relevant factors.

5) Conflicts of Interests. Contracts or Grants administered under this Memorandum will not directly or indirectly benefit any Ministry, CPA or Coalition Forces official or employee involved in the contracting or grant-making process, or the family members of such officials or employees. Persons involved in the contracting process, from the development of the requirement through the completion of performance, shall not:

   a) Hold financial interests that conflict with the conscientious performance of duty.

   b) Engage in financial transactions using nonpublic Government information or allow the improper use of such information to further any private interest.

   c) Solicit or accept any gift or other item of monetary value from any person or entity seeking official action from, doing business with, or conducting activities regulated by the CPA, or whose interests may be substantially affected by the performance or nonperformance of the employee's duties.

   d) Knowingly make unauthorized commitments or promises of any kind purporting to bind the CPA.

   e) Use public office for private gain.

   An official or employee of the CPA or Coalition Forces involved in the contracting process shall:

   a) Act impartially and not give preferential treatment to any private organization or individual.

   b) Disclose waste, fraud, abuse, and corruption to appropriate authorities.

   c) Endeavor to avoid any actions creating the appearance that they are violating the law or ethical standards.

6) Combining and Dividing Awards. To the extent practicable, requirements for a project or related projects may be consolidated into one contract, in order to reduce the administrative burden of contracting. Requirements may not be split to avoid the application of these rules.

7) Responsibility. Contracting officers must determine that a contractor who receives a contract award must be responsible. This means that the contractor must:

a) Have adequate financial resources to perform the contract, or the ability to obtain them;

b) Be able to comply with the required or proposed delivery or performance schedule, taking into consideration all existing commercial and governmental business commitments;

c) Have a satisfactory performance record, if the contractor has performed contracts in the past;

d) Have a satisfactory record of integrity and business ethics;

e) Have the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them;

f) Have the necessary production, construction, and technical equipment and facilities, or the ability to obtain them; and

g) Be otherwise qualified and eligible to receive an award under applicable laws and regulations.

Section 7
Contracts

1) Micro-Purchases. Micro-Purchase Contracts may be awarded without competition if the Contracting Officer determines that the offered price and terms are fair and reasonable. However, Contracting Officers are encouraged to obtain competition when possible. Oral solicitations may be used. Micro-Purchases will be documented in summary files demonstrating competition (if any), basis for award (if other than lowest price), and material terms. The documentation will be tailored to the size and nature of the acquisition.

2) Small Purchases. Contracting Officers, when possible, will obtain at least three competitive offers for Small Purchases. For Small Purchases from $5,000.01 to $25,000, oral solicitations may be used; however, Contracting Officers must maintain documentation of sources solicited. For Small Purchases greater than $25,000, written solicitations will be used. Sufficient information will be included in the contract file to enable a review of the transaction, including evidence of competition or the basis for contracting without competition, price quotations, and the basis for the contract award if price is not the determining factor. Written justifications detailing the unique qualifications of the contractor or other exigent

circumstances requiring an award without competition will be prepared for Small Purchases. Requirements for justifications are contained in Appendix A.

a) Blanket Purchase Agreements. Contracting Officers are encouraged to use blanket purchase agreements for repetitive requirements to reduce administrative burdens and to obtain favorable pricing.

b) All Small Purchase contracts will contain payment terms including an agreed upon payment schedule (preferably with milestones tied to performance) for service contracts, and performance requirements clearly defining the responsibilities and time for performance. Additionally, the Contracting Officer will use appropriate contract provisions listed in Appendix B to this Memorandum for the particular solicitation or contract involved.

c) Requirements in excess of $10,000 should be posted at a public location and disseminated in a manner that will foster competition, including advertising in local media when appropriate, through bulletin boards, the CPA World Wide Web page, vendor databases developed by the Head of Contracting Activity, and other means.

3) Large Purchases.

a) Large Purchase Contracts will be competed, except as authorized below. All Large Purchase contract opportunities will be posted and advertised to the maximum extent practicable, with a goal of obtaining at least three competitive offers.

b) The Head of Contracting Activity, CPA, will ensure that experienced contracting officials are assigned to execute contracts underneath the HCA and provide technical assistance to all other appointed Contracting Officers or Iraqi Ministry Contracting Activities with respect to all Large Purchase solicitations.

c) Acquisitions generally will be made through negotiation. The contracting agency will develop a Request for Proposal (RFP) for submission to prospective contractors. The RFP will set forth the essential information necessary to fully describe the contracting opportunity. Contracting Officers may hold a pre-proposal conference to answer questions and to clarify the RFP, provided all prospective contractors are informed of the conference. Award evaluation factors will be tailored to the acquisition, but must include price as a factor. Other factors may include technical expertise, financial stability of the contractor based upon a review of

financial statements, and prior contract performance. The Contracting Officer may request final proposals from contractors in the competitive range. Based upon the review of the proposals, a preliminary award decision will be made.

d) If a contracting officer determines that (1) time permits the solicitation, submission and evaluation of sealed bids; (2) award will be made only on the basis of price or price-related factors; (3) discussions with prospective bidders will not be necessary, and (4) there is a reasonable expectation of receiving more than one sealed bid, the contractor may, instead of an RFP, use an Invitation for Bids (IFB) to compete the acquisition. The IFB will set forth the essential information necessary to fully describe the contracting opportunity. Contracting Officers may hold a pre-bid conference to answer questions and to clarify the IFB provided all prospective contractors are informed of the conference. Because an IFB requires that the requirement be clearly stated prior to issuing the solicitation, IFB's will only be used by contracting officers under the direct control of the Head of the Contracting Activity, CPA.

e) Written justifications detailing the unique qualifications of the contractor or other exigent circumstances requiring an award without competition will be prepared for all Large Purchases awarded without competition. Requirements for justifications are contained in Appendix A. All Large Purchase justifications will be reviewed and approved in writing by either the Contracting Officer's appointing authority or the Head of Contracting Activity, CPA, or his designee.

f) Except for awards by Contracting Officers appointed by the Head of Contracting Activity or the Principal Assistant Responsible for Contracting, CPA, Large Purchase preliminary award decisions will be reviewed by a Contract Award Committee of at least three officials, designated by the official who appointed the Contracting Officer for the particular project, prior to award. The Committee will review the proposals and Contract file to ensure compliance with procedural and competition requirements, that the contract represents sound business judgment, that the process used was fair and impartial, and that the proposed award represents the best value based upon the evaluation factors. Large Purchase preliminary award decisions by Contracting Officers appointed by the Head of the Contracting Activity, CPA will be coordinated with the Head of Contracting Activity, CPA, or his designee, prior to award.

g) Notwithstanding paragraph 3(e) above, Large Purchase Contracts may be executed in the absence of a Contract Award Committee, provided the

Head of Contracting Activity, CPA, determines that there are sufficient alternative means to ensure that the particular solicitation action has been appropriately managed.

h) Contracting officers are encouraged to establish payment schedules that provide for payments as the vendor accomplishes specified performance milestones.

4) Contract Modifications and Amendments. Contract modifications and amendments are subject to the same documentation provisions as original contracts. Contracting Officers must ensure the cost of the contract modification or amendment is fair and reasonable. Amendments or modifications that are outside the scope of the contract or that constitute new requirements should be addressed through new contracts.

Section 8
Monitoring Contract Performance

Consistent with their programmatic responsibility to ensure that contractors and grantees properly perform their duties, Contracting Officers shall be responsible for regularly monitoring the post-award execution of all Contracts they approve. This monitoring process includes ensuring that the contractor provides the agreed upon goods, services or construction in accordance with the provisions, and that payments are made in a timely manner. Contracting Officers shall include in the Contract file a written report describing post-award performance by contractors or grantees, including a final assessment upon completion of the Contract. Contracting officers shall rely upon locally available military engineering resources in assessing all repair and construction projects. All documents related to the establishment and execution of Contracts will be maintained in a Contract file that includes the materials described in Appendix A to this Memorandum.

Section 9
Grants

Consistent with Program Review Board requirements, Grants may be made available to support important public initiatives.

1) Applications for Grants must describe the initiative, anticipated costs and the desired results. The applications should also set forth objective standards for measuring the success of the Grant.

2) In reviewing grant applications, consideration shall be given to the number of people affected by the grant and the impact on community development. Grants should be reviewed during implementation and where appropriate funds should be made available on a schedule tied to the accomplishment of specific milestones specified by the CPA or Coalition Forces, and related to the objective measures of success.

3) Although there generally is little substantial involvement between the CPA or Coalition Forces and the grantee following the award of the Grant, a grant agreement will be conducted according to a form prescribed by the Head of Contracting Activity, CPA, in coordination with the Office of the General Counsel, CPA, and the grantee's performance must be monitored to ensure that the granted funds are expended for appropriate purposes consistent with the Grant, and to assess the grantee's suitability for future Grants. Contracting Officers responsible for Grants shall include in the Grant file a written report describing post-award performance by or grantees, including a final assessment upon completion of the Grant.

Section 10
Funds Allocated through the National Budget Process

1 Funds allocated through the National Budget Process will be made available to the interim Iraqi Ministries in accordance with the National Budget. The CPA Office of Management and Budget will allocate funds to the Iraqi Ministry of Finance for further distribution to the Iraqi Ministries, in accordance with the National Budget and in a manner that will ensure appropriate transparency. The interim Iraqi Ministries may draw on allocated funds by submitting a request for funds to the Iraqi Ministry of Finance,.

2) Contracts or grants executed by interim Iraqi Ministries may be carried out in accordance with applicable Iraqi laws and Ministry contracting procedures only if the Administrator or his designee determines that the Ministry's application of these controls will ensure transparency. However, in the event that a protest is filed against the proposed award of a contract or grant, the provisions of the Protests clause in Appendix B of this Memorandum shall apply. If the Administrator or his designee does not determine that applicable Iraqi laws and Ministry contracting procedures can ensure transparency in the use of Iraqi funds, the rules of this Memorandum shall apply.

3) As part of the CPA's responsibility to ensure that CPA Funds are used for their intended purpose, the CPA Comptroller, in coordination with the Head of

Contracting Activity, CPA, may, in his discretion, review contracting actions of interim Iraqi Ministries.

Section 11
Appendices

The Appendices provide supplemental instructions on preparing and executing Contracts and Grants pursuant to this Memorandum. The Program Review Board is hereby authorized to modify existing Appendices to this Memorandum, and issue additional Appendices, as may be required to ensure the effective execution of funding for the benefit of the Iraqi people. Any such modification or issuance shall be deemed to satisfy the requirements of CPA Regulation No. 3, section 6 (5).

Section 12
Protection of Confidential Acquisition Information

Contracting officers, or other persons involved in the contracting process, are specifically prohibited from releasing information contained in a proposal to any person not involved with the contracting process. For purposes of this section, "proposal" means any proposal, including a technical, management, or cost proposal, submitted by a contractor in response to the requirements of a solicitation for a competitive proposal. Any other disclosure of confidential acquisition information, including information concerning a successful proposal that is incorporated by reference into a contract, shall be protected in a manner consistent with 5 U.S.C. Section 552 and Parts 3 and 24 of the U. S. Federal Acquisition Regulation.

Section 13
Entry into Force

This Memorandum shall enter into force on the date of signature.

8/20/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

CONTRACT AND GRANT PROCEDURES APPLICABLE TO VESTED AND SEIZED IRAQI PROPERTY AND DEVELOPMENT FUND FOR IRAQ

Contract File Requirements

APPENDIX A

Micro Purchases ($5,000 or less)
Contract file must include:

- Notes or documentation reflecting competition efforts, if any, including a written summary of oral solicitations if award is based on an oral solicitation.
- The basis for the award decision if other than lowest price.
- Material Contract terms (Who is to do What, When, and for How much?)
- Information demonstrating the outcome (such as receipts, delivery notices, notes of the contracting officer regarding contractor performance for services).
- Micro Purchase files will be maintained for 1 year following final contract payment.

Small Purchases ($5,000.01-$500,000)
Contract file must include:

- Documentation of oral solicitations made for contracts less than $25,000, written solicitations for contracts from $25,000.01 to $500,000.
- Evidence of competition, such as posted notices (including the location and length of time posted), direct solicitations, advertisements, posting on web pages.
- For solicitations in which only one source is solicited (i.e., sole-source contract awards), a written justification prepared in accordance with this Appendix.
- Evaluation Criteria, if applicable.
- Significant correspondence with vendors.
- Notification to successful vendor.
- Written contract containing required terms for agreements exceeding $10,000 or a summary of material terms for agreements less than $10,000.
- Invoices for progress payments and verification of performance including notes of inspections or monitoring where appropriate.
- Small Purchase Files will be maintained for 1 year following final contract payment.

Large Purchases (more than $500,000)
Documentation will be sufficient to enable review by the Contract Award Committee prior to award and then by auditors during the period of contract performance and thereafter. Files will include:

- A statement of need for the requirement to be addressed. This may be a request for services from the agency requesting the contract.

- Evidence of Competition, such as posted notices (including the location and length of time posted), direct solicitations, advertisements, posting on web pages, or other means used to publicize the opportunity to bid.
- All fully eligible responses from vendors to allow the Contract Award Committee to review the contracting options to ensure the proposed contract award is based upon sound business judgment.
- For contracts in which only one source is solicited, a written justification prepared in accordance with this Appendix.
- Contract award Evaluation Criteria. Price must be one of the contract evaluation criteria. Other criteria may include experience, prior contract performance, technical expertise, and delivery terms.
- Memorandum for Record memorializing the action by the Contract Award Committee acting to select the successful vendor. The MFR should identify board members, the bids considered, the criteria used, and the selected vendor.
- Significant correspondence with vendors.
- Notification to successful vendor.
- Written contract containing required terms.
- Contract Modifications and Amendments
- Contract performance and outcome information including invoices for progress payments and verification of performance including notes of inspections or monitoring where appropriate.
- Large Purchase Contract files will be maintained for a period of 3 years following final contract payment.

Sole-Source Contracting Justification and Approval Requirements

- Contracting Officers must document compelling reasons justifying sole source contracting in all contracts. Compelling reasons that may be considered when justifying sole-source contracting:
  - There is only one responsible source and no other supplies or service will satisfy requirements. This may include unacceptable delays in delivery or other unique circumstances, such as intellectual property rights or compatibility with existing systems.
  - Unusual or compelling urgency to satisfy requirements. This justification will only be used in cases where competition would represent a serious risk to agency objectives. Failure to accurately forecast agency needs is a not a sufficient justification.
- The justification must demonstrate the circumstances for foregoing adequate competition. If the circumstance is urgent and compelling, specifically explain the time constraints. Identify unique capabilities that are possessed by only one contractor.
- Justifications will include a description of efforts to obtain competition.
- Justifications will include facts supporting the Contracting Officer's determination that a fair and reasonable price was obtained.
- Justifications for sole-source awards in excess of $500,000 must be approved by the Contracting Officer's Appointing Authority or the Head of Contracting Authority, CPA.

Grants
Files will contain a statement of the community need to be addressed and intended purposes of the grant. Generally, the grant application is sufficient. The file will also contain outcome information including an assessment of the community impact of the grant.

Special Requirements for Construction Projects

- Maintain engineering drawings and approvals of plans until contract performance is complete.
- Cost Estimates by independent engineers should be obtained for Large Purchase projects to assist in the assessment of fair and reasonable value.
- Fixed-priced arrangements are preferred for construction contracts.
- Certificates of Completion.
- Change Orders and Amendments will be fully documented.

CONTRACT AND GRANT PROCEDURES APPLICABLE TO VESTED AND SEIZED IRAQI PROPERTY AND DEVELOPMENT FUND FOR IRAQ

Standard Terms and Conditions for Solicitations and Contracts in Excess of $5,000
APPENDIX B
Solicitation Terms and Conditions

1. **Submission of Offers.** The contractor will submit signed and dated offers to the office specified in this solicitation at or before the exact time specified in the solicitation. Offers may be submitted on letterhead stationery or as otherwise specified in the solicitation. At a minimum, offers must show:

a. The solicitation number.
b. The time specified in the solicitation for receipt of offers.
c. The name, address, and telephone number of the offeror.
d. A technical description of the items being offered in sufficient detail to evaluate compliance with the requirements in the solicitation. This may include product literature, or other documents, if necessary.
e. Terms of any express warranty.
f. Price and any discount terms.
g. Payment address (if different from mailing address)
h. Acknowledgment of solicitation amendments (if any)
i. Past performance information, when included as an evaluation factor, to include recent and relevant contracts for the same or similar items and other references (including contract numbers, points of contact with telephone numbers, and other relevant information)
j. A statement specifying the extent of agreement with all terms, conditions, and provisions included in the solicitation. Offers that fail to furnish required representations or information, or reject the terms and conditions of the solicitation may be excluded from consideration.

2. **Period for Acceptance of Offers.** The offeror agrees to hold the prices in its offer firm for 30 calendar days from the date specified for receipt of offers, unless another time period is specified in an addendum to the solicitation.

3. **Product Samples.** When required by the solicitation, product samples shall be submitted at or prior to the time specified for receipt of offers. Unless otherwise specified in this solicitation, these samples shall be submitted at no expense, and returned at the sender's request and expense, unless they are destroyed by preaward testing.

4. **Multiple Offers.** Offerors are encouraged to submit multiple offers presenting alternative terms and conditions or items for satisfying the requirements of this solicitation. Each offer submitted will be evaluated separately.

5. **Late Submissions, Modifications, Revisions, and Withdrawals of Offers.**

a. Offerors are responsible for submitting offers, and any modifications, revisions, or withdrawals, so as to reach the Contracting Officer designated in the solicitation by the time specified in the solicitation. If no time is specified in the solicitation, the time for receipt is 1630 hours, local time, for the designated contracting office on the date that offers or revisions are due.

b. Any offer, modification, revision, or withdrawal of an offer received at the contracting office designated in the solicitation after the exact time specified for receipt of offers is "late" and will not be considered unless it is received before award is made, the Contracting Officer determines that accepting the late offer would not unduly delay the acquisition, and

1) if it was transmitted through an electronic commerce method authorized by the solicitation, it was received at the initial point of entry to the contracting office not later than 1700 hours one working day prior to the date specified for receipt of offers, or

2) there is acceptable evidence to establish it was received at the location designated for the receipt of offers and was under government control prior to the time set for receipt of offers, or

3) if the solicitation was a request for proposals, it was the only proposal received.

c. However, a late modification of an otherwise successful offer that makes the offer's terms more favorable to the contracting organization issuing the solicitation will be considered at any time it is received and may be accepted.

d. Acceptable evidence to establish the time of receipt at the contracting office includes the time/date stamp of that installation on the offer wrapper, other documentary evidence of receipt maintained by the installation, or oral testimony or statements of contracting office personnel.

e. If an emergency or unanticipated event interrupts normal processes so that offers cannot be received at the contracting office designated for receipt of offers by the exact time specified in the solicitation, and urgent requirements preclude amendment of the solicitation or other notice of the extension of the closing date, the time specified for receipt of offers will be deemed to be extended to the same time of day specified in the solicitation on the first work day on which normal processes resume.

f. Offers may be withdrawn by written notice received at any time before the exact time set for receipt of offers. Oral offers in response to oral solicitations may be withdrawn orally. If the solicitation authorizes facsimile offers, offers may be withdrawn via facsimile received at any time before the exact time set for receipt of offers, subject to the conditions specified in the solicitation concerning facsimile offers. An offer may be withdrawn in person by an offeror or its authorized representative if, before the exact time set for receipt of offers, the identity of the person requesting withdrawal is established and the person signs a receipt for the offer.

6. **Contract Award.** The Contracting Officer intends to evaluate offers and award a contract without discussions with offerors. Therefore, the offeror's initial offer should contain the offeror's best terms from a price and technical standpoint. However, the Contracting Officer reserves the right to conduct discussions if later determined by the Contracting Officer to be necessary. The Contracting Officer may reject any or all offers if such action is in the public interest; accept other than the lowest-priced offer; and waive informalities and minor irregularities in offers received.

7. **Multiple Awards.** The Contracting Officer may accept any item or group of items of an offer, unless the offeror qualifies the offer by specific limitations. Unless otherwise provided in the schedule, offers may not be submitted for quantities less than those specified. The Contracting Officer reserves the right to make an award on any item for a quantity less than the quantity offered, at the unit prices offered, unless the offeror specifies otherwise in the offer.

8. **Evaluation.** The Contracting Officer will award a contract resulting from this solicitation to the responsible offeror whose offer conforming to the solicitation will be most advantageous to the contracting activity, price and other factors considered. The following factors shall be used to evaluate offers.

(Contracting Officer lists factors here, in order of importance)

9. **Options.** The Contracting Officer will evaluate offers for award purposes by adding the total price for all options to the total price for the basic requirement. The Contracting Officer may determine that an offer is unacceptable if the option prices are significantly unbalanced. Evaluation of options shall not obligate the Contracting Officer to exercise the option(s).

10. **Notice of Award.** A written notice of award or acceptance of an offer, mailed or otherwise furnished to the successful offeror within the time for acceptance of the offer, shall result in a binding contract without further action by either party. Before the offer's scheduled expiration time, the Contracting Officer may accept an offer (or part of an offer) whether or not there are negotiations after its receipt, unless a written notice of withdrawal is received before award.

11. **Protests.** A contractor wishing to object to the terms of a solicitation, the termination of a solicitation, the award of a contract, or the termination of the award of a contract, shall present the matter to the Contracting Officer for an initial decision. The contractor shall state to the Contracting Officer the basis for the protest. If the contractor does not agree with the Contracting Officer's initial decision, the Contractor may appeal the initial decision to the Head of Contracting Activity, CPA, for resolution. The decision of the Head of Contracting Activity, CPA, shall be the final decision in the matter.

12. **Evaluation of Foreign Currency Offers.** If the Contracting Officer receives offers in more than one currency, the Contracting Officer will evaluate offers by converting the foreign currency to United States currency using _____ rate in effect on the date specified for receipt of offers, if award is based on initial offers, or, if award is based on revised offers, on the date specified for receipt of proposal revisions.

Contract Terms and Conditions

13. **Inspection/Acceptance.** The Contractor shall only tender for acceptance those items that conform to the requirements of this contract. The Contracting Officer reserves the right to inspect or test any supplies or services that have been tendered for acceptance. The Contracting Officer may require repair or replacement of nonconforming supplies or reperformance of nonconforming services at no increase in contract price. The Contracting Officer must exercise the post-acceptance rights:

a. Within a reasonable time after the defect was discovered or should have been discovered, and

b. Before any substantial change occurs in the condition of the item, unless the change is due to the defect in the item.

14. **Assignment.** The Contractor shall not assign, transfer, or make any other disposition of this Contract, or any part thereof, without the prior written consent of the Contracting Officer.

15. **Changes.** Changes in the terms and conditions of this contract may be made only by written agreement of the parties.

16. **Disputes.** This contract is not subject to the Contract Disputes Act of 1978, as amended (41 U.S. Code, Sections 601-613). Failure of the parties to this contract to reach agreement on any request for equitable adjustment, claim, appeal, or action arising under or relating to this contract shall be a dispute to be resolved in accordance with the United States Federal Acquisition Regulation Clause 52.233-1, Disputes, which is incorporated herein by reference except that appeals from final decisions of a Contracting Officer may only be appealed to the U.S. Armed Services Board of Contract Appeals (ASBCA). The decision of the ASBCA shall be final. The contractor shall proceed diligently with performance of this contract, pending final resolution of any dispute arising under the contract.

17. **Excusable Delays.** The Contractor shall be liable for default unless nonperformance is caused by an occurrence beyond the reasonable control of the Contractor and without its fault or negligence such as, acts of God or the public enemy, acts of the Governmental activity in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, unusually severe weather, and delays of common carriers. The Contractor shall notify the Contracting Officer in writing as soon as it is reasonably possible after the commencement of any excusable delay, setting forth the full particulars in connection therewith, shall remedy such occurrence with all reasonable dispatch, and shall promptly give written notice to the Contracting Officer of the cessation of such occurrence.

18. **Invoice.** The Contractor shall submit an original invoice and three copies (or electronic invoice if authorized) to the address designated in the contract to receive invoices. The invoice must include:

a. Name and address of the Contractor.

b. Invoice date and number.

c. Contract number, contract line item number, and, if applicable, the order number.

d. Description, quantity, unit of measure, unit price, and extended price of the items delivered.

e. Shipping number and date of shipment, including the bill of lading number and weight of shipment if shipped on a bill of lading.

f. Terms of any discount for prompt payment offered.

g. Name, title, and phone number of person to notify in event of defective notice.

19. **Patent Indemnity.** The Contractor shall indemnify the Government agency involved in this contract and its officers, employees, and agents against liability, including costs, for actual or alleged direct or indirect contributory infringement of, or inducement to infringe, any patent,

trademark, or copyright, arising out of the performance of this contract, provided the Contractor is reasonably notified of such claims and proceedings.

20. **Payment.** Payment shall be made for items accepted by the Contracting Officer that have been delivered to the delivery destinations set forth in this contract. In connection with any discount offered for early payment, time shall be computed from the date of the invoice. For the purpose of computing the discount earned, payment shall be considered to have been made on the date which appears on the payment check or the specified payment date if an electronics fund transfer payment is made.

21. **Risk of Loss.** Unless the contract specifically provides otherwise, risk of loss or damage to the supplies provided under this contract shall remain with the Contractor until, and shall pay to the Contracting Officer upon:

a. Delivery of the supplies to a carrier, if transportation is f.o.b. origin.

b. Delivery of the supplies to the Contracting Officer or a representative at a destination specified in the contract, if transportation is f.o.b. destination.

22. **Taxes.** The contract price includes all applicable taxes and duties.

23. **Termination for Convenience.** The Contracting Officer reserves the right to terminate this contract, or any part hereof, for the sole convenience of the Government activity. In the event of such termination, the Contractor shall immediately stop all work hereunder and shall immediately cause any and all of its suppliers and subcontractors to cease work. Subject to the terms of this contract, the Contractor shall be paid a percentage of the contract price reflecting the percentage of the work performed prior to the notice of termination, plus reasonable charges the Contractor can demonstrate to the satisfaction of the Contracting Officer using its standard record keeping system, have resulted from the termination. The Contracting Officer, upon reasonable advanced notice, may inspect the financial records relating to this Contract including the amounts paid to subcontractors and the locations where any portion of the Contractor's performance occurs. The Contracting Officer may review the Contractor's financial statements upon request.

24. **Termination for Cause.** The Contracting Officer may terminate this contract, or any part hereof, for cause in the event of any default by the Contractor, or if the Contractor fails to comply with any contract terms and conditions, or fails to provide the Contracting Officer, upon request, with adequate assurances of future performance. In the event of termination for cause, the Government agency shall not be liable to the Contractor for any amount of supplies or services not accepted, and the Contractor shall be liable for any and all rights and remedies provided by law. If it is determined that the Contracting Officer improperly terminated this contract for cause, such termination shall be deemed a termination for convenience.

25. **Title.** Unless specified elsewhere in this contract, title to items furnished under this contract shall pass to the Government agency upon acceptance, regardless of when or where the Government agency takes physical possession.

26. **Warranty.** The Contractor warrants and implies that the items delivered hereunder are merchantable and fit for use for the particular purpose described in this contract.

27. **Immunities.** Except as provided in this contract, the Government of Iraq or its agents, including the CPA or other governmental agencies, have not waived any of their privileges or immunities.

28. **Legal Status.** The Contractor is an independent contractor. The Contractor's employees will not be considered government employees for any purpose. The Contractor is solely responsible for compensation agreements with employees.

29. **Contractor's Responsibility for Employees.** The Contractor is responsible for the professional and technical competence of its employees and will select reliable individuals who will perform effectively in the implementation of this Contract, respect the local customs, and conform to a high standard of moral and ethical conduct. The Contracting Officer may require that the Contractor remove from the job employees who endanger persons or property, or whose continued employment under this contract is inconsistent with the interest of military security.

30. **Subcontracting.** Except as authorized in this contract, the Contractor may not subcontract any portion of the performance of this Contract to another without the prior written consent of the Contracting Officer. The terms of any subcontract will be subject to and conform with the provisions of this Contract.

31. **Indemnification.** The Contractor shall defend, indemnify, and hold harmless all government entities involved in this contract, together with the entities' officers, agents, and employees from and against all suits, claims, or liabilities of any kind arising out of acts or omissions of the Contractor, its employees, or the Contractor's subcontractors.

32. **Insurance.** The Contractor represents and warrants that it shall maintain appropriate insurance including general commercial liability and workers compensation coverage in an adequate amount to cover third parties claims arising from or in connection with this Contract. Upon request, the Contractor will provide satisfactory evidence of the insurance required under this article.

33. **Use of Names and Symbols.** Except as required by this Contract, the Contractor will not advertise or otherwise makes public the fact that it is a contractor to the governmental entity in this Contract, nor will the Contractor use the name or emblem of the governmental entity for commercial purposes.

34. **Limitation of Liability.** Except as otherwise provided by an express warranty, the Contractor will not be liable to the governmental entity for consequential damages resulting from any defect or deficiencies in accepted items.

35, **Inconsistency between English Version and Translation of Contract.** In the event of inconsistency between any terms of this contract and any transaction into another language, the English language meaning shall control.

36. **Correspondence in English.** The Contractor shall ensure that all contract correspondence that is addressed to the governmental entity awarding this contract is submitted in English or with an English translation.

37. **Conflicts of Interest.** The Contractor warrants that no governmental official has received or will be offered by the Contractor any direct or indirect benefit in connection with or arising from the award of this contract. The Contractor agrees that any breach of this provision is a breach of an essential term of this Contract.

38. **Order of Precedence (except for Construction Contracts).** Any inconsistencies in this solicitation or contract shall be resolved by giving precedence in the following order:

a. The schedule of supplies/services.

b. The Assignments, Disputes, Payments, Invoice, Other Compliances clauses of this contract.

c. Addenda to this solicitation or contract, including any license agreements for computer software.

d. Solicitation provisions (if this is a solicitation)

e. The other standard clauses in this contract.

f. Other documents, exhibits, and attachments.

g. The specification (the narrative description of the work)

39. **Other Compliances.** The Contractor shall comply with all applicable laws, rules, and regulations applicable to its performance under this contract.

40. **Source of Funds.** The obligation under this contract is made with CPA Funds, as defined in CPA Memorandum Number 04 , dated August 19, 2003. No funds, appropriated or other, of any Coalition country are or will be obligated under this contract.

41. **Option to Extend the Term of the Contract.**

a. The governmental entity awarding this contract may extend the term of this contract by written notice to the Contractor within _____ days (insert number of days) prior to the end of the term of the contract, or the end of any option period previously exercised under the contract; provided that the Government entity gives the Contractor a preliminary written notice of its intent to extend at least _____(insert number of days) before the contract period (including option periods exercised) expires. The preliminary notice does not commit the governmental entity to an extension. If the Government exercises this option, the extended contract shall be considered to include this clause.

b. At the end of the contract period, or at the end of the final option period under this contract, whichever is later, if the governmental entity requires continued performance of services within the limits and at the rates specified in the contract, the governmental entity may extend the period of performance under this contract for an additional period not to exceed six months, by giving written notice to the Contractor at least _____ days before the end of the contract period or the end of the final option period exercised, whichever is later.

42. **Liquidated Damages.**

a. If the Contractor fails to perform within the time specified in this contract, the Contractor shall, in place of actual damages, pay to the governmental entity liquidated damages of $_____ per calendar day of delay.

b. If the governmental entity terminates this contract in whole or in part under the Termination for Cause clause, the Contractor is liable for liquidated damages accruing until the governmental entity reasonably obtains similar delivery or performance. These liquidated damages are in addition to excess costs of repurchase under the Termination for Cause clause.

c. The Contractor will not be charged with liquidated damages when the delay in delivery or performance is beyond the control and without the fault or negligence of the Contractor as defined in the Excusable Delay clause.

Construction Contract Terms and Conditions (For Construction Contracts Only)

43. **Performance of Work by the Contractor.** The Contractor shall perform on the site, and with its own organization, work equivalent to at least _____ percent of the total amount of work to be performed under the contract. This percentage may be reduced by a supplemental agreement to this contract if, during performing the work, the Contractor requests a reduction and the Contracting Officer determines that the reduction would be to the advantage of the Government.

44. **Differing Site Conditions.**

a. The Contractor shall promptly, and before the conditions are disturbed, give a written notice to the Contracting Officer of:

(1) Subsurface or latent physical conditions at the site which differ materially from those indicated in the Contract, or

(2) Unknown physical conditions at the site, of an unusual nature, which differ materially from those ordinarily encountered and generally recognized as inhering in work of the character provided for in the contract.

b. The Contracting Officer shall investigate the site conditions promptly after receiving the notice. If the conditions do materially so differ and cause an increase or decrease in the Contractor's cost of, or the time required for, performing any part of the work under this contract, whether or not changed as a result of the conditions, an equitable adjustment shall be made under this clause and the contract modified in writing accordingly.

c. No request by the Contractor for an equitable adjustment to the contract shall be allowed, unless the Contractor has given the written notice required; provided, that the time prescribed in paragraph (a) of this clause for giving written notice may be extended by the Contracting Officer.

d. No request by the Contractor for an equitable adjustment to the contract for differing site conditions shall be allowed if made after final payment under this contract.

45. **Site Investigation and Conditions Affecting the Work.**

a. The Contractor acknowledges that it has taken steps reasonably necessary to ascertain the nature and location of the work, and that it has investigated and satisfied itself as to the general and local conditions which can affect the work or its cost, including but not limited to (1) conditions bearing upon transportation, disposal, handling, and storage of materials; (2) the

availability of labor, water, electric power, and roads; (3) uncertainties of weather, river stages, tides, or similar physical conditions at the site; (4) the conformation and conditions of the ground; (5) the character of equipment and facilities needed preliminary to and during work performance. The Contractor also acknowledges that it has satisfied itself as to the character, quality, and quantity of surface and subsurface materials or obstacles to be encountered insofar as the information is reasonably ascertainable from an inspection of the site, including all exploratory work done by the governmental agency involved, as well as from the drawing and specifications made a part of this contract. Any failure of the Contractor to take the action described and acknowledged in this paragraph will not relieve the Contractor from responsibility for estimating properly the difficulty and cost of successfully performing the work, or for proceeding to successfully perform the work without additional expense to the governmental agency involved.

b. The governmental agency involved in this contract assumes no responsibility for any conclusions or interpretations made by the Contractor based on the information made available by the Government, nor does the governmental agency assume responsibility for any understanding reached or representation made concerning conditions which can affect the work by any of its officers or agents before the execution of this contract, unless that understanding or representation is expressly stated in this contract.

46. **Material and Workmanship.**

a. All equipment, material, and articles incorporated into the work covered by this contract shall be new and of the most suitable grade for the purpose intended, unless otherwise specifically provided in this contract. References in the specifications to equipment, material, articles, or patented processes by trade name, make, or catalog number, shall be regarded as establishing a standard of quality and shall not be construed as limited competition. The Contractor may, at its option, use any equipment, material, article, or process that, in the judgment of the Contracting Officer, is equal to that named in the specifications, unless otherwise specifically provided in this contract.

b. The Contractor shall obtain the Contracting Officer's approval of the machinery and mechanical and other equipment to be incorporated into the work. When requesting approval, the Contractor shall furnish to the Contracting Officer the name of the manufacturer, the model number, and other information concerning the performance, capacity, nature, and rating of the machinery and mechanical and other equipment. When required by this contract or by the Contracting Officer, the Contractor shall also obtain the Contracting Officer's approval of the material or articles which the Contractor contemplates incorporating into the work. When requesting approval, the Contractor shall provide full information concerning the material or articles. When directed to do so, the Contractor shall submit samples for approval at the Contractor's expense, with all shipping charges prepaid. Machinery, equipment, material, and articles that do not have the required approval shall be installed or used at the risk of subsequent rejection.

c. All work under this contract shall be performed in a skillful and workmanlike manner. The Contracting Officer may require, in writing, that the Contractor remove from the work any employee the Contracting Officer deems incompetent, careless, or otherwise objectionable.

47. **Superintendence by the Contractor.** At all times during performance of this contract and until the work is completed and accepted, the Contractor shall directly superintend the work

or assign and have on the worksite a competent superintendent who is satisfactory to the Contracting Officer and has authority to act for the Contractor.

48. **Permits and Responsibilities.** The Contractor shall, without additional expense to the governmental entity awarding this contract, be responsible for obtaining any necessary licenses and permits, and for complying with any laws, codes, or regulations applicable to the performance of the work. The Contractor shall also be responsible for all damages to persons or property that occurs as a result of the Contractor's fault or negligence. The Contractor shall also be responsible for all materials delivered and work performed until completion and acceptance of the entire work, except for any completed unit of work which may have been accepted under the contract.

49, **Protection of Existing Vegetation, Structures, Equipment, Utilities, and Improvements.**

a. The Contractor shall preserve and protect all structures, equipment, and vegetation (such as trees, shrubs, and grass) on or adjacent to the work site, which are not to be removed and which do not unreasonably interfere with the work required under this contract. The Contractor shall only remove trees when specifically authorized to do so, and shall avoid damaging vegetation that will remain in place. If any limbs or branches of trees are broken during contract performance, or by the careless operation of equipment, or by workmen, the Contractor shall trim those limbs or branches with a clean cut and take such other action as the Contracting officer may direct.

b. The Contractor shall protect from damage all existing improvements and utilities (1) at or near the work site, and (2) on adjacent property of a third party, the locations of which are made known to or should be known by the Contractor. The Contractor shall repair any damage to those facilities, including those that are the property of a third party, resulting from failure to comply with the requirements of this contract or failure to exercise reasonable care in performing the work. If the Contractor fails or refuses to repair the damage promptly, the Contracting Officer may have the necessary work performed and charge the cost to the Contractor.

50. **Operations and Storage Areas.**

a. The Contractor shall confine all operations (including storage of materials) to areas authorized or approved by the Contracting Officer. The Contractor shall hold and save the government entity awarding this contract, its officers and agents, free and harmless from liability of any nature occasioned by the Contractor's performance.

b. Temporary buildings (such as storage sheds, shops, offices) and utilities may be erected by the Contractor only with the approval of the Contracting Officer and shall be built with labor and materials furnished by the Contractor without expense to the governmental entity awarding this contract. The temporary buildings and utilities shall remain the property of the Contractor and shall be removed by the Contractor at its expense upon completion of the work. With the written consent of the Contracting Officer, the buildings and utilities may be abandoned and need not be removed.

c. The Contractor shall, under rules established by the Contracting Officer, use only established roadways, or use temporary roadways constructed by the Contractor when and as authorized by the Contracting Officer. When materials are transported in prosecuting the work, vehicles shall not be loaded beyond the loading capacity recommended by the manufacturer of

the vehicle or prescribed by law or regulation. When it is necessary to cross curbs and sidewalks, the Contractor shall protect them from damage. The Contractor shall repair or pay for the repair of any damaged curbs, sidewalks, or roads.

51. **Cleaning Up.** The Contractor shall at all times keep the work area, including storage areas, free from accumulations of waste materials. Before completing the work, the Contractor shall remove from the work and premises any rubbish, tools, scaffolding, equipment, and materials that are not the property of the Government. Upon completing the work, the Contractor shall leave the work area in a clean, neat, and orderly condition satisfactory to the Contracting Officer.

52. **Accident Prevention.**

a. The Contractor shall provide and maintain work environments and procedures which will:

(1) Safeguard the public and governmental entity personnel, property, materials, supplies, and equipment exposed to Contractor operations and activities,

(2) Avoid interruptions of governmental entity operations and delays in project completion dates, and

(3) Control costs in the performance of this contract.

b. For these purposes on contracts for construction or dismantling, demolition, or removal of improvements, the Contractor shall:

(1) Provide appropriate safety barricades, signs, and signal lights.

(2) Ensure that any additional measures the Contracting Officer determines to be reasonably necessary for the purposes are taken.

c. Whenever the Contracting Officer becomes aware of any noncompliance with these requirements or any condition which poses a serious or imminent danger to the health and safety of the public or governmental entity personnel, the Contracting Officer shall notify the Contractor orally, with written confirmation, and request immediate initiation of corrective action. This notice, when delivered to the Contractor or the Contractor's representative at the work site, shall be deemed sufficient notice of the noncompliance and that corrective action is required. After receiving the notice, the Contractor shall immediately take corrective action. If the Contractor fails or refuses to promptly take corrective action, the Contracting Officer may issue an order stopping all or part of the work until satisfactory corrective action has been taken. The Contractor shall not be entitled to any equitable adjustment of the contract price or extension of the performance schedule on any stop work order issued under this clause.

d. The Contractor shall insert this clause, including this paragraph (d), with appropriate changes in the designation of the parties, in subcontracts.

53. **Schedules for Construction Contracts.**

a. The Contractor shall, within five days after the work commences on the contract or another period of time determined by the Contracting Officer, prepare and submit to the Contracting Officer for approval three copies of a practicable schedule showing the order in which the Contractor contemplates starting and completing the several salient features of the work (including acquiring materials and equipment). The schedule shall be in the form of a progress chart of suitable scale to indicate approximately the percentage of work scheduled for completion by any given date during the period. If the Contractor fails to submit a schedule

within the time prescribed, the Contracting Officer may withhold approval of progress payments until the Contractor submits the required schedule.

b. The Contractor shall report progress under the schedule to the Contracting Officer as directed by the Contracting Officer. If, in the opinion of the Contracting Officer, the Contractor falls behind the approved schedule, the Contractor shall take steps necessary to improve its progress, including those that may be required by the Contracting Officer, without additional cost to the governmental entity awarding this contract. In this circumstance, the Contracting Officer may require the Contractor to increase the number of shifts, overtime operations, days of work, and other efforts, and to submit for approval any supplementary schedule or schedules as the Contracting Officer deems necessary to demonstrate how the approved rate of progress will be regained.

c. Failure of the Contractor to comply with the requirements of the Contracting Officer under this clause shall be grounds for a determination by the Contracting Officer that the Contractor is not prosecuting the work with sufficient diligence to ensure completion within the time specified in the contract. Upon making this determination, the Contracting Officer may terminate the Contractor's right to proceed with the work, or any separable part of it, in accordance with the default terms of the contract.

54. **Specifications and Drawings for Construction.** The Contractor shall keep on the work site a copy of the drawings and specifications (the written description of the work) and shall at all times give the Contracting Officer access thereto. Anything mentioned in the specifications and not in the drawings, or shown on the drawings and not mentioned in the specifications, shall be of like effect as if shown or mentioned in both. In case of difference between drawings and specifications, the specifications shall govern. If case of difference in the figures between the drawings or in the specifications, the matter shall be promptly submitted to the Contracting Officer, who shall promptly make a determination in writing. Any adjustment by the Contractor without such a determination shall be at its own risk and expense. The Contracting Officer shall furnish from time to time such detailed drawings and other information as considered necessary, unless otherwise provided.

CONTRACT AND GRANT PROCEDURES APPLICABLE TO VESTED AND SEIZED IRAQI PROPERTY AND DEVELOPMENT FUND FOR IRAQ

Guidance for Issuing Grants
APPENDIX C

Considerations for Drafting Grant Agreements or Solicitations for Grant Proposals.

- Identify the objectives of the grant and need for assistance. Pinpoint any relevant physical, economic, social, financial, institutional, or other problems to be addressed by the grant.
- Consider the anticipated results or benefits expected. Identify costs and benefits to be derived. For example, show how problem will be improved as a result of the grant. Explain how the project will benefit the public.
  Examine the execution approach. List the activities in chronological order to show the schedule of accomplishments and expected completion dates. Identify the kinds of data to be collected and maintained, and discuss the criteria to be used to evaluate the results and success of the project. Explain the methodology that will be used to determine if the needs identified and discussed are being met and if the results and benefits identified are being achieved. List each organization, cooperator, consultant, or other key individuals who will work on the project along with a short description of the nature of their effort or contribution.
- Develop assessment and control measures. Establish criteria for judging the effectiveness and value of the grant. For larger grants, progress payments or other control measures should be included to ensure the grant is used effectively.

Executing Grants

- Grants may be made to government entities or other organizations for purposes benefiting the public good. Small reconstruction and public works projects, as well as projects that positively impact education and health care, may be appropriate for grants.
- Grant agreements will be recorded on forms prescribed by the Head of Contracting Activity, CPA, in consultation with the Office of the General Counsel, CPA.
  When executing grants ensure the grantee understands the purpose of the grant and the need to exercise fiscal responsibility including obtaining receipts for significant payments and for documenting the use of funds.

- Conduct periodic inspections of the grant activity to ensure the grant is being used appropriately.

CONTRACT AND GRANT PROCEDURES APPLICABLE TO VESTED AND SEIZED IRAQI PROPERTY AND DEVELOPMENT FUND FOR IRAQ

Frequently Asked Questions

APPENDIX D

What projects are appropriate for the expenditure of DFI Funds?

UN Security Council Resolution 1483 (2003) provides the following:

14. Underlines that the Development Fund for Iraq shall be used in a transparent manner to meet the humanitarian needs of the Iraqi people, for the economic reconstruction and repair of Iraq's infrastructure, for the continued disarmament of Iraq, and for the costs of Iraqi civilian administration, and for other purposes benefiting the people of Iraq;

This is the standard for use of DFI funds. If the contracting requirement does not fit squarely within these categories, other funding sources must be used. Requirements for the support of Coalition Forces may not be satisfied with DFI funds.

What special rules apply for contracts with Iraqi Funds?

Obligations under contracts with Iraqi Funds will be satisfied only with Iraqi Funds. A special clause is included in the contract to put all parties on notice of this important issue.

Military Units: Military units should not execute contracts in their names or in the name of their government for projects using Iraqi Funds. These contracts must contain the following language:

> "This contract/grant is entered into under the authority of the Administrator as head of the Coalition Provisional Authority (CPA), which is temporarily exercising governmental authority in Iraq pursuant to the law and usages of war and relevant United Nations Security Council Resolutions, including Resolution 1483 (2003) ("Coalition") and by _____("Contractor")

Coalition Provisional Authority: In order to clearly state the authority upon which the contract is being entered into, the clause set forth above must be included in each contract.

The CPA's authority is of limited duration and will terminate upon the establishment of an internationally recognized, representative government of Iraq. Therefore, it is important to ensure there is a "termination for convenience" clause in each contract.

Ministries of the Iraqi Government: Ministries of the Iraqi government should use Iraqi government contracting procedures when using CPA Funds, if the Administrator determines that the contracting procedures are adequate. If those procedures are inadequate, these procedures will be used.

When should I use a grant and when should I use a contract?

When the primary purpose is to support or stimulate the efforts of the recipient rather than to acquire a product or service, grants may be made to community agencies in support of community development or outreach programs. Grants have more limited oversight and are intended to allow the applicant greater flexibility. While the effectiveness of the grant should be assessed, the requirement need not be filled by another source if the intended aims are not achieved. Grants are generally awarded to government entities and non-profit organizations.

Contracts are used to acquire goods or services.

What factors should be used when evaluating potential contractors?

The requirements for each contract should be tailored to the acquisition. However all decisions to award contracts should involve consideration of the following factors:

- Value. While price is very important in determining a contract award, it ensuring the performance of the contract in responsible manner is also important.
- Financial Stability of Contractor. The financial stability of the contractor must be evaluated in all Large Purchase contracts or contracts involving a substantial percentage payment of the full contract award in advance. This review should include an analysis of its financial statements; audits where possible; credit reports; and other data assessing the fitness of the company.
- Past Performance. Past performance should be considered if the entity has performed previous services.

Appendix E

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(U) FRAGO 89 [COMMANDER'S EMERGENCY RESPONSE PROGRAM (CERP) FORMERLY THE BRIGADE COMMANDERS' DISCETIONARY FUND] TO CJTF-7 OPORD 03-036

(U) THIS FRAGO HAS BEEN REVIEWED AND APPROVED FOR RELEASE BY COL RADCLIFFE, CJTF-7 C3 CHOPS

SUBJ: COMMANDER'S EMERGENCY RESPONSE PROGRAM (CERP).

(U) REFERENCES:

A. V CORPS FRAGO 104M TO OPORD FINAL VICTORY, COMMANDERS DISCRETIONARY RECOVERY PROGRAM, DTG 070220LMAY03
B. V CORPS FRAGO 132M [CHANGE 1 TO FRAGO 104M - BDE CDR'S DISCRETIONARY FUNDS] TO V CORPS OPORD FINAL VICTORY, DTG 082130LMAY03
C. CFLCC FRAGO 32 TO OPORD 03-033, DTD 080922LMAY03
D. CFLCC FRAGO TO OPORD 03-033, DTD
E. FRAGO 458M [CHANGE 2 TO FRAGO 104M - BDE CDR'S DISCRETIONARY FUNDS] TO V CORPS OPORD FINAL VICTORY

(U) MAPS: [NO CHANGE]

(U) TIME ZONE USED THROUGHOUT THIS ORDER: DELTA

(U) TASK ORGANIZATION: [NO CHANGE]

1. (U) SITUATION. [NO CHANGE]

2. (U) MISSION. [NO CHANGE]

3. (U) EXECUTION. [NO CHANGE]

(U) COMMANDER'S INTENT [NO CHANGE]

3.B. (U) CONCEPT OF THE OPERATION. COALITION PROVISIONAL AUTHORITY (CPA) HAS EXPANDED AND INCREASED THE FUNDS AVAILABLE TO BRIGADE AND DIVISION COMMANDERS. THIS PROGRAM HAS BEEN RENAMED THE COMMANDERS EMERGENCY RESPONSE PROGRAM (CERP). BRIGADE COMMANDERS WILL BE GIVEN $200,000 WITH AN INDIVIDUAL PROJECT LIMIT OR $50,000.00. THIS AUTHORITY REMAINS LIMITED TO BRIGADE/O-6 AND GOVERNORATE LEVEL COMMANDERS. ADDITIONALLY, DIVISION COMMANDERS WILL BE GIVEN A FUND OF $500,000 WITH AN INDIVIDUAL PROJECT LIMIT OF $100,000.00. THE INTENT IS TO PROVIDE MSC WITH A GREATER CAPABILITY AND FLEXIBILITY TO TAKE IMMEDIATE ACTION TO MAKE POSITIVE IMPACTS IN THEIR AREA OF RESPONSIBILITY.

3.B.1 BRIGADE/O-6 AND GOVERNORATE LEVEL COMMANDERS, UTILIZING OPCON CIVIL AFFAIRS ASSETS, WILL AGGRESSIVELY EXECUTE THEIR SPENDING PLAN IN ORDER TO BENEFIT THE PEOPLE OF IRAQ. BRIGADE/O-6 AND GOVERNORATE LEVEL COMMANDERS WILL HAVE THE AUTHORITY TO USE INITIAL CASH FUNDING, AT THEIR OWN DISCRETION, TO PURCHASE GOODS AND SERVICES RELATED TO RECONSTRUCTION EFFORTS FOR THE IRAQI PEOPLE. AT THE BRIGADE/ GROUP LEVEL INDIVIDUAL PROJECTS ARE NOT TO EXCEED $50,000.

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3.B.2. DIVISION COMMANDERS' HAVE THE AUTHORITY TO APPROVE PROJECTS UP TO $100,000. PROJECTS EXCEEDING $100,000 WILL BE SUBMITTED THROUGH C8/COMPTROLLER CHANNELS TO OCPA IAW PROCEDURES THAT WILL BE PUBLISHED BY SEPARATE FRAGO.

3.B.3. AS FUNDS ARE EXHAUSTED, BRIGADES/DIVISIONS WILL COORDINATE THROUGH THEIR ORGANIZATION G8 /COMPTROLLERS TO GAIN ADDITIONAL FUNDING AUTHORITY. THESE FUNDS ARE MONIES DERIVED FROM SEIZED IRAQI ASSETS.

3.B.4. THE COMMANDERS' EMERGENCY RESPONSE PROGRAM (CERP) IS A CPA FUNDED AUTHORITY PROVIDED FOR RECONSTRUCTION ASSISTANCE TO THE IRAQ PEOPLE. RECONSTRUCTION ASSISTANCE IS THE BUILDING, REPAIR, RECONSTITUTION, AND REESTABLISHMENT OF THE SOCIAL AND MATERIAL INFRASTRUCTURE IN IRAQ. THIS INCLUDES, BUT IS NOT LIMITED TO: WATER AND SANITATION INFRASTRUCTURE, FOOD PRODUCTION AND DISTRIBUTION, AGRICULTURE, ELECTRICAL POWER GENERATION AND DISTRIBUTION, HEALTHCARE, EDUCATION, TELECOMMUNICATIONS, PROJECTS IN FURTHERANCE OF ECONOMIC, FINANCIAL, MANAGEMENT IMPROVEMENTS, TRANSPORTATION, AND INITIATIVES WHICH FURTHER RESTORE OF THE RULE OF LAW AND EFFECTIVE GOVERNANCE, IRRIGATION SYSTEMS INSTALLATION OR RESTORATION, DAY LABORERS TO PERFORM CIVIC CLEANING, PURCHASE OR REPAIR OF CIVIC SUPPORT VEHICLES, AND REPAIRS TO CIVIC OR CULTURAL FACILITIES.

3.B.5. EXPENDITURES CAN INCLUDE GOODS AND SERVICES (I.E.CAN PURCHASE PARTS TO FIX SOMETHING OR PAY AN IRAQI CONTRACTOR TO FIX IT).

3.B.6. CJTF-7 WILL ISSUE RESOURCE DISTRIBUTION DOCUMENTS TO SUBORDINATE UNITS C8/COMPTROLLERS TO FUND BRIGADE/DIVISION COMMANDERS.

3.B.7. THE NEW LIMITS ARE EFFECTIVE IMMEDIATELY FOR FUNDS ALREADY DISTRIBUTED TO UNITS.

3.C TASKS TO SUBORDINATE UNITS

3.C.1 TASKS TO MSCs

3.C.1.B PROJECT PURCHASING OFFICERS (PPOS) MUST BE APPOINTED, IN WRITING BY THEIR COMMANDER, HAVE BEEN CERTIFIED AS A FIELD ORDERING OFFICER (FOO), AND MUST MAINTAIN A COPY OF THE FRAGO AUTHORIZING THE CERP PROGRAM.

3.C.1.C. COORDINATE FOR FINANCE SUPPORT WITH LOCAL FINANCE ELEMENTS TO PROVIDE CURRENCY SUPPORT AND PAY AGENT TRAINING.

3.C.1.D PROVIDE SECURITY FOR FUNDS AS NECESSARY

3.C.1.E PROVIDE TRANSPORTATION AND SECURITY TO PAY AGENTS AS REQUIRED

3.C.1.F. COORDINATE WITH ORGANIC FINANCE ELEMENTS FOR REQUIRED PAY AGENT DOCUMENTATION NECESSARY TO DRAW CASH.

3.D COORDINATING INSTRUCTIONS

3.D.1. COORDINATE ALL PROJECTS WITH REGIONAL OCPA OFFICES, GST AND CIVIL AFFAIRS ELEMENTS TO PREVENT DUPLICATION OF EFFORT AND TO ENSURE SYNCHRONIZATION.

3.D.2. IRAQI SEIZED ASSETS USED FOR THIS PROGRAM ARE NOT UNLIMITED. WORK TO ENSURE REASONABLE PRICES ARE PAID FOR GOODS/SERVICES RECEIVED, AND PROJECTS ARE CONSTRUCTED TO A MODEST, FUNCTIONAL STANDARD.

3.D.3. LIMITATIONS ON FUND EXPENDITURES:

3.D.3.A. FUNDS WILL NOT BE USED FOR EITHER THE DIRECT OR INDIRECT BENEFIT OF CJTF-7 FORCES, TO INCLUDE COALITION FORCES.

3.D.3.B. FUNDS WILL NOT BE USED FOR ENTERTAINMENT OF LOCAL IRAQI POPULATION

3.D.3.C. FUNDS WILL NOT BE USED TO FUND ANY TYPE OF WEAPONS BUY BACK PROGRAMS OR REWARDS PROGRAMS.

3.D.3.D. FUNDS WILL NOT BE USED TO BUY FIREARMS, AMMUNITION, OR THE REMOVAL OF UNEXPLODED ORDNANCE (UXO) FOR ANY PURPOSE.

3.D.3.E FUNDS WILL NOT BE USED FOR DUPLICATING SERVICES AVAILABLE THROUGH MUNICIPAL GOVERNMENTS.

3.D.3.F. UNITS CANNOT MIX CERP FUNDS AND UNIT OPERATIONS AND MAINTENANCE (OMA) FUNDS. PPOS MUST USE SEPARATE SF44'S AND DOCUMENT REGISTER FOR THESE FUNDS.

3.D.3.G. FUNDS WILL NOT BE USED TO PROVIDE SUPPORT TO INDIVIDUALS OR PRIVATE BUSINESSES (EXCEPTIONS POSSIBLE, I.E. REPAIR DAMAGE CAUSED BY COALITION FORCES.)

3.D.3.H. UNITS WILL NOT PAY SALARIES TO THE CIVIL WORK FORCE, PENSIONS, OR FUND EMERGENCY CIVIL SERVICE WORKER PAYMENTS. SALARIES AND EMERGENCY PAYMENTS ARE HANDLED DIRECTLY BY OCPA VIA IRAQI MINISTRIES AND LOCAL GST. SEE COMCFLCC FRAGO 366/416 FOR THESE PROCEDURES.

3.D.3.I. VIOLATIONS OF THESE RESTRICTIONS WILL RESULT IN TERMINATION OF CERP FUNDS FOR THAT UNIT.

3.D.4. ALL PROJECT PURCHASING OFFICERS WILL RECONCILE THEIR ACCOUNTS WITH FINANCE, RESOURCE MANAGEMENT, AND THEIR BRIGADE/DIVISION COMMANDER. COMMANDERS MUST CLEAR PPO WITH MEMO VALIDATING ALL PROJECTS AND SUBMIT PRB-1 (PROVIDED SEPERATELY TO COMPTROLLERS) THROUGH COMPTROLLER CHANNELS TO CJTF-7 C8.

3.D.5. PAY AGENTS ARE ENCOURAGED TO DRAW FUNDS AS NEEDED RATHER THAN LARGE BULK SUMS.

3.D.6. RECORD ALL PAYMENTS ON SF44 TO DOCUMENT PURCHASES MADE UNDER THIS PROGRAM. PROJECT PURCHASING OFFICERS ARE AUTHORIZED TO MAKE PURCHASES AND TO PAY FOR PROJECTS UP TO $50,000 AND $100,000 WITH THE SF 44 FOR THIS PROGRAM ONLY.

3.D.7. COMMANDERS ARE NOT AUTHORIZED TO DELIBERATELY OVER PAY. EXTRA PRECAUTION SHOULD BE TAKEN FOR EXPENSES OVER $10,000.00. FOR PROJECTS OVER $10,000, BRIGADE COMMANDERS MUST INFORM DIVISION COMMANDERS' IN ADVANCE, OBTAIN THREE BIDS FOR THE PROJECT, AND IDENTIFY AN INDIVIDUAL TO MANAGE THE PROJECT. DOCUMENT YOUR EFFORTS TO VERIFY COSTS ARE REASONABLE. FOR LARGER PROJECTS (OVER $10,000) PROGRESS PAYMENTS SHOULD BE MADE AS OPPOSED TO A LUMP SUM PAYMENT UP FRONT.

3.D.8. COMMANDERS WILL CONSULT WITH THEIR SERVICING STAFF JUDGE ADVOCATES AND FINANCE OFFICERS/RESOURCE MANAGERS FOR GUIDANCE ON THE IMPLEMENTATION OF THIS PROGRAM WITHIN THEIR COMMAND.

3.D.9. UNITS ARE ENCOURAGED TO ONLY REQUEST THE FUNDS THEY REASONABLY EXPECT TO EXECUTE.

3.D.10. REPORTS

3.D.10.A. UNITS MUST PROVIDE WEEKLY COMMANDERS DISCRETIONARY FUND FEEDER REPORTS ON SATURDAY OF EACH WEEK THROUGH UNIT COMPTROLLERS TO V CORPS/CJTF-7 G8/COMPTROLLER. INCLUDE UNIT, DATE OF PROJECT, LOCATION, AMOUNT SPENT, AND PROJECT DESCRIPTION. THIS REPORT SHOULD BE PREPARED REFLECTING ALL PROJECTS PERFORMED UNDER THE BULK FUND. UNIT COMPTROLLERS WILL CONSOLIDATE AND FORWARD THESE REPORTS NLT 1200 ON SATURDAY.

UNIT	DATE OF PROJECT	LOCATION	AMOUNT SPENT	BRIEF DESCRIPTION OF PROJECT

3.D.10.B. PRIOR TO RECEIVING AN ADDITIONAL INCREMENT OF FUNDS, UNITS WILL SUBMIT AN OCPA PRB-1 FORMS FOR ALL PROJECTS.

3.D.10.C. SUBMIT BOTH REPORTS ABOVE TO THE CJTF-7 DEPUTY C8, LTC DAVE GODDARD.

3.D.11. PROJECT PURCHASING OFFICER / PAY AGENT TEAMS WILL CLEAR OUTSTANDING SF44S PRIOR TO OBTAINING ADDITIONAL FUNDING APPROVAL.

3.D.12. DFAS ANNEX E AND OSD DIRECTIVES AUTHORIZE PROJECT PURCHASING OFFICERS TO CONTINUE THEIR DUTIES UNDER THEIR CURRENT CERTIFICATION AND TRAINING BY CONTRACTING OFFICERS.

3.D.13. POC FOR THIS FRAGO IS CJTF-7 C8, LTC DAVE GODDARD DNVT 302-550-2650, SIPRNET GODDARD@C5MAIN.HQ.C5.ARMY.SMIL.MIL, NIPRNET ACSRMXO@HQ.C5.ARMY.MIL

4. (U) SERVICE SUPPORT. [NO CHANGE]

5 (U) COMMAND AND SIGNAL. [NO CHANGE]

ACKNOWLEDGE

SANCHEZ
LTG

OFFICIAL:

WILLIAMS
C3

(b)(6)

From: (b)(6)
Sent: Wednesday, August 06, 2003 5:46 PM
To: (b)(6)
Subject: Iraqi Laws for Public and Private Corporations

Importance: High

State Companies Law (1997).doc...

Company Law (1997).doc

(b)(6) In our recent telephone conversation, I indicated I would send you for Mr. Foley's use the Iraqi law covering state enterprises since I understood that Mr. Foley's assignment for the CPA will focus on privatization of these government owned companies. On second thought, I decided to send the law covering private corporations as well since this is the law the state enterprises will come under once they are privatized (assuming it isn't changed by the CPA). These two laws will be much more relevant to his work that the old Iraqi civil and commercial codes which deal with contract and commercial transactions generally and have been substantially amended by these two more recent statutes. Mr. Foley should feel free to contact me at the coordinates below if he has any questions.

(See attached file: State Companies Law (1997).doc)
(See attached file: Company Law (1997).doc)

(b)(6)
Chief Counsel for International Commerce
U.S. Department of Commerce
(b)(6)

Document ID: FTS19970915001177
Entry Date: 09/15/1997
Version Number: 01
Region: Near East/South Asia

Sub-Region: Near East
Country: Iraq
Topic: DOMESTIC, ECONOMIC

Source-Date: 08/24/1997
Law No. 22 of 1997 on State Companies

*JN1509155497 **Baghdad al-Jumhuriyah** in Arabic 24 Aug 97 p 2*

["Text" of Law No. 22 of 1997 on State Companies]

[FBIS Translated Text] In the name of God the merciful, the compassionate

The Republic of Iraq

In the name of the people

The president of the republic

As decided by the National Assembly and approved by the Revolution Command Council, and in accordance with the provisions of Article 53 of the constitution, we issue the following law:

Law No. 22 of 1997 on State Companies

Chapter One: The Aims of the Law and the Requirements of Establishment

Article 1: For the purposes of this law, the following terms shall have the meanings stated hereunder:

The minister: The minister concerned or the head of an organization which is not linked to a ministry.

The state company: The economic unit which is self-financed, fully owned by the state, enjoying a corporate status, independent financially and administratively, and functioning on economic bases.

The registrar: The registrar of companies at the Department for the Registration of Companies in the Ministry of Trade.

Article 2: This law is aimed at organizing state companies, with regard to their establishment, management, and liquidation, under unified financial and administrative bases and rules so as to enable them to attain a high level of growth

[redacted]

in their work and production and to adopt the principle of proper economic accounting, competent investment of public funds, and efficiency in achieving state aims and improving the performance of the national economy.

Article 3: The ministry shall submit an application to the cabinet for the establishment of a state company supported by a study which states the economic and technical reasons for its establishment, provided the application includes the following:

First: The company's name, location, and head office.

Second: The company's aims and activity.

Third: The company's capital and sources of financing its activity.

Fourth: Any other information deemed essential by the ministry.

Article 4: Once the cabinet has approved the application for the establishment of the company, the ministry shall prepare the contract or statement, which shall include the following details:

First: The company's name, location, and head office. The name must reflect its activity and include the word "state."

Second: The company's aims.

Third: The company's activity.

Fourth: The company's capital.

Fifth: The names of the founders.

Sixth: Any other information deemed essential by the ministry.

Article 5: For the purposes of statistical records and documentation, the ministry shall submit the establishment contract or statement, which has been approved by the cabinet, to the registrar so he can register the company.

Article 6: The registrar shall register the company and issue a certification of establishment. The ministry shall publish this certificate and contract or statement in the Official Gazette and in the bulletin which is issued by the registrar.

Article 7: The company shall acquire a corporate status as of the date of the issuance of its certificate of establishment.

Chapter Two: The Company's Capital

Article 8: The company's capital shall be fixed in the decision which shall be issued by the cabinet approving its establishment.

Article 9: First: The State Treasury shall pay the company's capital as a lump sum or in installments, whose amounts and due dates shall be fixed in accordance with a timetable which shall be drawn up by the company in coordination with the Ministry of Finance.

Second: The value of the company's movable and immovable property shall be considered part of the paid up capital.

Third: When two or more self-financed state corporate persons participate in the establishment of a state company, the partners shall pay their share of the capital and submit to the same rules which are set forth in the provisions of this law.

Article 10: First: Whenever there is a need to increase or reduce the company's capital, the ministry, in coordination with the Ministry of Finance, shall submit an application to the cabinet supported by a financial study on the reasons for taking such a step and its impact on the company's activity, rights, and obligations.

Second: Once the cabinet has approved the increase or reduction of the company's capital, the ministry shall take the necessary steps to implement that as well as the contract or statement on the establishment of the company.

Third: The ministry shall inform the registrar to amend the registration and publish it in the Official Gazette.

Chapter Three: Profits and Losses

Article 11: For the purposes of this law, net profit means the increase in the revenues over the expenditures, as shown in the profit and loss account for the company's fiscal year, organized according to existing rules and regulations and approved accounting procedures, audited by the Financial Control Bureau, and endorsed by an authorized legal quarter.

Second: Capital profits and losses and any other profits and losses resulting from any extraordinary activity by the company shall be separated from the profits which are to be distributed among the employees.

Third: The profits which are to be distributed must not be more than 30 percent of the value of current activity. Any excess shall be transferred to the Ministry of Finance.

Fourth: The profits stipulated in Clause (III) of this article shall be distributed as follows: i) Forty-five percent to the State Treasury. ii) Thirty-two percent as incentives to company employees and to those who excel in their work, including members of the board of directors and ministry employees according to the percentages which will be fixed by the board of directors with the approval of the ministry. iii) Five percent for research and development. iv) Five percent for social services for the employees. The remainder shall go to the capital reserve.

Fifth: The cabinet may increase or reduce the percentages in Clauses (III) and (IV) of this article depending on the economic activity and circumstances.

Article 12: Twenty-five percent of the net profit before its distribution shall be deducted for covering recurrent losses from previous years, if there are any.

Article 13: If the company's losses amount to 25 percent of the nominal capital, the company's board of directors shall make an economic appraisal, indicating the causes of the losses and suggesting solutions. The appraisal shall be referred to the ministry so it can make the appropriate decision on it.

Article 14: If the company's losses amount to 50 percent of the nominal capital, the ministry shall make an economic appraisal, which shall be referred to the cabinet so that it can make the appropriate decision on whether to maintain or liquidate the company.

Chapter Four: Investments and Loans

Article 15: First: The company may invest its surplus funds in joint ventures with other partner companies, provided the ventures are relevant to the company's aims inside Iraq. The company has to obtain the approval of the cabinet if the ventures are outside Iraq.

Second: The cabinet's approval has to be obtained also when funds from partner Arab and foreign companies or establishments are to be used in joint ventures that are relevant to the company's aims outside Iraq.

Third: The company has the right to participate with Arab or foreign companies and establishments in joint ventures that are relevant to the company's aims inside Iraq.

Article 16: First: The company may invest its surplus funds as fixed deposits in banks inside Iraq for a period of not more than 180 days, provided a special account is opened in the company's records to record the interest on these deposits and to also show them in the final accounts so that it will be easy to determine the company's performance in this sector.

Second: i) Insurance and re-insurance companies and banks may invest their funds in the different investment fields. ii) The cabinet may decide to include any other investment quarter under the provisions of Paragraph (i) of this clause.

Article 17: The company may give or obtain loans, or obtain funds to finance its activity from national financial institutions and state companies under contracts and terms which shall be agreed upon, provided the loan does not exceed 50 percent of the company's paid-up capital.

Article 18: The approval of cabinet must be obtained when the loan is being obtained from outside Iraq in order to finance the company's investment or current activity.

Chapter Five: The Company's Management and Board of Directors

Article 19: The company's board of directors shall assume the task of drawing up the management, financial, organizational, and technical policies and plans for conducting the company's activity, and achieving its aims, and supervising and following up on their implementation. It shall also exercise all the pertinent rights and powers. It may authorize the company's general manager with any powers it deems appropriate.

Article 20: The board of directors shall consist of the company's general manager as chairman and eight members who shall be appointed as follows:

First: Four members shall be chosen by the minister from the among the heads of the company's various units for their experience and specialized knowledge in their fields.

Second: Two members shall be elected from among the company's employees.

Third: Two members, who are experienced and specialized in their fields, shall be selected by the minister from outside the company with the approval of the "Opinion Board."

Fourth: The board of directors shall have three reserve members. One shall be elected by the employees and two appointed by the minister.

Fifth: The board of directors shall elect during its first meeting a vice chairman from among its members. He will replace the chairman in his absence.

Article 21: The company's basic law shall determine the method of electing the representatives of the company's employees in the board of directors and the qualifications they must have.

Article 22: The term of the board of directors shall be three years, which is renewable. The term shall begin from the date of the first meeting of the board.

Article 23: First: The board of directors shall meet once a month at the invitation of its chairman.

Second: The board of directors may hold an extraordinary meeting at the invitation of its chairman or a written request by two of its members stating the reasons for it.

Third: The quorum for the board of directors is achieved by the attendance of the majority of its members, including the chairman or his deputy. Decisions shall be

made by the majority vote of those attending. In the case of a tie vote, the side getting the chairman's vote wins.

Article 24: If a vacancy occurs in the board of directors, the chairman shall invite a reserve member to cover up for the remainder of the board's term.

Article 25: The board of directors' decisions shall be implemented as soon as they are issued. However, those dealing with the issues mentioned below shall be implemented after obtaining the minister's approval:

First: Annual plans and budgets.

Second: The final accounts and the company's annual report.

Third: Legislations.

Fourth: The production incentive system, since it is considered part of the cost of production.

Article 26: The board of directors' decisions on the issues mentioned in Article 25 of this law shall be considered endorsed unless the minister objects to them within 15 days from the date of their submission to his office. If he objects to them, they shall be re-submitted to the board of directors as soon as it meets. If the board of directors insists on its opinion, a meeting shall be held under the chairmanship of the minister in order to examine the subject. The decision made by the majority of the members present shall be final.

Chapter Six: The Company's General Manager

Article 27: The company shall be run by a general manager who is experienced, specialized, and holds at least a first university degree. The general manager shall be appointed under a decision by the cabinet. He shall be the highest authority in the company and he shall undertake all the necessary work for managing and running its activity in accordance with the powers granted to him by the board of directors.

Chapter Seven: Internal Control

Article 28: Internal control is aimed at establishing effective control on the company's funds. In the achievement of this aim, the company shall conduct its activity according to programs that ensure the application of all control systems.

Article 29: The Financial Control Bureau shall prepare monthly reports containing the results of its activity for the previous period. The report shall be submitted to the company's general manager. The company's board of directors shall then take the necessary steps to tackle any problems raised by the report within 30 days from the date the report is submitted to the office of the general manager.

[redacted]

Article 30: The Internal Control Department shall be attached to the general manager. It is impermissible to transfer or punish any member of this department without obtaining the consent of the board of directors and stating the reasons.

Chapter Eight: Merger of Companies

Article 31: First: It is permissible under a decision by the cabinet to merge two or more state companies into a new state company, provided they engage in a similar or integrated activity.

Second: The ministry shall prepare a technical and economic feasibility study of the merger and submit it to the cabinet so it can make the appropriate decision.

Article 32: Once the cabinet has approved the merger, the ministry will amend the original contract or draw up a new one. The board of directors will also amend the basic law or draft a new one.

Article 33: The ministry shall inform the registrar of the amended contract or provide him with a new one. The merger shall be considered valid as of the date of the cabinet's approval, or as of any other date set by cabinet. On that date, the corporate status of the old company shall expire. The registrar shall issue a new certification of establishment.

Article 34: First: The ministry shall publish the merger decision in the Official Gazette and in the bulletin which is issued by the registrar.

Second: The old company's rights and obligations shall revert to the new company.

Chapter Nine: Change of the State Company

Article 35: It is permissible to change a state company to a shareholding company with the approval of the cabinet.

Article 36: The ministry shall prepare a study on the economic and technical reasons for the change, the method of assessing the value of the shares in the capital, and the method of selling the shares. The study shall be submitted to the cabinet so it can make the appropriate decision on them.

Article 37: First: Once the cabinet has approved the change, the ministry shall prepare a new contract for the company and submit it to the registrar with the approval of the cabinet.

Second: The minister shall publish the decision on the change in the Official Gazette and in the bulletin which is issued by the registrar.

Third: The shareholding company shall acquire a corporate status as of the date of the publication of the decision.

[redacted]

Fourth: The cabinet may, following the transformation of a state company into a shareholding company, fix a certain percentage of the company's nominal capital so the company employees can buy shares in the shareholding company.

Article 38: The socialist sector's share in the new company shall be determined under the provisions of existing laws.

Chapter Ten: Liquidation of Companies

Article 39: First: Once the reasons mentioned in Article (14) of this law become valid, the ministry shall seek the approval of the cabinet to liquidate the company.

Second: If the cabinet decides to liquidate the company, the ministry must take the following steps: i) Form a liquidation committee representing the Ministry of Finance and the Financial Control Bureau, define its powers and jurisdictions, and send a copy of the formation of the committee to the registrar. ii) As soon as it is informed of the liquidation decision, the company shall stop assuming any new obligations. However, it can continue its activity in so far as fulfilling its obligations and retaining its corporate status during the liquidation period. iii) The liquidation committee shall seize all the company's records and documents, make an inventory of its assets, and prepare an initial report, which will be submitted to the ministry. iv) The committee will liquidate the company's rights and obligations and what is mentioned in the liquidation decision, taking into consideration the provisions of this law. v) The liquidation committee shall prepare the final accounts and a report on the results of the company's liquidation once the liquidation has been carried out or at the end of every fiscal year, if the company's liquidation work continues for more than one year, and submit them to the ministry. vi) Once the liquidation work has been completed, the committee shall submit its final report to the ministry backed by the report of the accounts controller. vii) If the results of the liquidation show a balance in the company's funds, this balance shall be paid to the State Treasury or to the companies subscribing to the newly established company. The minister has the powers to transfer assets at the approximate value. viii) The liquidation period must not exceed three years in all cases. Otherwise, the matter should be referred to the cabinet so it can make the appropriate decision. ix) Once the ministry is satisfied that the liquidation has been carried out in accordance with the provisions of this law, it shall notify the registrar to this effect so he can issue his decision to cancel the name of the company and publish that in the Official Gazette and in his bulletin.

Chapter Eleven: General and Final Rules

Article 40: Within a period of one year from the implementation of this law, all existing self-financed economic organizations must adjust their conditions in harmony with the provisions of this law.

[redacted]

Article 41: The cabinet may, whenever necessary, exempt any mining companies belonging to the Oil Ministry from the provisions of this law.

Article 42: The company's activity shall be subject to the control and auditing of the Finance Control Bureau.

Article 43: The minister shall issue an internal system for the company which shall be prepared by its board of directors in accordance with the provisions of the law within 60 days from the its formation. The system shall include the following:

First: The duties and powers of the board of directors.

Second: The method electing the representatives of the employees in the board of directors.

Third: The required qualifications for a member of the board of directors.

Fourth: The management structure of the company and the descriptions of the management and organizational units' jobs and duties.

Fifth: The organization of the procedures for following on the company's activity and internal control.

Sixth: Any other matters relating to the tasks and activity of the company.

Article 44: The existing employment rules shall apply to the employees of the companies covered by this law until new employment rules are issued.

Article 45: This law shall be implemented as of the date of its publication in the Official Gazette. Any public or private provisions contrary to its provisions are considered invalid.

Written in Baghdad on 15 Rabi' al-Thani 1418 Hegira corresponding to 18 August 1997.

[Signed] Saddam Husayn, president of the republic

Reasons for issuing this law: This law was enacted for the purpose of organizing the activity of self-financed state economic organizations and unifying the laws organizing the activities of these organizations by establishing national state companies and organizing their work in such a way as to contribute to the advancement of the national economy and to achieve the social aims of the socialist sector.

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'Text' of Company Law No. 21 of 1997

JN2410134897 Baghdad al-Thawrah in Arabic 25 Aug 97 p 4

[Law in nine installments: "Text" of Company Law No. 21 of 1997]

[FBIS Translated Text] [25 Aug p 4] In the name of God the merciful, the compassionate

The Republic of Iraq

In the name of the people

The president of the republic

As decided by the National Assembly and approved by the Revolution Command Council, and in accordance with the provisions of Article 53 of the constitution, we issue the following law:

Company Law No. 21 of 1997

Chapter I: Main Rules

Section One: The Aims, Bases, and Validity Scope of the Law

Article 1: This law is aimed at organizing and documenting companies as well as developing their activity in accordance with the requirements of the development plans and the exigencies of the socialist reconstruction phase.

Article 2: The aims of the law are achieved in accordance with the following bases:

First: Encouraging the investment of national capital in the companies and supporting and protecting this capital in accordance with the rules and guidelines of the development plans and planning decisions.

Second: Controlling the activity of the companies to guarantee the fulfillment of their role in planned economic development.

Article 3: This law applies to mixed and private companies.

Section Two: The Company in General

Sub-Section One: The Company's Contract

Article 4: First: The company is a contract binding two or more persons. Each person shall subscribe to the economic project by a quota of the capital or service in order to share the resulting profit or loss.

Second: With the exception of the provisions of Clause First of this article, a company may be established by one natural person in accordance with the provisions of this law. Such a company will henceforth be referred to as "sole owner enterprise."

Article 5: The company shall acquire the corporate status in accordance with the provisions of this law.

Sub-Section Two: Types of Companies

Article 6: First: The mixed or private joint-stock company shall be formed by not less than five persons, who will participate in it by owning shares through public subscription and will be responsible for the company's debts in so far as the nominal value of the shares to which they subscribed.

Second: The mixed or private limited liability company shall be formed by not less than two and not more than 25 persons, who will subscribe to its shares and will be responsible for the company's debts in so far as the nominal value of the shares to which they subscribed.

Third: The joint liability company shall be formed by not less than two and not more than 10 persons, each owning a quota of its capital. They shall jointly assume personal and unlimited responsibility for all of its obligations.

Fourth: The sole owner enterprise is a company formed by one person, who owns the one quota in it and assumes personal and unlimited responsibility for all of its obligations.

Article 7: First: The mixed company shall be formed by the agreement between one or more persons from the socialist sector [public sector] and one or more persons from outside this sector. The socialist sector's share in the mixed company's capital must not be less than 25 percent. A mixed company may also be formed by two or more persons from the mixed sector.

Second: The mixed sector company can be a joint-stock company or a limited liability company.

Article 8: First: The private sector company shall be formed by the agreement between two or more persons from outside the socialist sector with a private capital.

Second: With the exception of the provisions of Clause First of this article, it is permissible to:

1. Form a sole owner enterprise of one natural person.
2. Include the socialist sector in the private joint-stock company or limited liability company with a share of less than 25 percent of the capital. Those excluded from this percentage are: Government insurance and re-insurance companies, the Labor and Social Security Department, and any other investment quarter which the cabinet may add under this paragraph.

Third: The private sector company can be a joint-stock company, a limited liability company, a joint liability company, a sole owner enterprise, or a simple company. (more) ic/blome/mh MH152410.620 24/1404z Oct 713 WC

Article 9: First: The Financial Investment Company is a company whose main activity is to direct savings toward investment in Iraqi financial securities, including shares, bonds, treasury bills and fixed deposits.

Second: The Financial Investment Company is considered one of the intermediary financial establishments for the purposes of Iraqi Central Bank Law No. 64 of 1976. The bank is the sectorial quarter, which will be concerned with its activity and exercise the authority of its supervision and control, in accordance with an ordinance which will be issued for this purpose within 180 days from the date of the publication of this law in the Official Gazette.

Article 10: First: Any economic project outside the socialist sector that is registered in the industrial, agricultural, tourism, or contracting sectors and whose capital is 10 million dinars or more must become a joint-stock company, a limited liability company, a joint liability company, or a sole owner enterprise within a period of 90 days from the date its capital reaches this level. The Economic Affairs Committee may change this level and add any other sector in accordance with the requirements of economic development.

Second: Companies engaging in any of the following activities must become joint-stock companies: A. Banking. B. Insurance and re-insurance. C. Financial investment.

Article 11: Any economic project, which is not covered under the provisions of Article 10 of this law can take the form of one of the companies stipulated in this law.

Section Three: Membership in the Company

Article 12: First: An Iraqi has the right to acquire membership in the companies stipulated in this law as founder, shareholder, or partner, unless he is banned from

such membership due to his character or ability under the law or a decision issued by a competent institution in the state.

Second: Citizens of the Arab countries who are resident in the countries of the Arab homeland shall be treated as Iraqis concerning the acquisition of membership in Iraqi joint-stock or limited liability companies, while taking existing laws into consideration.

Third: It is impermissible for public or private corporate persons to acquire membership in an Iraqi company unless they enjoy Iraqi citizenship.

Chapter II: Establishment of the Company

Section One: Requirements of Establishment

Article 13: The founders shall prepare a contract for the company which is signed by them or their legal representative. The contract shall contain:

First: The company's name, which must reflect its activity; its type with the word "mixed" added if it is a mixed sector company; and the name of at least one of its members if it is a joint liability company or a sole owner company. It is permissible to add any other acceptable elements to the name if it is a joint-stock or limited liability company.

Second: The company's head office, which must be in Iraq.

Third: The company's aim, which must confirm its role in developing one aspect of the national economy in accordance with the development plan.

Fourth: The company's activity, which must stem from its aim, provided that it is within one of the economic sectors or any other sector that is related to its activity.

Fifth: The company's capital divided in quotas and shares.

Sixth: The method of distributing profits and losses in the joint liability company.

Seventh: The number of elected members in the board of directors of the private joint-stock company.

Eighth: The names of the founders and their nationalities, professions, permanent addresses, and the number of shares they own as well as their percentage of the capital. (more) ic/blome/mh MH152410.622 24/1408z Oct 605 WC

Article 14: The founder of a sole owner enterprise shall prepare a statement, which will serve the purpose of a company contract, and shall be subject to the provisions that are applicable to the contract wherever they occur in this law.

Article 15: The founders of the joint-stock company shall subscribe to the company's capital by the percentages specified in this law.

Article 16: First: The founders shall deposit the percentages of the company's capital specified in this law with an Iraqi bank. It is permissible for the company capital to include percentages in kind as stipulated in Article 29 of this law.

Second: In the case of an already existing project which is to be transformed into a company, the founders shall submit a statement to the competent sectorial quarter indicating the amount of capital to be invested in the project.

Third: A. The joint-stock company's members, who must not be more than 100, shall elect from among themselves a committee which shall be called the "Founders Committee." The committee, which will consist of not less than three and not more than seven members, will undertake the following duties and tasks:

- Conclude a contract with specialized and experienced firms for the purpose of conducting an economic and technical feasibility study of the business to be carried out by the company.

1. Follow up on the procedures for establishing the company and submit the contract of association and the subscription document to the companies' registrar--who will henceforth be referred to as the "Registrar"--including the names, signatures, addresses, and nationalities of the founders as well as other requirements.
2. Disburse expenditures until the procedures for the establishment of the company are completed.
3. Open a joint account in the name of the committee with an Iraqi bank.
4. Keep the records, including the decisions that have been made and the duties and tasks that have been fulfilled.
5. Obtain a license for the project and conclude the necessary contracts for its establishment, following the issuance of the decision approving its establishment.
6. Prepare the founders' report, specify the establishment expenditures, and call a meeting of the General Assembly.
7. The Founders Committee's duties shall end with the election of the board of directors.
8. The members of the Founders Committee shall be jointly answerable to the founders.

Section Two: Establishment Procedures

Article 17: The application for establishment shall be submitted to the Registrar with the following attachments:

First: The company's contract.

Second: The subscription document of the joint-stock company signed by the founders.

[redacted]

Third: A statement from the bank proving that the legal percentage of the capital has been deposited, and a statement from the competent sectorial quarter confirming the value of the share in kind in the capital.

Fourth: The technical and economic feasibility study on the joint-stock company.

Article 18: First: The Registrar shall undertake the following tasks:

1. Approach the sectorial quarter concerned with the business specified in the company's contract to confirm that this business is harmonious with the development plan and planning decisions and obtain its approval for its establishment.
2. Consult with any other quarter whose approval of the company's establishment is necessary under the law, statutes, or guidelines.

Second: The quarters mentioned in Clause First of this article shall give their approval or disapproval within 30 days from the date of their receipt of the application.

Article 19: The Registrar shall issue his decision on the approval or disapproval of the establishment application within 60 days from the date of receiving the application. The minister of trade may, at the request of the registrar, extend the period for considering the application for another 30 days, if the procedures stipulated in Article 18 of this law demand that. (more) ic/blome/mh
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Article 20: If the registrar approves the establishment application due to the fulfillment of all conditions, he should ask the founders or their legal representative to document the company's contract before him or any other authorized employee in his department and pay the establishment fee within 30 days from the date they are notified. If they fail to do so without any legitimate reason, the registrar may consider them as having given up on the application, and so he may decide to shelve it.

Article 21: First: A. The registrar shall publish the decision approving the establishment of the company in the special bulletin he publishes under the provisions of Article 206 of this law, which henceforth will be referred to as "the bulletin," and also in at least one daily paper. The certificate of establishment shall then be issued within 15 days from the last publication.

1. In the case of the joint-stock company, the certificate of establishment shall be issued after the public subscription to its shares and within 15 days from the date on which the founders submit the data stipulated in Article 46 of this law.

Second: The founders of the joint-stock and limited liability company may, after the publication of the decision approving the establishment of the company and before the issuance of the certificate of establishment, initiate at their own

responsibility the procedures to obtain a license for the company and conclude the necessary contracts for its establishment.

Article 22: The company acquires corporate status from the date of the issuance of its establishment certificate. This certificate is considered proof that the registration procedures have been completed according to the law.

Article 23: A company which is established in Iraq in accordance with the provisions of this law is considered an Iraqi company.

Article 24: If the registrar rejects the application for the establishment of the company, he must state the reasons for this rejection. The applicant for the establishment has the right to contest the registrar's rejection before the minister of trade within 30 days from the date of notification. The minister of trade must consider the rejection within 30 days from the date of its submission. If the minister also rejects the application, the applicant has the right to appeal the minister's decision before the competent court within 30 days.

Article 25: The founders may submit a new application for the establishment of the company once the reason for its rejection has been eliminated.

[Aug 27 p 4] Chapter III: The Company's Funds

Section One: The Capital

Article 26: The company's capital shall be specified in Iraqi dinars.

Article 27: The capital shall be allocated to carry out the business specified in the company's contract and to fulfill its obligations. It is impermissible to dispose of the capital in any other way.

Article 28: First: The capital shall not be less than fifty thousand dinars. The registrar may, at the recommendation of the competent sectorial quarter, request the company founders to increase the capital sufficiently so as to enable the company to carry out its business. The minister of trade may change the minimum amount of the capital in accordance with the requirements of economic development.

Second: The ratio of liabilities to the company's total capital and other equity rights must not be more than 300 percent.

Section Two: Division of Capital

Sub-Section One: Division of Capital in the Joint-Stock Company and the Limited Liability Companies

Article 29: First: The capital of the joint-stock company and the limited liability company shall be divided into shares of equal cash value.

Second: In the joint-stock company and the limited liability company, the capital may include shares which are offered in lieu of real property contributions by the founders or some of them. It is impermissible for the real property shares to represent anything other than shares that are fully paid.

1. Real property shares shall be evaluated by a committee formed by the registrar under the chairmanship of a magistrate with a position not lower than grade two in the competent court of instance, as well as four experts in economic, accounting, legal, and technical affairs who are chosen by the competent sectorial quarter.
2. In the case of the mixed joint-stock company, the committee stipulated in Paragraph A in this clause shall submit its report to the registrar within 60 days from the date of its formation. The registrar shall submit his report to the Financial Control Bureau for endorsement within 30 days from the date of its submission. In the case of non-approval, the registrar shall return the report to the committee for further consideration under specific guidelines that will be binding on the committee.
3. In the case of the private joint-stock company and limited liability company, it is necessary for all founders to agree on the value of real property share as assessed in the manner stipulated in Paragraph A of this clause. The company's contract must state the type of real property share and its value as approved by the rest of the founders, the name of the founder who offered the share, and the percentage of his contribution to the capital through this share. The founder offering the real property must be answerable to anyone with regard to its assessed and accepted value. If it is proven that the assessed value is less than the actual value, he must pay the difference in cash to the company. The other founders may also be asked to cooperate in paying the difference. (more) ic/blome/mh MH152410.624 24/1411z Oct 942 WC
4. In the case of the joint-stock company, the committee's report must be submitted to the constituent meeting of its general assembly, provided the founders deposit the aforementioned report with the quarter conducting the subscription so the subscribers can read it. And, if the assessment is higher, the subscriber of the real property share must pay the difference in cash. The other founders may also be asked to cooperate in paying this difference.

Article 30: The nominal value of the share shall be one dinar. It should not be higher or lower than that.

Article 31: First: The joint-stock company may, after launching its business, offer its shares for public subscription at a price higher than the nominal price. This increase, which is considered issuance allowance, shall be recorded in the account of the issuance allowance reserve, after deducting all issuance expenses. It is impermissible to distribute this reserve as profits.

Second: The amount of the issuance allowance stipulated in Clause First of this article shall be specified under a decision by the company's general assembly on

[redacted]

the basis of a proposal by the board of directors in light of the company's performance and the prices of its shares in the Baghdad Stock Exchange market. This must be approved by the competent sectorial quarter and the registrar.

Article 32: First: A. The subscription of the natural or corporate person, other than the socialist sector, in the private joint-stock company must not be more than 20 percent of the capital. The competent sectorial quarter may determine the highest level of subscription by the natural and corporate person from outside the socialist sector in the mixed sector company, provided it does not exceed 10 percent of the capital.

1. The subscription of the natural or corporate person must not be more than five percent of the capital in the Investment Company.

Second: The subscription of the natural person can be added to the subscription of the corporate person, who owns most of the capital, for the purpose of attaining the percentage mentioned in Clause First of this article.

Third: It is impermissible for the Investment Company to invest more than 5 percent of its capital in the shares of any company. It is also impermissible for it to own more than 10 percent of the capital of any company, while taking the previous percentage into consideration. Its cash liquidity must not, at any time, be less than 10 percent of the paid-up capital.

Article 33: The shareholder is answerable to the company's debts except to the extent of the nominal value of the shares he owns.

Sub-section Two: Division of capital in the Joint Liability Company and the Sole Owner Enterprise

Article 34: The capital of the joint liability company is divided into quotas among the partners according to the company's contract. The sole owner enterprise consists of one quota.

Article 35: Whoever has a share in the joint liability company or the sole owner enterprise assumes personal and unlimited responsibility for the debts of the company. His responsibility is collective in the joint liability company.

Article 36: If the company becomes insolvent, every partner in it becomes insolvent.

Article 37: First: The creditors of a joint liability company may take legal action against the company or any partners who were members when the obligation occurred. The partners are obligated to honor the joint liability. It is impermissible to sequester the partner's funds before warning the company.

Second: The creditors of a sole owner enterprise may take legal action against it or the owner of the quota in it. His funds shall be considered as a guarantee for

debts on the enterprise. It is permissible to seize his funds without warning the enterprise. (more) ic/blome /mh MH152410.625 24/1412z Oct 637 WC

Section Three: Public Subscription in the Capital

Article 38: Public subscription shall take place in the capital of a joint-stock company only.

Article 39: First: The founders in the mixed joint-stock company shall subscribe by not less than 30 percent and not more than 55 percent of its nominal capital, including the minimum 25 percent fixed for the socialist sector.

Second: The founders in the private joint-stock company shall subscribe by not less than 20 percent and not more than 51 percent in its nominal capital.

Third: The remaining shares shall be offered for public subscription within 30 days from the date of the approval of the establishment of the company in a statement issued by the founders and published in the bulletin and at least two daily papers, after obtaining the approval of the registrar. The statement shall include the following:

1. The text of the company's contract.
2. The number of shares offered for subscription, the value of each share, and the sum which must be paid toward each share.
3. The minimum and maximum number of shares one can subscribe for.
4. The place and period of subscription.
5. The expenses of the establishment of the company.
6. The contracts and agreements which the founders have undertaken in the interest of the company.
7. Any other information which the founders may want to add.
8. The report of the committee formed under Clause Second of Article 29 of this law in the case of the existence of a real property share.

Fourth: It is impermissible for the founders to subscribe to the shares while they are being offered for public subscription, except after the end of 30 days from the beginning of the subscription or during the extended period stipulated in Article 42 of this law, while taking into consideration the provisions of Article 32 of the law.

Article 40: The founders are jointly responsible for any damages caused to any subscriber due to an error or shortcoming in the subscription statement.

Article 41: First: The subscription shall take place in an Iraqi bank in a form bearing the name of the company and containing the following:

1. The request to subscribe to a specific number of shares.
2. The subscriber's approval of the company's contract.
3. The subscriber's name, address, profession, and nationality.
4. Any other information which the founders may want to add.

[redacted]

Second: The form shall be submitted to the party handling the subscription signed by the subscriber or his legal representative. The required installment shall be paid against a receipt.

Third: The subscriber shall be given a copy of the company's contract. (more) ic/blome/mh MH152410.626 24/1414z Oct 453 WC

Article 42: The subscription period shall not be less than 30 days or more than 60 days. If the subscription period expires without the subscribed shares reaching 75 percent of the nominal capital, including the shares owned by the founders, it is permissible to extend it for a further period of not more than 60 days. The registrar shall again publish the subscription statement and make the extension announcement.

Article 43: First: If the subscription does not reach 75 percent of the nominal capital at the end of the extension period, the registrar must decrease the company's capital with the approval of the competent sectorial quarter, so that the value of the subscribed shares will be equal to 75 percent of the decreased nominal capital, while taking into consideration the provisions of Article 32 of this law, unless the founders cancel the establishment of the company.

Second: If the competent sectorial quarter believes that the decreased nominal capital will be insufficient to carry out the company's business, the founders must cancel its establishment.

Third: If it is decided to cancel the establishment of the company under the provisions of clauses First and Second of this article, the founders shall jointly bear the expenses for establishing the company. The bank handling the subscription shall return the money paid by all subscribers in full upon notification by the registrar and within a period of not more than 30 days.

Article 44: First: The bank shall be responsible for the soundness of the subscription process and undertake the following:

1. Close the subscription at the end of its period, announcing the closure in two daily papers, and also notify the Founders Committee.
2. Keep all the money received from the subscribers and not give any to the founders.
3. Return any surplus funds to the subscribers within 15 days from the distribution of the shares among the subscribers in accordance with Clause Second of this article.

Second: If it transpires after the closure of the subscription that the shares offered have been over-subscribed, the shares must be distributed among the subscribers according to the percentage of subscription allotted for each subscriber. A number of shares, to be determined by the registrar, shall be excluded from distribution when necessary.

[redacted]

Article 45: First: Any party with an interest has the right to contest the soundness of the subscription process before the competent court and ask for its cancellation within 15 days from the closure of the subscription. The court must examine such cases urgently. The court's decision can be contested before the court of appeal, which shall sit as a court of cassation, and its decision in this capacity shall be final.

Second: If the subscription is ruled to be wrong, the founders must carry it out anew.

Article 46: The founders may, within 30 days from the end of the period for contesting the subscription, provide the registrar with all data on the subscription process, including the names of subscribers, the number of shares subscribed by each one of them, their addresses, professions, nationalities, and the sums they paid against the value of the shares.

Article 47: Once the company has been established and some shares are still not subscribed for, the board of directors may, after four years from the date of the issuance of the establishment certificate, pursue one of two courses:

1. Sell those shares in the Baghdad Stock Exchange market.
2. Place the shares for public subscription in accordance with the procedures followed during the constituent subscription.

Second: If the shares are not sold in the market or subscribed by the public, the company's nominal capital shall be decreased by the value of the unsold shares, while taking into consideration the provisions of Article 32 of this law. (more)
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[28 Aug p 4] Section Four: Payment of Capital

Article 48: First: In the joint-stock company, the founders must pay not less than 25 percent of the value of the subscribed shares during the establishment. The same percentage must be paid by the public when subscribing to the company's shares during the establishment stage.

Second: It is permissible to pay the remaining value of the subscribed shares in installments, provided they are paid not more than four years from the date of the establishment of the company.

Third: The outstanding installments are considered a privileged debt which must be paid to the company. A deferment interest of not less than 5 and not more than 7 percent shall be charged on the debt annually for any delay in paying the installment on the date set by the board of directors. No dividends shall be paid on the debt.

Fourth: The company shall continue to withhold the dividends due to the shareholder in order to cover the value of the overdue installments and the interest on them until all installments and their interest have been paid.

[redacted]

Article 49: If the shareholder does not pay the installment on his shares on the set date without a legitimate reason, the board of directors may take steps to sell those shares as follows:

First: The company shall notify the shareholder in two daily papers, the bulletin, and the Baghdad Stock Exchange Market, to pay the overdue installment within 30 days from the date of publication. The notification shall state the number of shares he owns and the amount of the installment which must be paid and its due date.

Second: If the shareholder does not pay the installment within the above respite, the company shall offer his shares for sale by public auction in the Baghdad Stock Exchange Market.

Third: The company shall announce the sale in the bulletin, one daily paper, and the Baghdad Stock Exchange Market, its date and place, and the number of shares offered for auction, provided the period between the announcement and the sale is not more than 15 days.

Fourth: The shareholder whose shares have been announced for sale can pay the debt up to one day before the auction date. In such a case the sale will be canceled and the shareholder will bear all the company's expenses on the sale procedures.

Fifth: The shares shall be sold at the highest price reached at the auction. The company shall deduct from this price its debts, including the installments, the interest, and the expenses, and return the remainder to the shareholder. But, if the price of the sold shares does not cover the debt, the company shall obtain the difference from the shareholder.

Sixth: The company's records on the sale shall be considered correct unless they are proven otherwise. (more) ic/blome/mh MH152410.628 24/1416z Oct 483 WC

Article 50: The subscriber to the joint- stock company shall be given--after paying all due installments and producing the receipts as proof--a temporary certificate with a serial number signed by an authorized person in the company. The certificate shall state the name of the shareholder, the number of shares he owns, the amount paid toward their value, and the remaining installments and their due dates. The installments paid shall be ticked in this certificate.

Article 51: Every shareholder in a limited liability company and every subscriber who has fully paid the value of his shares in a joint-stock company shall be given a permanent certificate including the data contained in the temporary certificate, plus a declaration that the shares have been paid.

Article 52: The shareholder may pay one or more installments toward the value of his shares before their due date. In such a case, they will be considered as still due even if the same installments have not yet been paid by the other shareholders. No dividends will be paid for installments which are paid before their due date.

Article 53: In the case of the limited liability company, the joint liability company, and sole owner enterprise, the capital must be paid up before the issuance of the certificate of establishment.

Section Five: Increase and Decrease of Capital

Sub-Section One: Increase of Capital

Article 54: First: A company may increase its paid-up capital.

Second: In the joint-stock company and the limited liability company, the increase of capital must be in accordance with a decision made by the general assembly to amend the contract and issue new shares.

Third: In the case of the joint-stock company, the company shall submit to the registrar a decision by its general assembly to increase the capital, backed by an economic study giving the justifications for this increase and the fields in which it will be expended, as well as any other essential data.

Fourth: The registrar shall approach the competent sectorial quarter in order to seek its opinion and approval or rejection of the increase in the capital and whether it is compatible with the company's business and financial status. That quarter must reply within 15 days from the date of receiving the registrar's letter.

Article 55: The general assembly of the joint-stock company and the limited liability company may cover the increase in the capital by any of the following methods:

First: Issuing new shares whose value is paid in cash.

Second: Transferring funds from the accumulated surplus into shares to be distributed among the shareholders in the ratio of their subscription to the capital.

Third: Withholding part of the company's profits as a reserve for expanding and developing the enterprise instead of distributing them as dividends. When this reserve is added to the capital and new shares equivalent it are issued, the shares shall be distributed among shareholders in the ratio of their subscription to the capital.

Article 56: First: In the joint-stock company, the new shares must be placed for public subscription within 30 days from the date on which the company is notified of the competent sectorial quarter's approval of the increase in the capital. The subscription shall remain open for a period of not less than 30 days and not more than 60 days, which may be renewable for a similar period, provided the value of the shares is paid during subscription. The increase in the capital is achieved by the number of shares subscribed and paid up on the closure of the subscription. Otherwise, and in so far as it does not conflict with the nature of the increase in

the capital, the original provisions on subscription shall be applied on the new shares, including the provisions of Articles 44 and 47 of this law.

Second: In the limited liability company, the value of the new shares must be paid within 30 days from the issuance of the general assembly's decision to increase the capital. The increase is achieved by the number of shares whose value is paid up at the end of the period.

Third: Every shareholder has the priority to buy shares equal to the number of the shares he owns. Shareholders shall be allowed to exercise this right within a period of 15 days from the date they are invited to do so. The invitation must state the beginning and end of the subscription period and the nominal value of the shares. If some shares are not subscribed after the period stipulated in Clause First of this article, the board of directors may place the shares for sale in the Baghdad Stock Exchange market in the manner it deems suitable.

Article 57: In the case of the joint liability company and sole owner enterprise, the increase of the capital occurs in accordance with a decision by the general assembly to amend the contract, provided the increase is paid within 30 days from the date of the issuance of the decision. (more) ic/blome/mh MH152410.629 24/1418z Oct 847 WC

Sub-section Two: Decrease of Capital

Article 58: A company may decrease its capital if it exceeds its needs or incurs losses.

Article 59: First: In the case of the joint stock company and the limited liability company, the capital is decreased by canceling shares which are equivalent in value to the sum to be deducted from the capital. The cancellation shall be in the ratio of each member's subscription in the company, to the nearest correct share.

Second: The decision to decrease the capital shall be made by the company's general assembly which shall state the reasons for the decrease.

Third: After making the decision on the decrease, the following steps shall be taken:

1. The chairman of the board of directors in the joint-stock company and the managing director in the limited liability company shall refer the decision on the decrease to the registrar coupled with a certified statement by the chief accountant including the company's debts and the names and addresses of the creditors, as well as an economic and technical study on the reasons for the decrease.
2. The registrar shall request the competent sectorial quarter's approval of the decision on the decrease. If it does not approve of it, the decision shall be considered null and void.
3. If the competent sectorial quarter approves the decrease, the registrar shall announce the approval in the bulletin and two daily papers. He shall also

give every creditor to or claimant on the company the right to object to the decision on the decrease within 30 days from the date of the publication of the announcement.

Article 60: First: If an objection is made during the legal respite by a creditor to or a claimant on the company, the registrar must seek an amicable settlement of the objection in the manner he deems suitable within 30 days from the end of the objection period.

Second: If the registrar is unable to settle the objection, he must refer it with all the pertinent documents and papers to the competent court within 15 days from the end of the amicable settlement period. The examination of such objections is an urgent matter.

Article 61: First: If the court reaches a settlement on the objections, or if it is satisfied that the assurances given by the company are adequate, it shall issue its decision supporting the decision on the decrease. But, if a settlement is not reached on the objections and the assurances given by the company are not adequate, the court shall decide on canceling the decrease or approving only a partial decrease that does not adversely affect the rights of the objectors. Its decision shall be final.

Second: Irrespective of the decision made by the court, the company must deposit a copy of the decision with the registrar within 15 days of its issuance.

Article 62: If there is no objection to the decision on the decrease, or the decision has been signed and settled before the registrar or the court, the company's contract shall be considered amended by law. A copy of the amendment shall be sent to the registrar for registration and publication in the bulletin and one daily paper.

Article 63: In the case of the joint liability company and the sole owner enterprise, any decrease of the capital must take place through a decision by the general assembly to amend the contract. This decision shall not be valid until the registrar has obtained the approval of the competent sectorial quarter.

Section Six: Disposal of Shares and Quotas

Sub-section One: Transfer of Ownership

Article 64: In the case of the joint-stock company and the limited liability company, the shareholder may transfer ownership of his shares to another shareholder or outsiders, while bearing in mind the following considerations:

First: Founders may not transfer ownership of their shares except in the following situations:

1. The lapse of at least two years since the establishment of the company.

[redacted]

2. The distribution of dividends that are not less than five percent of the paid-up nominal capital.

Second: It is impermissible for the shareholder from the socialist sector to transfer ownership of his shares in the mixed company to another person outside this sector, if the transaction will reduce the socialist sector's subscription in the company's capital below the fixed 25 percent.

Third: The shareholder from the private sector cannot transfer ownership of his shares:

1. If they are mortgaged, seized, or sequestered under a court decision.
2. If their certificate is lost and a replacement has not been issued.
3. If the shares to be transferred owe debts to the company.
4. If the transferee is prohibited to own shares in the company under a law or a decision issued by a competent quarter. (more) ic/blome/mh MH152410.630 24/1419z Oct 808 WC

Article 65: Shareholders in a limited liability company prefer to sell their shares to outsiders. If a shareholder wishes to sell his shares, he must follow the following steps:

First: The seller must notify the other shareholders through the managing director of his desire to sell his shares. He must mention the number of shares, the number of their certificate, and the price he wants or that has been offered by a buyer supported by evidence.

Second: If after 30 days of notification, none of the other shareholders have come forth to buy the shares, or have offered a price lower than the required one, the buyer shall be free to sell his shares to others at a price higher than the one offered by the shareholders. If he sells the shares at the lower price offered by the shareholders, the sale shall be considered null and void.

Third: If several shareholders want to buy the shares, the shares shall be divided among them in the ratio of their subscription, to the nearest correct share.

Article 66: First: The sale of shares in a joint-stock company or a limited liability company shall take place at a meeting between the seller and the buyer, or their legal representatives, in the presence of the representative of the managing director. A contract shall be made mentioning the names of the seller and the buyer and their addresses, the number of the certificate of the shares, the date of the transaction, the price, a statement from the seller that he received the price, and a pledge by the buyer that he approves of the company's contract. The transaction contract shall be recorded in the company's special register for transferred shares along with the signatures of the contractors and the representative of the company. Any transaction that is concluded outside the board shall be considered null and void and shall not be recorded in the company's register.

Second: Ownership of shares in the joint-stock companies trading in the Baghdad Stock Exchange market shall be transferred in accordance with the market's by-law and the guidelines issued on its basis.

Article 67: If a shareholder in a joint-stock company or a limited liability company dies, the ownership of his shares shall revert to his heirs in accordance with the ratios specified by the shari'a law, while taking the following into consideration:

First: If the heir is prohibited to own shares in the companies or has received more than the maximum limit of shares allowable under the law, he must take steps to transfer their ownership within 90 days from the date they become transferable. If he fails, the board of directors in the joint-stock company and managing director in the limited liability company shall announce their sale through public auction.

Second: If the distribution of shares among the heirs will result in an increase in the number of partners in the limited liability company over the number set by the law, the shares shall be considered a joint ownership by the heirs in accordance with the ratios specified under the shari'a law and considered as one person. In such a case, one of the heirs will represent the rest before the company. They shall be asked to choose this representative within 60 days from the date of the registration of the shares in the company's ledger.

Article 68: Any transfer of ownership of shares other than through the sale method must be recorded in the company's register on the basis of a decision issued by the competent court.

Article 69: First: In the joint liability company, the partner may transfer ownership of his share of the capital to another partner. It is impermissible to transfer ownership to outsiders without the unanimous approval of the general assembly. In all cases, this is done by amending the company's contract.

Second: In the sole owner enterprise, the owner can transfer ownership to another person by amending the company's statement. If it is to be transferred to more than one person, or if only a part of the ownership is to be transferred, this can be done only by changing the enterprise into another type of company, such as those stipulated in this law. (more) ic/blome/mh MH152410.631 24/1420z Oct 719 WC

Article 70: First: If a partner in a joint liability company dies, the partnership shall continue through his heirs. But, if the heir, or his legal representative if he is underage, or the other partners in the company object to that; or if that is prevented by any legal obstacle, the company shall continue among the remaining partners. The heir shall get only the share of his inheritor. This share shall be determined on the basis of its value on the day of the death and shall be paid in cash. The heir shall not have any rights on the company afterward except those resulting from operations prior to the death. In all cases, the company's contract must be changed to a sole owner enterprise, if only one partner remains.

Second: If the owner of the single quota in the sole owner enterprise dies and he has several heirs wishing to join the enterprise and there is no legal objection to that, the enterprise must be changed to any of the types of companies stipulated in this law.

Third: If a partner becomes insolvent or if his asserts in the joint liability company are sequestered, the company shall continue among the remaining partners and the share of the insolvent and sequestered partner shall be liquidated. His share shall be assessed on the basis of its value on the day the insolvency or sequestration ruling is issued. He shall not have any rights on the company, other than those resulting from operations prior to the insolvency or sequestration. In all cases, the company's contract must be changed in accordance with its new condition or transformed into a sole owner enterprise, if there is one owner left.

[29 Aug p 4] Sub-Section Two: Mortgage and Sequestration of Shares and Quotas

Article 71: First: It is permissible to mortgage shares owned by the private sector in a joint-stock company or a limited liability company, provided the mortgage contract is recorded in the company's special register. The mortgage will only be deleted from the register after the mortgagee acknowledges its release, or after the competent court has issued its decision on it.

Second: It is impermissible to mortgage quotas in the capital of a joint liability company, sole owner enterprise, or a simple company.

Article 72: First: It is permissible to sequester the shares owned by the private sector in a joint-stock company or limited liability company as a security against a debt on their owner, provided the sequestration decision issued by a competent quarter is recorded in the company's special register. The sequestration will only be deleted from the register after a decision by a competent quarter.

Second: It is impermissible to seize the quotas in the capital of a joint liability company or a sole owner enterprise except against a privileged debt. It is permissible to seize its dividends.

Section Seven: Profits and Losses

Article 73: The company's net profit shall be distributed after making all the legal deductions as follows:

First: At least five percent as compulsory reserve until it reaches 50 percent of the paid-up capital. It is permissible under a decision by the general assembly to continue deducting for the compulsory reserves even if it exceeds 100 percent of the paid-up capital.

Second: The remainder of the profit or part of it shall be distributed among the members according to their quotas or shares.

Article 74: First: The reserve shall be used for the purposes of expanding and developing the company's business, and improving the conditions of its workers, participating in projects relevant to the company's activity, and contributing to the protection of the environment and social welfare programs. The competent sectorial quarter shall direct the company to the best methods of utilizing the reserve in order to serve the aforementioned purposes. It is impermissible to distribute any profits from them.

Second: The reserve shall be used to meet the company's debts, provided they do not exceed 50 percent of the reserve. Any increase over that limit shall be subject to the approval of the registrar and the competent sectorial quarter.

Article 75: The losses of the joint liability company shall be divided according to the ratios stipulated in its contract which are similar to the ratios for the distribution of profits. (more) ic/blome/mh MH152410.632 24/1422z Oct 729 WC

Article 76: First: If the company's losses reach 50 percent of its capital, it must notify the registrar within 60 days from the day the losses are established in the balance sheet. The registrar must also notify the competent sectorial quarter so it can examine the company's status and offer the necessary guidelines in this respect.

Second: If the losses reach 75 percent of the capital, the company must take one of the following steps:

1. Decrease or increase the capital of the company or resort to any other measure that is approved by the competent sectorial quarter.
2. Recommend liquidation of the company.

Section Eight: Credit Bonds

Article 77: The joint-stock company can seek a loan by issuing nominal bonds in accordance with the provisions of this law and inviting the public to buy these bonds. The subscriber shall be issued bonds against the sums of money he loans to the company. He has the right to charge an interest, which shall be paid to him at fixed periods. The value of the bonds shall be re-paid from the company's funds. These bonds will be of one nominal value. They will also be exchangeable, but not divisible. Each bond issue will have separate serial numbers and shall be stamped with the company's seal.

Article 78: It is impermissible to issue credit bonds before meeting the following conditions:

First: The company's capital must be fully paid.

Second: The total loan must not exceed the company's capital.

Third: The general assembly's approval of the issuance on the recommendation of the board of directors must be obtained in advance.

[redacted]

Article 79: The company shall submit to the registrar the general assembly's decision on the issuance of the credit bonds backed by an economic study stating the reasons for the issue, the fields in which the credit will be expended, and any other essential data. The minister of trade may, at the recommendation of the registrar, approve or reject the issue and inform the company accordingly.

Article 80: The invitation to subscription to the credit bonds shall be published in the bulletin and two daily papers and shall include the following details, which shall also be noted in the credit bond upon its issuance:

First: The company's name and capital.

Second: The date of the general assembly's decision approving the issuance of the credit bonds.

Third: Information on the company's financial status.

Fourth: The rate of interest and its due dates.

Fifth: The value of the issue, its maturity date, and nominal value of each bond.

Sixth: Method and duration of subscription and method of payment.

Seventh: Maturity dates of the nominal bonds.

Eighth: Purpose of the loan.

Ninth: Guarantees of re-payment.

Tenth: Credit bonds previously issued by the company.

Eleventh: Any other details and information.

Article 81: The bank undertaking the subscription process for the credit bonds must close the subscription at the end of its period, or once all bonds have been subscribed and announced in two daily papers. It shall then immediately provide the registrar with the full information on the subscription process, including the names of subscribers; the number of bonds subscribed by each of them; their addresses, professions, and nationalities; the sums paid; and the value of the bonds.

Article 82: First: The subscriber to the credit bonds has the right to contest before the competent court the soundness of the subscription process and ask for cancellation of the payment if the company did not comply with the procedures for the issuance of bonds or the subscription to them, or if it invited subscription seven days before the closing date. The court must consider the appeal urgently. Its decision can be appealed before the court of appeal, which shall sit as a court of cassation, and its decision in this capacity shall be final.

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Second: If the court decision is to cancel the subscription to the credit bonds, the bank must, as soon as it is notified of the cancellation, return the money to the subscribers in full within a period of not more than 30 days. (more) ic/blome/mh MH152410.633 24/1423z Oct 693 WC

Article 83: The company shall sell the outstanding bonds in the Baghdad Stock Exchange Market at less than the nominal value.

Article 84: The debtor company must re-pay the value of the credit bonds in accordance with the conditions set during or before the issuance. It is impermissible to delay the maturity date.

Chapter IV: The Company's Management

Section One: The General Assembly

Sub-Section One: The Formation of the General Assembly and its Meetings

Article 85: The general assembly shall consist of all the members of the company.

Article 86: The general assembly in the joint-stock company shall meet once a year. In the other companies, it shall meet at least once every six months.

Article 87: The invitation to a meeting of the general assembly shall be issued by one of the following bodies or persons:

First: The founder of the company for the purpose of holding the constituent meeting within 30 days from issuance of the company's certificate of establishment.

Second: The chairman of the board of directors of the joint- stock company under a decision by the board, and the managing director in other companies; or at the request of company members who own not less than 10 percent of its paid-up capital.

Third: The registrar on his own initiative or at the request of the competent sectorial quarter or the accounts controller.

Article 88: First: In the case of the joint-stock company, the invitation to attend a meeting of the general assembly must be announced in the bulletin, two daily papers, and the Baghdad Stock Exchange Market. The invitation in the case of the other companies shall be sent out in registered letters through the members' postal addresses or by informing them through the company's administrative office. The invitation shall fix the place and date of the meeting. The period between the date of the invitation and the day of the meeting must not be less than 15 days.

Second: If the founders or the chairman of the board of directors in the joint-stock company or the managing director in the other companies fail to address the

invitation to a meeting of the general assembly at the legally scheduled date, the registrar shall address them directly to the members--in the case of the joint-stock companies-- by announcing that in the bulletin, two daily papers, and the Baghdad Stock Exchange Market and fixing the place and date of the meeting. He can do the same in the case of other companies.

Article 89: Every invitation to a meeting of the general assembly must include the agenda of the meeting. It is impermissible to overlook the agenda during the meeting unless it is proposed by the representatives of at least 10 percent of the company's capital and approved by the majority of the voices represented in the meeting and the unanimity of all the members in the joint liability company. The provisions stipulated in Clause Second of Article 92 of this law are excepted.

Article 90: The meetings may be held at the company's head office or any other place in Iraq if necessary.

Article 91: First: The member may, under a certified power of attorney, appoint a proxy to attend, speak, and vote on his behalf in the meetings of the general assembly. He can also appoint another member for this purpose.

Second: The registrar shall issue guidelines specifying the form to be used for the power of attorney, its contents, and the method of its preparation.

Third: In the case of the joint-stock company:

1. It is impermissible for a member from outside the socialist sector to represent by proxy in the meeting of the general assembly more than 10 percent of the capital of the mixed joint-stock company and more than 20 percent of the capital of the other companies.
2. The representational power of attorney must be deposited at the company's administrative office at least three days before the meeting. The company's administrative office shall check them to make sure that they are correct. The power of attorney will remain valid for any other meeting to which the first is adjourned. (more) ic/blome/mh MH152410.634 24/1425z Oct 708 WC

Article 92: First: The meeting of the general assembly shall be held with the attendance of the members owning the majority of subscribed shares whose installments have been paid, in the case of the joint-stock company; the majority of paid-up shares in the limited liability company; and the majority of quotas in the joint liability company. If a quorum is not reached, the meeting shall be postponed to the same day on the following week and in the same place. A quorum is considered attained in the second meeting regardless of the number of shares and quotas represented.

Second: If the agenda calls for amending the company's contract, increasing or decreasing its capital, dismissing the chairman or a member of its board of

directors; or deciding on its merger, transformation, or liquidation, the quorum required for the first meeting must be attained.

Article 93: In the case of the joint-stock company, the meeting of the general assembly must be attended by the representatives of the registrar and the competent sectorial quarter. It must also be attended by most members of the board, including the representatives of the company employees who shall have the right to speak up and make proposals. They shall also have the right to vote. If any of the above fails to attend after being notified, the meeting can be held in their absence within half an hour after the scheduled time of the meeting.

[31 Aug p 4] Article 94: First: Prior to the beginning of the meeting, the name of the participant in the meeting shall be recorded along with the number of the shares he owns or represents, provided he produces the certificate of the shares or the power of attorney if he represents a shareholder in the company. He shall put his signature against the name of the shareholder he represents.

Second: A member of the board of directors shall be entrusted with recording the names of the participants in the meeting. The board shall be responsible for what is recorded in the minutes.

Third: The participant shall be given a card to enable him to join the meeting. The card shall state number of votes he is allowed to cast.

Article 95: First: The meeting shall be headed by the chairman of the board of directors or the chairman of the Founding Committee in the case of the joint-stock companies--and the managing director in the other companies-- until the president of the general assembly is elected.

Second: The chairman of the meeting shall choose from among the participants a reporter to record the minutes and a controller to establish the quorum and collect the votes.

Third: The quorum must be established within 30 minutes from the start of the meeting. If the chairman of the meeting finds that the quorum has been attained, he shall declare the meeting open and call for electing the president of the general assembly.

Fourth: The elected president shall assume his responsibilities immediately after being elected. He will immediately call for a discussion of items in the order in which they are listed in the agenda.

Article 96: First: The meeting's discussions, proposals, and decisions, including the conflicting opinions shall be recorded in the special minutes book. The minutes shall be signed by the president of the general assembly, the reporter, the controller, and the representative of the registrar if present. It shall be stamped with the company's stamp and a copy shall be sent to the registrar.

Second: The general assembly's decisions shall be recorded in a special record book, stamped with the company's seal, and signed by the president of the general assembly.

Third: Any member of the general assembly has the right to contest the soundness of the meeting's procedures--from the date of the issuance of the invitations to the meeting to the date of the issuance of the decisions--before the registrar within three days after the end of the meeting. The registrar must consider the context within seven days from the date of its submission. He has the power to cancel those procedures, if they conflict with the law, and compel the company to repeat the procedures. His decision in this respect is final. (more) ic/blome/mh MH152410.635 24/1426z Oct 719 WC

Article 97: First: In the joint-stock company and the limited liability company, every shareholder shall have a number of votes equal to the number of shares he owns.

Second: In the joint liability company, the votes are calculated on the basis of each partner's quota in the capital.

Article 98: First: The voting shall be open except on matters relating to the election or dismissal of the chairman or a member of board of directors, in the case of the joint-stock company, and the dismissal of the managing director in the case of other companies; or when requested by several members who own not less than 10 percent of the shares or quotas and are represented in the meeting, regardless of the subject to be voted on. In such a case the voting will be secret.

Second: Decisions on amending the contract of the company, increasing or decreasing its capital, merging it, transforming it, or liquidating it must be based on: The majority of the votes of the subscribed shares whose due installments have been paid, in the case of the joint-stock company; the majority of the votes of the paid-up shares at the time of calling the meeting, in the case of the limited liability company; and the unanimous vote of the quotas, in the case of the joint liability company. In the case of a tie vote in the limited liability company, and the impossibility of obtaining a unanimous vote in the joint liability company, it is permissible to resort to the competent court to settle the matter. As for the decisions on other matters, they are made on the basis of the majority of the votes of shares or quotas represented in the meeting.

Article 99: The general assembly's decisions shall be sent to the registrar within four days from their adoption. The certified copy issued by the registrar shall be an acceptable document to any quarter.

Article 100: Holders of five percent of the shares of the company can object to the general assembly's decisions before the registrar within seven days from their adoption. The registrar shall issue his decision 15 days from the submission of the objection. His decision can be contested before the competent district court within

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seven days from the date of notification. The court must examine such objections urgently, and its decision on them shall be final.

Article 101: In the sole owner enterprise, the owner replaces the general assembly and the provisions stipulated in this law, other than those pertaining to meetings, apply to him.

Sub-Section Two: The Jurisdictions and Powers of the General Assembly

Article 102: The general assembly is the highest authority in the company. It decides on all matters that serve its interest; and, it is empowered to do the following:

First: Discuss and approve the founders' report on procedures pertaining to the establishment of the company at the constituent meeting.

Second: Decide on the election of the representatives of shareholders from outside the socialist sector in the board of directors of the mixed company, and the representatives of all shareholders in the board of directors of the private joint-stock company, as well as on their dismissal.

Third: Discuss the reports of the board of directors of the joint-stock company, the managing director of the other companies, and the accounts controller, as well as any other reports reaching it from competent quarters and make the necessary decisions on them.

Fourth: Discuss the company's final accounts and approve them.

Fifth: Discus and approve the proposed annual plan and the budget for the following year in other than joint-stock companies.

Sixth: Appoint the accounts controller and specify his remuneration in the case of private companies.

Seventh: Discuss proposals pertaining to loans, mortgage, and securities and make decisions on them in the case of the limited liability company and joint liability company.

Eighth: Approve the percentage of profit to be distributed among the members and specify the percentage of compulsory reserve and any other reserves it deems appropriate. (more) ic/blome/mh MH152410.636 24/1428z Oct 686 WC

Ninth: Fix the remuneration of the chairman and members of the board of directors in the mixed and private joint-stock companies commensurate with their efforts in fulfilling their tasks and achieving company plans and profits.

Tenth: Approve employment rules in the mixed joint-stock company as worked out by the board of directors in coordination with the competent sectorial quarter.

Section Two: The Board of Directors in the Joint-Stock Company

Sub-Section One: Formation of the Board of Directors

Article 103: First: The board of directors in the mixed joint- stock company shall consist of nine original members who are chosen as follows:

1. Three members representing the socialist sector who are appointed under a decision by the competent minister or his deputy in the sector to which the company belongs.
2. Four members representing shareholders from outside the socialist sector elected by the company's general assembly.
3. Two members representing the company's employees selected by the General Federation of Trade Unions from among the employees in the company.

Second: The board of directors in the mixed joint-stock company shall have nine reserve members, who will be selected in the manner and ratio used in the case of the original members.

Article 104: First: The board of directors in the private joint-stock company shall consist of not less than five and not more than nine original members to be chosen as follows:

1. Not less than three and not more than seven members shall be elected by the company's general assembly.
2. Two members representing the company's employees shall be chosen by the General Federation of Trade Unions from among the employees in the company.

Second: The board of directors in the private joint-stock company shall have reserve members, who will be chosen in the manner and ratios used in the case of the original members.

[1 Apr p 4] Article 105: Banks and financial investment companies shall be excepted from representing employees in their boards of directors.

Article 106: First: The member of the board of directors must:

1. Enjoy legal qualification.
2. Not be banned from managing companies under the law or any decision issued by a legal quarter.
3. Be owner of not less than 1,000 shares, if he represents the private sector. If his shares drop below this level, he must make up the difference within 30 days from the date of becoming member of the board of directors. Otherwise, he will be deemed as having lost the board membership at the end of the above respite.

Second: If a member of the board of directors loses any of the conditions stipulated in Clause First of this article, he shall lose his membership in the board

as of the date of losing that condition. Any decision made during his attendance shall be considered null and void, if his vote has influenced the decision.

Third: The period of membership in the board of directors is three years from the date of the first board meeting. This period is renewable.

Article 107: First: If the elected shareholder declines to accept membership in the board of directors, he should inform the board within seven days from his election to the board, if he was present during the election meeting; and, from the date of being notified, if he was absent.

Second: If a member of the board of directors resigns, his resignation must be in writing. The resignation will be considered valid only from the date of its acceptance by the board.

Article 108: First: If a vacancy occurs in the membership representing the socialist sector, or the employee sector, in the board of directors, the council shall invite a reserve member--in the order of the reserve list in either sector--to fill the vacancy and attend the board meeting.

Second: If a vacancy occurs in the membership representing the private sector in the board of directors, the chairman shall invite the reserve member with the majority of votes to attend. And, if several reserve members have an equal number of shares, the chairman shall choose one of them.

Third: If several vacancies occur in the membership representing the private sector in the board of directors and the reserve members are not enough to fill all the vacancies, the chairman of the board shall call a meeting of the general assembly in order to elect original members to fill any vacancies in the board of directors, after including the reserve members; and, to also elect reserve members in their place within 60 days from the occurrence of the vacancies.

Fourth: If the board of directors in a private joint-stock company loses half of its members at once, it shall be considered as dissolved. In such a case, a meeting of the general assembly shall be convened within 30 days from this loss to elect a new board. (more) ic/blome/mh MH152410.637 24/1429z Oct 827 WC

Article 109: If a member of the board of directors fails to attend meetings, the steps outlined in Clauses First and Second in Article 108 of this law shall be applied, depending on the circumstances. A reserve member shall replace the original member during his absence.

Article 110: First: A person cannot be a member in the boards of directors of more than three companies at the same time. But, he can also assume the chairmanship of one or two other boards at the same time.

Second: The chairman or member of a board of directors of a company cannot become a chairman or member in the board of directors of another company that

engages in similar business, unless he has been authorized by the general assembly of his company.

Sub-Section Two: The Meeting of the Board of Directors

Article 111: The board of directors shall meet within seven days of its formation. It shall elect from among its members by secret ballot its chairman and his deputy, who will replace him in his absence, for a one-year term, which is renewable.

Article 112: First: The board of directors shall meet at least once every two months at the invitation of its chairman or at the request of any of its other members.

Second: The board meetings shall be held at the company's head office or any other place in Iraq that is chosen by the chairman, if it is not possible to hold the meeting at the head office.

Article 113: The quorum shall be counted 30 minutes after the board has convened. It shall meet with the attendance of the majority of its members, including the two representatives of the socialist sector in the case of the mixed joint-stock company.

Article 114: First: Board decisions shall be made on the basis of the absolute majority of the members present. In the case of a tie, the side supported by the board chairman shall prevail.

Second: In the mixed joint-stock company, the decisions of the board shall be considered valid only if at least two representatives of the socialist sector have voted for them.

Article 115: If the chairman of the board or his deputy fail to attend three consecutive meetings without a legitimate reason, or if he fails to attend successive meetings for a period of more than six months without a legitimate reason, he shall be considered as having resigned.

Article 116: First: The minutes of the board meeting shall sum up the subjects discussed, the proposals made, and the opposite opinions expressed. The minutes shall be signed by the members.

Second: The board's decisions shall be entered in the records book and signed by the chairman.

Third: Certified copies of the board's decisions from the records book are valid documents to present to any quarter, provided the registrar keeps his copies of these decisions.

Sub-Section Three: The Jurisdictions and Powers of the Board of Directors

Article 117: The board of directors shall handle the necessary administrative, financial, planning, organizational, and technical duties for running the company's business, other than those that fall within the jurisdiction of the general assembly. It shall, in particular, assume the following jurisdictions:

First: Appoint the managing director, specify his wages, remunerations, jurisdictions, and powers, supervise and guide his work, and also decide on his dismissal.

Second: Carry out the general assembly's decisions and follow up on their implementation.

Third: Prepare the final accounts of the previous year within the first six months of each year, write up a report on them and on the results of implementing the annual plan, and submit them all to the general assembly for discussion and approval. These shall include:

1. The general budget.
2. The profit and loss account.
3. Any other statements requested by the competent quarters.

Fourth: Discuss and approve an annual plan for the company's activity in the following year. This plan must be prepared by the managing director during the last six months of the year in light of the company's aim, the development plan, and the guidelines of the planning bodies. The plan shall include a full report on the company's activity and a draft budget outlining:

1. Cash reserves.
2. Sales.
3. Purchases.
4. Manpower.
5. Capital investments.
6. Production.

Fifth: Follow up on the implementation of the annual plan and submit periodic reports to the accounts controller and an annual report to the general assembly on the results of the implementation.

Sixth: Prepare statistical studies with the view to developing the company's business.

Seventh: Make the decisions on loans, mortgages, and securities. (more)
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Article 118: First: Any decision made by the board of directors must be signed by its chairman and stamped with the company's seal.

Second: The decisions of the board of directors must be carried out as soon as they are issued in accordance with the provisions of the law.

[redacted]

Third: The majority members of the board of directors in a mixed joint-stock company have the right to object to the cabinet against any measures or guidelines that are not consistent or harmonious with the provisions of the law.

Fourth: The chairman of the board of directors is responsible for following up on the implementation of the board's decisions.

Article 119: It is impermissible for the chairman or a member of the board to have direct or indirect interests in deals that are concluded with the company, except after obtaining the permission of the general assembly. Any discovered fraud exceeding 10 percent of the deal shall make the deal null and void despite the permission given by the general assembly. The contractor shall assume any damages caused to the company as a result of the fraud.

Article 120: The chairman and members of the board of directors shall do their best to serve the interests of the company as they would serve their own personal interests, and run the company in a sound and legal manner. They are responsible before the general assembly for any work they undertake in this capacity.

Section Three: The Managing Director

Sub-Section One: The Appointment and Dismissal of the Managing Director:

Article 121: First: Each company shall have a managing director, who can be from within the company or an outsider who is specialized and experienced in the company's activity. The managing director shall be appointed and his jurisdictions, powers, wage, and remunerations shall be fixed by the board of directors in the joint- stock company, and the general assembly in the other companies.

Second: It is impermissible to combine the post of chairman or deputy chairman of the board of directors of a joint-stock company with the post of managing director in it. It is also impermissible for a person to serve as managing director in more than one joint- stock company.

Article 122: The managing director is dismissed under a decision by the quarter that appointed him, while citing the reasons for the dismissal.

Article 123: First: The managing director shall undertake all the necessary tasks for the management of the company and its activity within the jurisdictions and powers assigned to him by the quarter that appointed him and according to its directives.

Second: Taking into consideration the provisions of Clause First in this article, the managing director in the limited liability company, the joint liability company, or the sole owner enterprise shall enjoy the jurisdictions of the board of directors in the joint-stock company, as stipulated in Clauses Second, Third, Fourth, Fifth, and Sixth of Article 117 of this law.

Article 124: In the exercise of his jurisdictions and powers, the managing director is subject to the provisions of Articles 119 and 120 of this law.

[3 Apr p 4] Chapter V: Control of Companies

Section One: The Aim of Control and its Requirements

Article 125: First: Control is aimed at guaranteeing that the company is applying the provisions of this law and the decisions of the Central Planning Board, and that it is being steered and guided to perform its role in the development process.

Second: The competent sectorial quarter concerned with the activity specified in the contract of the joint-stock company shall follow up the implementation of this activity.

Article 126: The board of directors in the joint-stock company, and the managing director in the other companies, shall prepare in the first month of each year a list containing the following data:

First: The name of the company; the address of its head office; and the addresses of its branches, if they exit.

Second: The amount of capital and the quotas and shares making up this capital.

Third: The installments which were paid from the value of the shares in the joint-stock company; the shares which were paid during the year; and the shares which were not paid, but are due for payment.

Fourth: The total number of shares whose owners have no right to hold.

Fifth: The names, nationalities, professions, and shares or quotas held by the following:

1. The members of the company and the members who have gained membership or whose membership has expired since the preparation of the last annual list, or since the registration of the company, when preparing the first annual list.
2. The chairman and members of the board of directors and the managing director in the joint-stock company, and the managing director in the other companies.

Article 127: First: A copy of the invitation to the general assembly meeting which will discuss the final accounts shall be sent to the registrar and the competent sectorial quarter. The following shall be attached to the invitation:

1. The annual list.
2. The final accounts for the previous year and the accounts controller's report on them.
3. The managing director's report on how far the company has gone in implementing its plan for the previous year.

[redacted]

Second: In the case of the joint-stock company, the invitation shall be sent to the registrar and the competent sectorial quarter along with the statements and reports mentioned in Paragraphs A and B of Clause First in this article as well as the board of directors' report how far the company has gone in implementing its plan for the previous year. As for members, they have the right to check with the company on obtaining copies of the annual report and the other statements and reports.

Article 128: The registrar and the competent sectorial quarter have the right to obtain any statements, clarifications, or documents from the company in accordance with the provisions of this law and the decisions of the Central Planning Board.

Article 129: The joint-stock company, the limited liability company, and the joint liability company shall each prepare a register for its members, which shall be kept in its head office. The register shall contain the following information:

First: The names, nationalities, professions, and addresses of the members, the number of quotes or shares they own, and the dates of their ownership.

Second: The shares owned by each member, the sum paid for each share in the joint-stock company or limited liability company.

Third: The expiration of membership and the reasons.

Article 130: If a person's name has been erroneously entered in or deleted from the members' register, or if there has been an undue failure or delay in entering those who qualify for membership or deleting those whose membership has expired, that person or member has the right to demand the rectification of the records. And, if the company declines, he has the right to ask the registrar to oblige the company to make the rectification, without also prejudicing his right to demand compensation from the company for any damages.

Article 131: All that is included in the members' register is considered correct unless proved otherwise.

Article 132: First: A company member has the right of access to the members' register. If he is prevented from doing so, he has the right to ask the registrar to oblige the company to permit him to have such access.

Second: In the joint-stock company, the limited liability company, and joint liability company, records must be made accessible to members for 10 days prior to the meeting of the general assembly and also while the assembly in session.

Section Two: Financial Control

Article 133: First: The accounts of the mixed company shall be subject to control and audit by the Financial Control Bureau. As for the accounts of the private

company, they shall be subject to control and audit by auditors appointed by the company's general assembly.

Second: The accounts controller shall submit a report to the company on the accounts within 30 days from the accomplishment of these accounts.

Article 134: The board of directors's report on the final accounts in the case of the joint-stock company, and managing director's report in the case of the other companies shall include detailed statements on the company's activities, especially on the following:

First: The major contracts concluded by the company during the previous year and the businesses in which the members of the board and the managing director had interests.

Second: The distribution of net profit.

Third: The reserve balance and its uses.

Fourth: The sums received by current and previous members of the board of directors and the managing director in the form of wages or awards in cash or in kind, which they enjoy

Fifth: The sums which have been spent on publicity, travel, entertainment, and donations.

Article 135: The general assembly shall hold a meeting to discuss and approve the final accounts within 60 days from the date the audit is complete.

Article 136: The accounts controller shall give his opinion on the final accounts of the joint-stock company before its general assembly. The same can be done in the other companies. In all cases, the controller must give his opinion on the following:

First: The soundness of the company's accounts, the correctness of the statements in the final accounts, the access allowed to the data on the company's activity, and the board of directors's report.

Second: The extent of the company's application of modern accounting procedures, especially those dealing with book-keeping, accountancy, and stock-taking of company assets and liabilities.

Third: The extent to which the final accounts express the true financial status of the company and the results of its business at the end of the year.

Fourth: The extent to which the accounts comply with the provisions of this law and the company's contract.

Fifth: Violations of the provisions of this law or the company's contract which have adversely affected the company's business and financial status, including a statement indicating if the violations still existed at the time of auditing the final accounts.

Article 137: The accounts controller shall be questioned about the truth of the statements contained in his report in his capacity as the company's agent for controlling and auditing its accounts.

Article 138: The final accounts shall be signed by the chairman of the board of directors and the managing director in the case of the joint-stock companies and by the managing director in the case of the other companies. Each signatory shall be responsible for the truth of the statements contained in these accounts.

Article 139: Copies of the final accounts, the annual plan, and the reports on them as well as the general assembly's decisions on of them shall be sent to the registrar and the competent sectorial quarter.

[4 Apr p 4] Section Three: Inspection

Article 140: The company shall be subject to inspection by one or several professional inspectors, who will be chosen by the registrar, in the case of a justifiable claim made by any of the following quarters that the company has violated the provisions of this law, its contract, or the decisions of its general assembly:

First: The competent sectorial quarter.

Second: Members of the company who hold at least 10 percent of the value of subscribed quotas or shares.

Third: A member of the board of directors in the joint-stock company and the managing director in the other companies.

Article 141: The registrar has the right to appoint an inspector when necessary without asking the permission of any quarter.

Article 142: First: The registrar shall specify the inspector's task and scope of work in detail and the kind of report to be prepared on the subject.

Second: The appointed inspector shall submit his report on the violation to the registrar, who shall send copies of the report to the company and the competent sectorial quarter.

Article 143: The company's general assembly can appoint its own inspector to inspect the company's work. It shall also specify his task, the scope of his work, and the type of report he must submit, provided a copy of the report is sent to the registrar.

Article 144: Company employees must allow the inspector to have access to all of their books, documents, and records. The inspector may also interview the employees and those connected with the company on the case which is being investigated.

Article 145: If the inspector's report shows that a member of the board of directors, the managing director, or any other company official is questionable on something, now or in the past, the registrar must inform the responsible authorities so that appropriate action can be taken.

Article 146: The registrar shall carry out the appropriate steps to steer and guide the company in light of the proposals contained in the inspector's report. (more) ic/blome/mh MH152410.641 24/1434z Oct 685 WC

Chapter VI: Termination of the Company

Section One: Reasons for Termination

Article 147: A company is terminated in accordance with the provisions of this law for the following reasons:

First: Failure to start its activity without any legitimate reason despite the lapse of one year since its establishment.

Second: Suspension of its activity for more than one year without any legitimate reason.

Third: Completion of the project for which it was established or the impossibility of completing it.

Fourth: Merger with another company or transformation into another type of company under the provisions of this law.

Fifth: Loss of 75 percent of its nominal capital and its failure to take the steps stipulated in Paragraph A of Clause Second of Article 76 of this law within 60 days from the time the loss is established in the budget.

Sixth: The general assembly's decision to liquidate it.

Section Two: Merger of Companies

Article 148: It is permissible to merge one company into another company or several companies in order to form one company.

Article 149: For the merger to be valid:

First: It should be between companies engaging in similar activity.

Second: It should not lead to:

1. The joint-stock company losing its corporate status in favor of a limited liability company or joint liability company.
2. The limited liability company losing its corporate status to a joint liability company.
3. The joint-stock company, the limited liability company, the joint liability company, or the sole owner enterprise losing its corporate status in favor of a simple company.

Third: It should not increase the members of the merged company above the limits set under the law for different types of companies.

Fourth: It also should not producing economic effects that conflict with the development plan and the planning decisions.

Article 150: For the purposes of the merger, the following measures shall be taken:

First: An economic and technical study shall be made of the joint-stock companies to be merged, including the aims, reasons, conditions of the merger, and any other studies. The studies shall be submitted to the general assembly of each company.

Second: The merge decision shall be made by the general assembly of each company separately. The decision shall specify the name and type of the merger company as well as its capital, members, and activity. The decisions and the studies shall be sent to the registrar within 10 days from their adoption.

Third: If the registrar finds that the decisions are consistent with the law, he shall approach the competent sectorial quarter to obtain its approval. The quarter shall give its answer within 10 days from receiving the registrar's letter.

Fourth: If the competent sectorial quarter finds that the merger will lead to economic effects conflicting with the development plan and the planning decisions, it shall inform the registrar of its disapproval of the merger. Accordingly, the registrar will record disapproval of the merger decisions.

Fifth: If the competent sectorial quarter approves the merger, the registrar will issue his approval and inform the companies concerned of this decision so they will publish it in the bulletin and one daily paper.

Sixth: The companies receiving the registrar's approval of their merger will call their general assemblies to a joint meeting within 60 days from the date of the publication of the merger decision in order to amend the contracts of the existing companies or draw up a new contract for the merger company, depending on the circumstances. The contract shall be sent to the registrar within 10 days for endorsement and publication in the bulletin and one daily paper.

Article 151: The merger shall be considered effective as of the last publication date of the amended or new contract, depending on the circumstances. On this date, the corporate status of the companies merging into the new company shall be terminated. The registrar's endorsement of the contract is tantamount to a license of establishment.

Article 152: All the rights and commitments of the merger shall be transferred to the company with which it was merged, or the company resulting from the merger.

Section Three: Transformation of a Company

Article 153: A company can be transformed to any of the types stipulated in this law, with the following exceptions:

First: It is impermissible to transform a joint-stock company into a limited liability company, a joint liability company, or sole owner enterprise; or the limited liability company into a joint liability company.

Second: It is impermissible to transform the limited liability company or the joint liability company into a sole owner enterprise, except when they are short of one member.

Third: It is impermissible to transform the joint-stock company, the limited liability company, the joint liability company, or the sole owner enterprise into a simple company. (more) ic/blome/mh MH152410.642 24/1435z Oct 809 WC

Article 154: First: The company shall prepare an economic and technical study containing the aims and reasons for the transformation and submit them to the general assembly.

Second: The transformation shall take place under a decision to be issued by the company's general assembly which will also amend the contract consistent with the new status. The decision, coupled with the study and the amended contract, shall be sent to the registrar within 10 days of its issuance.

Third: The transformation to a joint stock company can take place by including new members, issuing new shares for public subscription, and applying the original subscription provisions to the new shares, including the provisions of Articles 44 and 47 of this law.

Article 155: First: If the registrar finds that the transformation decision and the amended contract are consistent with the law, he shall approach the competent sectorial quarter to obtain its approval. The competent sectorial quarter shall respond within 15 days from receiving the registrar's letter.

Second: If the competent sectorial quarter finds that the transformation could lead to economic effects that conflict with the development plan and the planning

decisions, it shall inform the registrar of its disapproval of the transformation. Accordingly, the registrar shall disapprove of the transformation decision.

Third: If the competent sectorial quarter approves of the transformation. Accordingly, the registrar shall endorse the transformation decision and the amended contract within a period of not more than 10 days after obtaining the approval. He shall also notify the company of the approval so that it will be published in the bulletin and a daily paper.

Article 156: The transformation shall be considered valid as of the last date of publication of the transformation decision and the amended contract.

Article 157: In the case of the transformation of a joint liability company or a sole owner enterprise into a joint stock company or a limited liability company, the responsibility of the members for its obligations before the transformation shall be an unlimited personal responsibility. The obligations shall be a joint liability responsibility in the case of the members of the joint liability company.

Article 158: First: A. If the general assembly decides to liquidate the company, or if any of the reasons stipulated in Clauses First, Second, Third, and Fifth of Article 147 of this law materialize and the general assembly recommends liquidation of the company, the company must appoint one liquidator--or more--and specify his jurisdictions and remuneration and send the decision or recommendation to the registrar for consideration.

1. The liquidator shall be considered the representative of the company within the limits of his jurisdictions during the liquidation period.

Second: If the general assembly of the company did not issue a recommendation for its liquidation despite the materialization of the reasons stipulated in Clauses First, Second, and Third, of Article 147 of this law, despite the lapse of 60 days, the registrar shall have the right to issue the liquidation decision directly, unless he gives the company a grace period to tackle the issue, if there is a justification for that. In all cases, the company has the right to object to the liquidation decision before the competent court within 30 days from its notification of the decision. The court's decision can be contested before the Court of Appeal, which shall act in the capacity of a court of cassation, and its decision in this capacity shall be final.

Article 159: The liquidation decision or recommendation shall be backed by reasons and sent to the registrar. The latter has the right to request additional information or discuss matters with the company's general assembly to ascertain the reasons.

Article 160: If the registrar has verified the reasons for the liquidation, he shall approach the competent sectorial quarter for its approval. The registrar must take this step before issuing his decision on the liquidation of the company in

accordance with Clause Second of Article 158 of this law. (more) ic/blome/mh
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Article 161: If the competent sectorial quarter approves the liquidation, and the project recommended for liquidation has to be continued for its economic importance to the development plan and planning decisions, then it must specify the steps which must be taken to guarantee continuation of the project, whether by transferring it to another organization, merging it with another project, or taking any other appropriate steps.

Article 162: The registrar shall issue the company's decision and appoint a liquidator within 10 days from receiving the approval of the competent sectorial quarter, provided it outlines the next steps which must be taken with regard to the project. The registrar shall communicate all that to the company so it will be published in the bulletin and one daily newspaper.

Article 163: Once notified of the liquidation decision, the company must stop making any changes in its membership or assuming any new obligations. But, it will continue to operate in so far as fulfilling its obligations under the liquidation process.

Article 164: First: The company shall retain its corporate status during the liquidation period, provided it states that it is under liquidation whenever its name is mentioned.

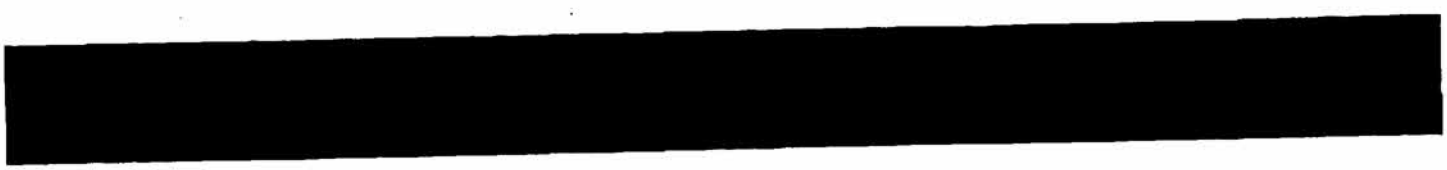
Second: The company's general assembly shall continue to function throughout the liquidation period, its board of directors, if it still exists, shall be considered dissolved, and the managing director's duty shall stop from the date of receiving the liquidation decision.

Article 165: The liquidation does not acquit the company founders, members, or management staff of any responsibility resulting from the exercise of their functions in the company.

Article 166: Any interested party has the right to confirm before a competent court any financial obligation that the company has taken upon itself within the last six months prior to the issuance of the liquidation decision.

Article 167: If the company's general assembly does not appoint a liquidator within 30 days from its notification of the liquidation decision, or if the liquidation decision has been issued by the registrar in accordance with Clause Second of Article 158 of this law, the registrar has the right to appoint the liquidator and specify his jurisdictions and remunerations, which must be borne by the company.

Article 168: As soon as he is appointed, the liquidator shall seize all the company's assets, including records, documents, and papers, make an inventory,



and write a full report on the company's condition including its debts and rights as well as other parties' rights on it, and send a copy to the registrar.

Article 169: The liquidator shall carry out the steps outlined concerning the fate of the company's project as specified in the liquidation decision, if they exist. He may refer to the competent sectorial quarter to faciliate the implementation of these steps or their amendment, if necessary.

Article 170: The liquidator shall, within 10 days of his appointment, call the company's creditors and whoever has claims on it through an advertisement in two local papers to meet with him at a fixed date and place in order to settle the debts and claims on the company, without impinging on the right of any party to take legal proceedings.

Article 171: The liquidator shall submit a report to the registrar on the progress of the liquidation process every three months at least. The registrar may call the liquidator for deliberations on any legal matter relating to the liquidation process.

Article 172: If the quarter which appointed the liquidator finds that he is failing in his assignment, it has the right to dismiss him and appoint another one. It also has the right to appoint another liquidator or more at any stage of the liquidation process, if it thinks that the liquidation process demands that, provided the dismissal or appointment decision is published in the bulletin and one daily newspaper. (more) ic/blome/mh MH152410.644 24/1438z Oct 644 WC

Article 173: The liquidator shall call the company's general assembly to meet during the first two months of each fiscal year in order to discuss and approve the previous year's annual budget and accounts, the accounts controller's report, the annual report on the progress of work, and the appointment of an accounts controller for the new year. He may also call the assembly at any time, if the liquidation process demands that.

Article 174: The liquidator shall settle the company's debts in the following order, after deducting the liquidation expenses:

First: The sums that are due to the company employees.

Second: The sum that is due to the state.

Third: Any other sums that are due under existing laws, in the order of priority.

Article 175: First: Submission of the request for liquidation, and the liquidation decision itself, are considered a declaration of the debtor's insolvency with regard to safeguarding the rights of creditors.

Second: Any transfer, concession, or disposal of the funds of the company, which is under liquidation, shall be considered null and void, if it is an attempt to favor some creditors at the expense of others by way of fraud.

Third: All mortgage contracts or contracts which constitute a lien on the company's property and assets that have been concluded only three months prior to the beginning of the liquidation process, shall be considered null and void, unless it is proven that the company will again be solvent after the liquidation process. In such a case, the provision on the nullity of those contracts shall only apply to anything extra to the sums paid to the company for the said contracts during its establishment or afterward, and the legal interest on them.

Fourth: Any sequestration of company funds after the initiation of the liquidation process shall not be valid except under a decision by the competent court, except for sequestrations that are carried in the interest of the state, the socialist sector, or employees in order to pay their wages.

[7 Sep P 4] Article 176: As soon as the liquidation process is accomplished, the liquidator shall prepare the final report and final accounts backed by the report of the accounts controller. He shall then call a meeting of the general assembly to discuss and approve them. He shall send a copy of the meeting's minutes and decisions, coupled with the final report, the final accounts, and the accounts controller's report to the registrar.

Article 177: First: The registrar shall issue his decision to delete the company's name from his records and publish the decision in the bulletin and one daily newspaper within 10 days, under one of these two conditions:

1. If it has been established that the liquidation has been completed in accordance with the law.
2. If the liquidation process has continued for more than five years after the issuance of the liquidation decision and that the registrar has become certain that it will be impossible to finalize it.

Second: The company's corporate status shall be considered expired as of the issuance of the decision to delete its name.

Article 178: The liquidator shall distribute the rest of the company's funds among its members in accordance with their shares and quotas within 30 days from being notified of the decision on the deletion of the company's name. But, he may disburse some of these to the members even during the liquidation phase, provided that this will not affect the company's obligations.

Article 179: It is impermissible to claim a debt or right on the company after the issuance of the decision on the deletion of its name. If a creditor shows up with a claim and the liquidator has no knowledge of it, the creditor may ask the company members to honor it according to the ratio of their quotas and shares in the capital within three years from the date of the deletion. Any claim after this period shall not be considered.

Article 180: The liquidator shall keep the company's records for five years from the date of the deletion of its name.

[redacted]

Chapter VII: The Simple Company

Article: 181: The simple company shall consist of several partners, who are not less than two and not more than five and who have contributed shares to the capital. In such a company, one or more may contribute services, and others funds.

Article 182: The simple company's contract must be notarized by the public notary. A copy of the contract must be deposited with the registrar, otherwise the contract will be considered null and void. (more) ic/blome/mh MH152410.645 24/1439z Oct 772 WC

Article 183: The simple company shall acquire a corporate status as of the date of the deposition of a copy of its contract with the registrar.

Article 184: The contract shall specify the share of each partner in the simple company's capital. Otherwise, the shares shall be considered equal. If the share is service, then its nature must be stated in the contract.

Article 185: First: If the contract specifies the partners' share in the profit only, then this shall be considered as their share in the loss also. And, if it specifies it in the loss only, this shall be considered as their share in the profit also. But, if the contract does not specify the share in the profit or loss, the share of each partner shall be in the ratio of his subscribed share in the company's capital.

Second: If the contract does not specify the share of the partner who contributes with service, his share in the profit or loss shall be assessed on the basis of the company's profit in that service. If, in addition the service, he contributed funds, he will have a share of profit for the service and a share for the funds.

Article 186: First: If it is agreed that one of the partners will not have a share in the profit or loss, the company's contract shall be considered null and void.

Second: It is possible to agree on excluding the partner, who has contributed with service only, from the loss, provided it has not been agreed to pay him a wage for his service.

Article 187: The company's contract shall specify the method of management and the appointment of the managing partner. It shall also specify his powers, otherwise the contract shall be considered null and void.

Article 188: The managing partner shall assume the management of the company within these powers under the guidance of the quarter that appointed him.

Article 189: The managing partner will do his best to take care of the company's interests the way he takes care of his own interests.

Article 190: The simple company can be terminated for any of the reasons stipulated in Clause First, Second, Third, or Fourth of Article 147 of this law. It can also be terminated for any of the following reasons:

First: A unanimous decision by the partners to dissolve it.

Second: The withdrawal of either partner from a company consisting of two partners.

Third: The issuance of a final decision by a competent court.

Article 191: The partners may ask for a court decision to exclude a partner, whose behavior could be a cause for dissolving the company, provided the company can continue to exist with the remaining partners.

Article 192: If a partner withdraws, he has the right to transfer his share of the capital to another person with the approval of the remaining partners. If they do not approve, they must accept the value of the withdrawing partner's share as decided by the court.

Article 193: In the case of the death, insolvency, or interdiction of a partner, the provisions stipulated in Article 70 of this law shall be applied, depending on the circumstances.

Article 194: The simple company shall be liquidated in accordance with the provisions of its contract. If there are no such provisions, it shall be liquidated in the manner agreed upon unanimously by the partners. Otherwise, it shall be liquidated in accordance with a decision by the court.

Article 195: The powers of the managing partner are terminated with the dissolution of the company. However, the corporate status of the company shall remain as long as necessary and until the liquidation is accomplished.

Article 196: First: When necessary, the liquidation will be carried out by all the partners or by one or more liquidators appointed by the majority of the partners. If they cannot agree on appointing a liquidator, the court shall undertake his appointment.

Second: In the cases where the company is considered null and avoid, the court shall automatically, or at the request of the interested party, appoint a liquidator and specify the method of liquidation.

Third: The managing partner shall be considered the liquidator before others until a liquidator is appointed. (more) ic/blome/mh MH152410.646 24/1440z Oct 716 WC

Article 197: First: The liquidator has no right to initiate any new work in the company except what is essential to complete previous work.

Second: The liquidator may sell the company's movable and immovable property directly or through an auction, unless he is restricted by his appointment order. He has no right to sell the company's property except to the extent that it is necessary to honor its debts, with the approval of the partners.

Article 198: First: After paying the creditors and deducting the sums needed to honor other undisputed debts or cover expenses and loans, which any partner may have undertaken in the name of the company, the remaining funds shall be divided among the partners.

[8 Sep p 4] Second: Each partner shall get a share equivalent to the value of the quota he contributed to the capital as stated in the contract, or equivalent to the value of this quota at the time of its payment if it is not stated in the contract, unless the partner has contributed services only. The remainder shall be divided among the partners according to each one's share in the profit. If the company's net funds are not sufficient to cover the shares of the partners, the loss shall be divided among them.

Article 199: The division of the simple company's funds shall be in accordance with the procedures that are followed in dividing common property.

Chapter VIII: Miscellaneous Rules

Section One: General Rules

Article 200: The company's registered address shall be deemed the official address for correspondence and notification. The company must notify the registrar about any change in the address within seven days of the change.

Article 201: The company must state its full name and capital, with all its descriptions, in the head office, the branches if there are any, and the other businesses. These must also be printed on the letterheads, certificates, documents, and any statements that are issued by it. All these should be in Arabic. However, it is permissible to use a foreign language as an addition.

Article 202: The company shall have a special seal with which to stamp its businesses, correspondence, documents, certificates, and any other statements it issues. The stamp can only be used by an authorized person.

Article 203: The company's contract is not considered valid until it has been endorsed by the registrar and published in the bulletin and one daily newspaper, with the exception of what is already stipulated in this law.

Article 204: It is permissible to object to the decisions of the registrar before the minister of trade within 30 days from the date of notification. The minister's decision shall be final, with the exception of what is already stipulated in this law.

[redacted]

Article 205: If the company members are less than what is stipulated in the law for its type, the number must be completed within 60 days from the occurrence of the shortage. If this period expires and the registrar does not grant a respite, the company must be transformed into a type that is permitted by the law.

Article 206: The registrar shall issue a special bulletin for the companies in which he will publish, at their expense, everything that pertains to their affairs in accordance with the provisions of this law.

Article 207: The Ministry of Trade, in cooperation with the Ministry of Finance, the Financial Control Bureau, and the Planning Board, shall issue guidelines for the accounting system to be adopted by the companies and everything that pertains to their final accounts.

Article 208: The minister of trade shall issue guidelines to facilitating the implementation of this law.

Article 209: The fees for the paperwork pertaining to this law shall be charged in accordance with the chart attached to this law. The cabinet may amend it in accordance with the requirements of economic development. (more) ic/blome/mh MH152410.647 24/1441z Oct 654 WC

Section Two: Temporary Rules

Article 210: Within 90 days from the enforcement of this law, the economic projects stipulated in Article 10 of this law must take the form of a company. The competent sectorial quarters shall supply the registrar with their lists of the registered economic projects that are subject to this law in the period between the publication of the law and its enforcement.

Article 211: First: The branches and offices of foreign companies and establishments shall be subject to the provisions of Ordinance No. 5 of 1989 on Branches and Offices of Foreign Companies and Economic Establishments.

Second: The penalties stipulated in Articles 216, 217, 218, and 219 of this law shall apply to these branches, offices, and their officials for any proven offense.

Article 212: The provisions on bankruptcy due to insolvency wherever they occur in this law shall apply until the promulgation of the law on insolvency.

Section Three: Penal Rules

Article 213: First: Any economic project that does not take the form of a company shall be punishable by a fine of 1,000 dinars for every day of delay after the grace period stipulated in Article 210 of this law.

Second: The punishment stipulated in Clause First of this article shall apply to every company branch or office, which must be re-registered or liquidated, for

every day of delay after the periods stipulated in the provisions of Ordinance No. 5 of 1989.

Article 214: If three months of daily fines elapse without the parties mentioned in Article 210 of this law taking the necessary steps to change or rectify their conditions, the registrar shall approach the competent sectorial quarter in order to take the appropriate measures against the defaulting party, while continuing to levy the daily fine on it.

Article 215: First: Anyone carrying out a business in the name of a joint-stock company, limited liability company, joint liability company, or sole owner enterprise without obtaining a license for his establishment shall be subject to punishment of imprisonment for a period of not less than six months and not more than two years, or a fine of not less than 1,000 dinars and not more than 3,000 dinars, or both, while taking into consideration the provisions of Clause First of Article 21 of this law.

Second: Anyone carrying out a business in the name of a branch or an office for a foreign company or economic establishment without obtaining a license shall be subject to punishment of imprisonment for a period of not less than two years, or a fine of not less than 10,000 dinars and not more than 50,000 dinars.

Article 216: Any company that does not prepare the records stipulated under the law shall be subject to punishment of a fine of not less than 5,000 dinars and not more than 10,000 dinars.

Article 217: Any company failing to submit the required statements and information to a competent official quarter at the times fixed under the provisions of this law shall be subject to punishment of a fine of 100 dinars for every day of delay. (more) ic/blome/mh MH152410.648 24/1443z Oct 535 WC

Article 218: Any company official who purposely gives inaccurate statements or information to an official quarter on the company's business, member shares and quotas, and distribution of dividends shall be subject to punishment of imprisonment for a period of not less than three months and not more than one year, or a fine of not less than 1,000 dinars and not more than 3,000 dinars, or both.

Article 219: Any company official who bars a competent quarter from seeing the company's records and documents shall be subject to punishment of imprisonment for a period of not less than one month and not more than six months, or a fine of not less than 500 dinars and not more than 1,000 dinars, or both.

Section Four: Final Rules

Article 220: First: Company Law No. 36 of 1983 is hereby canceled. The regulations and guidelines issued under that law that do not conflict with the provisions of this law shall remain valid until they are replaced or canceled.

Second: Any provision contrary to the provisions of this law is invalid.

Article 221: This law shall be enforced within 90 days from the date of its publication in the Official Gazette.

Written in Baghdad on 15 Rabi' al-Thani 1418 Hegira corresponding to 18 August 1997.

[Signed] Saddam Husayn, president of the republic.

Fee Chart

First: The registrar shall charge the following relative fees for licensing a company:

1. Ten thousandths of the company's capital, which is up to 50,000 dinars.
2. Six thousandths of the company's capital, which is 50,000 to 100,000 dinars.
3. Three thousandths of the company's capital, which is 100,000 to 500,000 dinars.
4. 250 dinars for every 100,000 of the company's capital, over 500,000 dinars.

Second: The registrar shall charge a fixed fee of 10,000 dinars for the registration of a branch for a foreign company or economic establishment.

Third: In the case of an increase in the company's capital, the registrar shall charge the approved increase what he would normally charges at the company's establishment; that is, in accordance with the ratios stipulated in Clause First of this chart.

Fourth: The registrar shall charge a fixed fee of 250 dinars for amending the company's contract, other than an increase in the capital.

Fifth: The registrar shall charge a fee of three thousandths of the net money assigned for distribution upon the liquidation of the company, but not more than 10,000 dinars.

Sixth: The registrar shall charge a fee of 50 dinars for endorsing or depositing any document with him and 25 dinars for making a copy of every page.

Seventh: The court shall charge a fixed fee of 500 dinars for every case submitted under the company law.

The reasons: This law is being promulgated with the view to giving the mixed and private sectors a better chance to play a more effective role in the development process, developing the economy within the general framework of state plans, tackling the situations resulting from the application of Company Law No. 36 of

1983, and reorganizing the investment companies under special rules, and also in view of the many amendments that had been introduced into the old law.

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The Ministry of Industry & Mineral
The General Committee of Training & Rehabilitation

#1613
Date: Des.3,2003

To / Ministry of Planning
Sub.: Using the abundance employment

The policy of the former regimes caused to create a very big number of unemployment in our industrial foundations (both in the Ministry of Industry& Military Industrialization) adding to that the big number of unemployment because of the closing of many factories after the destruction& the robbery operations which happened after Iraqi Freedom War, this will cause a heavy load on the government budget.

This big number contains many people who have experiences & and many professionals in different sectors like : technical, financial, economical sectors .those people can be very useful for the new Iraq if they will be re-hired again after putting a quick plan to rehabilitate them. The following are examples for these cases:

a. the Ministries of Higher Education & Science and Technology : for those who have Academic Certificate .
b. the Ministry of Education : to those who have (diploma, and bachelor degrees) after training them in quick courses (how to teach) .
c. the Ministry of labor & Social Affairs : to people from different specializations and professions who should be hired in all the governorates of the country.
d. the Ministry of Health : to those who graduated from Departments of (chemistry, physics, biology, statistics) also the other specializations.



e. the Ministries of Transportation & Communications : for different technical specializations .

our suggestion is that your Ministry would do a study about the needs of all the ministries from the different specializations with the coordination of our Ministry(Ministry of Industry & Mineral) to supply the needs of the Ministries .

Hoping that our suggestion will get good attention from you

With all respect

The Minister of Ministry of Industry& Mineral
Mohammed Taufeeq Raheem

The Ministry of Industry & Mineral
The General Committee of Training & Rehabilitation

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Date: Des.3,2003

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a. the Ministries of Higher Education & Science and Technology : for those who have Academic Certificate .
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d. the Ministry of Health : to those who graduated from Departments of (chemistry, physics, biology, statistics) also the other specializations.

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With all respect

The Minister of Ministry of Industry& Mineral
Mohammed Taufeeq Raheem

Foreign Language

2003/03/17 قواعد الرواتب لشهر 3 /2003

وزارة الصناعة والمعادن

سليمان يونس خضير 18934

500	الاسمي	عائلية	الحقيقي	عائلية	مهنية	مخاطر	موقع عمل	اختصاص	نشاط صناعي	م.منصب	غلاء معيشة	المجموع
	10850/000	13/950	10850/000	852/900	684/400	171/100	171/100	1711/000	1026/600	15000/000	2076/570	35609/670

مدير عام — الدائرة الدار — مكتب المدير العام

تعويضات	م.مقطوعة	نقل	مبدل تموين	م.تكرير	
	400/000	500/000	2000/000	766/000	

تقاعد		شارة	هويات	
		500/000	750/000	

2003/ 3 شهر	المجموع	
34250/000	1250/000	

الموقع	25	10	5	1	1/2	1/4	100	50	25	10	5	م	ا	
70												الغشاء		
						دينار						فلس	171	251

Adnan Yousis Khudair

صفحة 218 2003/03/17 قواهم الرواتب لشهر 3 /2003

وزارة الصناعة و المعادن

15997 عبد الستار عبد الرزاق الصافي مدير عام
503 السيد عاطية الحقيقي عاطية مهنية
تخصيصات 24/800 10850/000 10850/000 449/600 1026/600

م.حسب م.مقطوعة نقل
15000/000 400/000 500/000

شارة هويات
500/000 750/000

بطاعد

داخرة المنجم وزارة الصناعة و المعادن
مخاطر موقع عمل اختصام طعام نشاط صناعي غلاء معيشة المجموع
171/100 342/200 1711/000 4000/000 1026/600 2185/740 41832/840

م.تكريم بدل تموين
2170/000 2000/000

المجموع صافي 3/2003
40500/000 1250/000

التوقيع 25 10 5 1 1/2 1/4 100 50 25 10 5 الشاهد م ا
20 دينار فلس 203 221

Abdul-Satar Al-Safi

Foreign Language

Foreign Language

Foreign Language

Foreign Language

[redacted]

COALITION PROVISIONAL AUTHORITY

BAGHDAD

POLICY LETTER

From: Chief of Staff
To: All Ministries, and CPA Department Heads

Subject: CPA Morning Report

1. Purpose. The CPA morning report is a tool used to gather personnel data from your section for the purpose of maintaining accountability. The info reported will be used to update the CPA database so that personnel can be replaced after fulfilling their tour, to locate personnel in the event of receiving a Red Cross message or other emergency.

2. All departments, ministries, contractors, and sections will submit a morning report daily. This report will include accountability for United States Government (USG) employees, USG contractors, USG military personnel, Coalition Civilian, Coalition Military and local Iraqi hires. The CPA morning report can be found on the CPA intranet website under the CPA Admin link and then double clicking the Human Resources Management link. The morning report will be submitted by 1000 Sunday thru Thursday and by 1400 on Fridays. A detailed diagram and guidance for the completion of the morning report is provided.

3. Assistance for completing the report is available by contacting the Human Resources Management Office in M114 at 239-5841/5842.

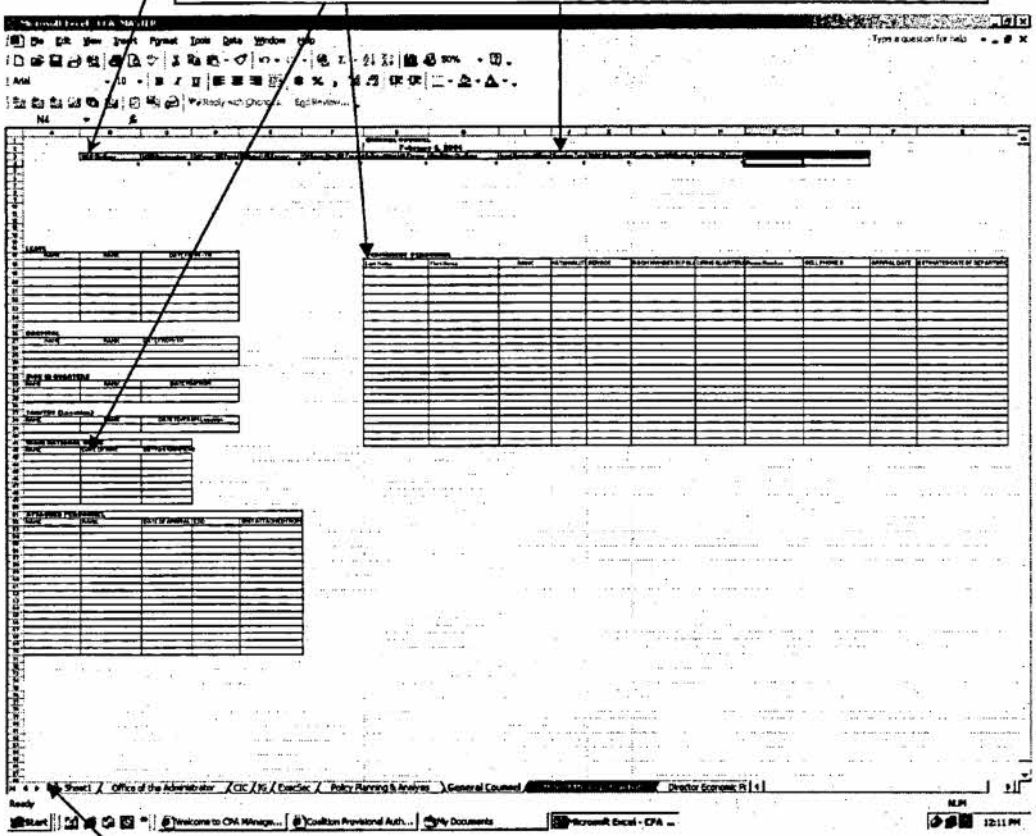
Stephen T. Smith
Chief of Staff

Attachment: (1) HRM Morning Report Guidance

(2) CPA Morning Detailed Diagram

HR // (b)(6) [redacted]

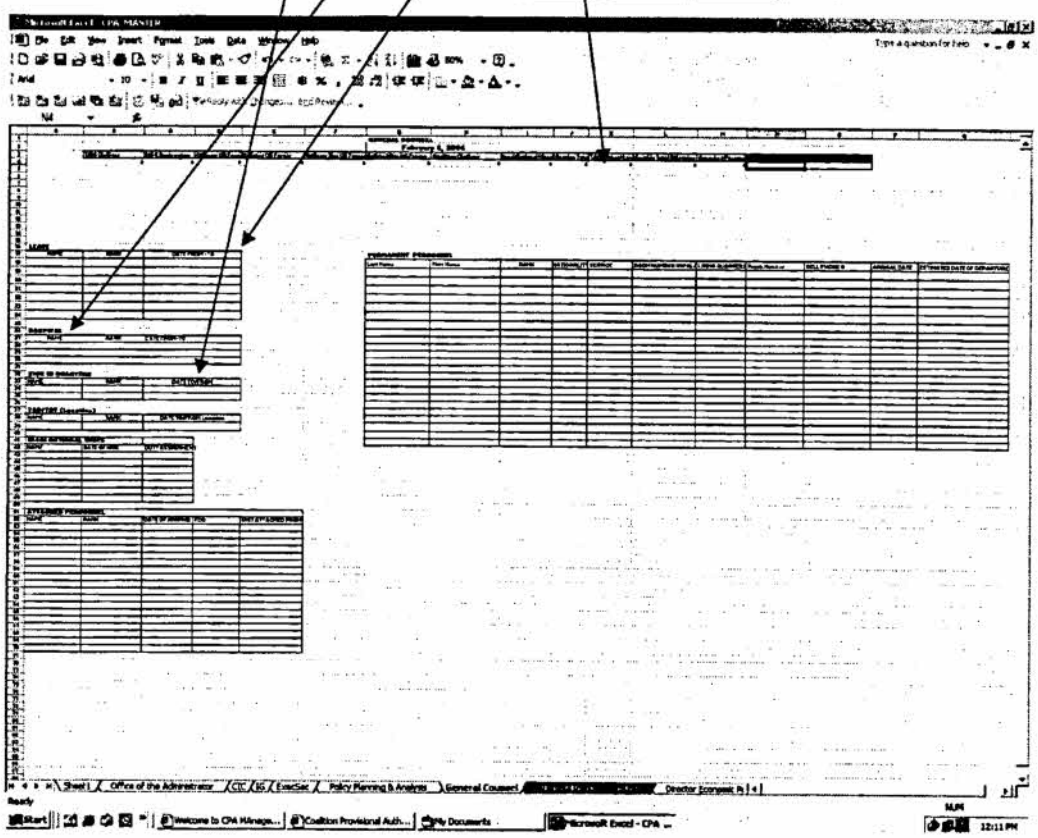
Input the number of United States Government (USG) Civilians, USG Contractors, Officers US Forces, Enlisted US Forces, Officers Non US Forces, Enlisted Non US Forces, Coalition Civilians(Non American Civilians) Iraqi National Hires under the correct box. The Number you List should correspond with the people you have listed in Permanent Personnel and Iraqi National Hires. This will give you your section Total.



Find your worksheet by utilizing the arrow keys. Ensure you are on your section's worksheet. Stay out of Sheet 1.

[redacted]

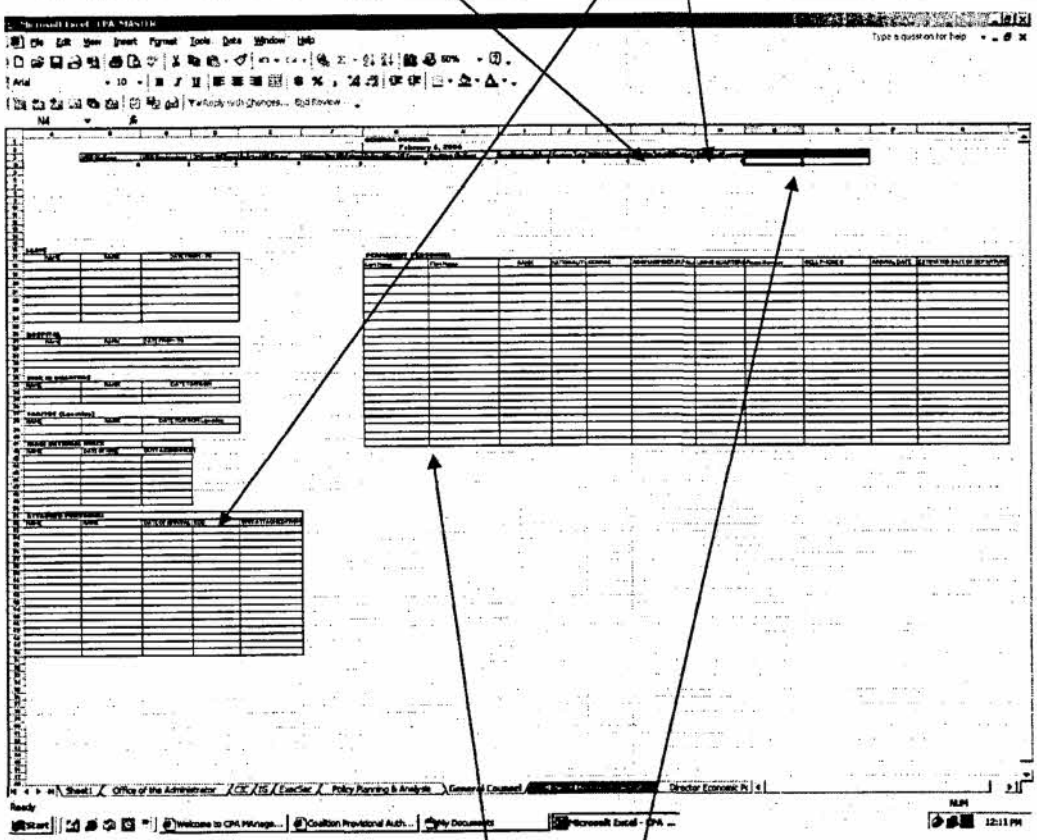
Input the number of personnel that are Sick in Quarters, Hospitalized, on leave or TAD/TDY. (TAD/TDY personnel is anyone who is out of the 50 mile radius of Baghdad for 24 hours or more.) List the dates to and from and location. In cases of TAD/TDY that the location is Classified list "Undisclosed." The number of personnel should correspond with the personnel listed in the appropriate columns.



[redacted]

Your section total effective is calculated by subtracting the number of personnel TAD/TDY on leave sick in quarters from you section total.

Input the personnel attached to your section. Attached personnel are personnel that are TAD to your section for a period of 21 days or less or personnel that are not assigned to the CPA Joint Manning Document but work in your section. These personnel do not count towards any of your totals.



For reporting purposes to Higher HQ a count of Male and Female US military is needed. These numbers should come from your permanent personnel.

MM

(b)(6)

ORG. CODE	POS. CODE	POSITION TITLE	SOURCE	EXP. DEP. DATE
451000	10515	~~acting~~ Sr. Adv.		
451000	10513	Adv		
451000	10511	Adv		
451000	10512	Adv		
451000	10516	Adv		
451000	11464	Adv		
451000	10517	Adv		
451000	10514	Adv		
451000	10518	State Owned Enterprises		

Trade

Admin - Answer mail

IRSC

Raz.

faisel (IPP)

Gavo (Leony)

Adnan (temp employees)

Firas - Translator (IS)

MUST FILL? VICE	LAST UPDATE
	9-Feb-04
	9-Feb-04
	9-Feb-04
	9-Feb-04
	9-Feb-04
	9-Feb-04
	9-Feb-04
	9-Feb-04
	9-Feb-04

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 1

DE-BAATHIFICAION OF IRAQI SOCIETY

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), relevant U.N. Security Council resolutions, and the laws and usages of war,

Recognizing that the Iraqi people have suffered large scale human rights abuses and depravations over many years at the hands of the Baath Party,

Noting the grave concern of Iraqi society regarding the threat posed by the continuation of Baath Party networks and personnel in the administration of Iraq, and the intimidation of the people of Iraq by Baath Party officials,

Concerned by the continuing threat to the security of the Coalition Forces posed by the Iraqi Baath Party,

I hereby promulgate the following:

Section 1
Disestablishment of the Baath Party

1) On April 16, 2003 the Coalition Provisional Authority disestablished the Baath Party of Iraq. This order implements that declaration by eliminating the party's structures and removing its leadership from positions of authority and responsibility in Iraqi society. By this means, the Coalition Provisional Authority will ensure that representative government in Iraq is not threatened by Baathist elements returning to power and that those in positions of authority in the future are acceptable to the people of Iraq.

2) Full members of the Baath Party holding the ranks of 'Udw Qutriyya (Regional Command Member), 'Udw Far' (Branch Member), 'Udw Shu'bah (Section Member), and 'Udw Firqah (Group Member) (together, "Senior Party Members") are hereby removed from their positions and banned from future employment in the public sector. These Senior Party Members shall be evaluated for criminal conduct or threat to the security of the Coalition. Those suspected of criminal conduct shall be investigated and, if deemed a threat to security or a flight risk, detained or placed under house arrest.

3) Individuals holding positions in the top three layers of management in every national government ministry, affiliated corporations and other government institutions (e.g., universities and hospitals) shall be interviewed for possible affiliation with the Baath Party, and subject to investigation for criminal conduct

and risk to security. Any such persons determined to be full members of the Baath Party shall be removed from their employment. This includes those holding the more junior ranks of 'Udw (Member) and 'Udw 'Amil (Active Member), as well as those determined to be Senior Party Members.

4) Displays in government buildings or public spaces of the image or likeness of Saddam Hussein or other readily identifiable members of the former regime or of symbols of the Baath Party or the former regime are hereby prohibited.

5) Rewards shall be made available for information leading to the capture of senior members of the Baath party and individuals complicit in the crimes of the former regime.

6) The Administrator of the Coalition Provisional Authority or his designees may grant exceptions to the above guidance on a case-by-case basis.

Section 2
Entry into Force

This Order shall enter into force on the date of signature.

5/16/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY

BAGHDAD

JULY 29, 2003

AL-Araji

MEMORANDUM TO: Sami Ra'ouf Al-Raji

SUBJECT: Application for Temporary Exception to De-Baathification Order

This responds to your request for a temporary exception to the Coalition Provisional Authority (CPA) Order Regarding De-Baathification of Iraqi Society, dated May 16, 2003, which removed from their positions all government employees who were (1) senior members of the Ba'ath Party; or (2) full Ba'ath Party members in the top three tiers of Ministry management (including Directors General).

After carefully reviewing your application and all supporting documents, including the recommendation of the concerned Senior Ministry Advisor, your application has been approved. Accordingly, you are authorized to continue working in your current position temporarily, until further notice. You shall perform your duties under the authority, direction and control of the concerned Senior Ministry Advisor, in coordination with the Interim Minister, once appointed.

Your eligibility for permanent exemption from the CPA's Order Regarding De-Baathification of Iraqi Society will be determined in accordance with CPA Memorandum No. 1, Implementation of De-Baathification Order No. 1, dated 3 June 2001. You are expected to cooperate fully with CPA officials responsible for carrying out the responsibilities described in that document.

(b)(6)

Senior Advisor,
Ministry of Industry and Minerals

- Did OIG have authority?
- If he did, why did SAH need Re examination if not Riyah?

COALITION PROVISIONAL AUTHORITY

BAGHDAD

INFO MEMO

January 14, 2004

FOR: Minister Tofiq

FROM: (b)(6) Advisor
Ministry of Industry and Minerals

SUBJECT: Letter of Recommendation for Mr. Sami al-Araji

Mr. Al-Araji has served as the director of Planning and its 53 State Owned Enterprises in the post war period. Among his many responsibilities, he worked with CPA advisors to develop and implement the goals and strategic plans to re-establish the Ministry.

Among his accomplishments, Mr. al-Araji was directly responsible for effectively coordinating the Ministry's efforts with a number of Ministries such as Finance, Planning, Electricity, Oil to support the operation of the ministry's factories (53 Company & 150 Factories). This included actively assessing the needs of the state companies to develop 2003 and 2004 budgets, and following the process to transfer and monitor the funds.

Mr. al-Araji assisted in resolving management and employee problems during the critical post war period, often working long hours and going out of his way to meet with the employees or CPA officials, and always representing the interest of the employees with fairness and equanimity. He often represented the ministry in conferences and meetings in the different governorates of Iraq and worked with the governors to resolve the problems that faced a number of the state companies. Sami was also the Ministry's spokesperson at several conferences inside and outside Iraq on reconstruction and development of the country, including the World Bank's Reconstruction Conference in Amman in late 2003. He participated in the technical and economic evaluation of the ministry companies and outlined the short and long range strategies for the restructuring and development. And he assisted in creating the special force to protect the ministry and its companies from looting and insure a peaceful climate for work and production.

Sami, as he is known to his friends, served his country and the reconstruction effort in a number of initiatives that went beyond his work at the Ministry. He was a member of the executive council of the city of Baghdad where different services were provided to the city of Baghdad (Water , Sewage , Electricity , Schools , Roads waste collection ...etc. during the critical post war period. He assisted in private sector development identify opportunities for private Iraqi firms.

COORDINATION: (b)(6)

UNCLASSIFIED

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 2

DISSOLUTION OF ENTITIES

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), relevant U.N. Security Council resolutions, including Resolution 1483 (2003), and the laws and usages of war,

Reconfirming all of the provisions of General Franks' Freedom Message to the Iraqi People of April 16, 2003,

Recognizing that the prior Iraqi regime used certain government entities to oppress the Iraqi people and as instruments of torture, repression and corruption,

Reaffirming the Instructions to the Citizens of Iraq regarding Ministry of Youth and Sport of May 8, 2003,

I hereby promulgate the following:

Section 1
Dissolved Entities

The entities (the "Dissolved Entities") listed in the attached Annex are hereby dissolved. Additional entities may be added to this list in the future.

Section 2
Assets and Financial Obligations

1) All assets, including records and data, in whatever form maintained and wherever located, of the Dissolved Entities shall be held by the Administrator of the CPA ("the Administrator") on behalf of and for the benefit of the Iraqi people and shall be used to assist the Iraqi people and to support the recovery of Iraq.

2) All financial obligations of the Dissolved Entities are suspended. The Administrator of the CPA will establish procedures whereby persons claiming to be the beneficiaries of such obligations may apply for payment.

3) Persons in possession of assets of the Dissolved Entities shall preserve those assets, promptly inform local Coalition authorities, and immediately turn them over, as directed by those authorities. Continued possession, transfer, sale, use, conversion, or concealment of such assets following the date of this Order is prohibited and may be punished.

Section 3
Employees and Service Members

1) Any military or other rank, title, or status granted to a former employee or functionary of a Dissolved Entity by the former Regime is hereby cancelled.

2) All conscripts are released from their service obligations. Conscription is suspended indefinitely, subject to decisions by future Iraq governments concerning whether a free Iraq should have conscription.

3) Any person employed by a Dissolved Entity in any form or capacity, is dismissed effective as of April 16, 2003. Any person employed by a Dissolved Entity, in any form or capacity, remains accountable for acts committed during such employment.

4) A termination payment in an amount to be determined by the Administrator will be paid to employees so dismissed, except those who are Senior Party Members as defined in the Administrator's May 16, 2003 Order of the Coalition Provisional Authority De-Baathification of Iraqi Society, CPA/ORD/2003/01 ("Senior Party Members") (See Section 3.6).

5) Pensions being paid by, or on account of service to, a Dissolved Entity before April 16, 2003 will continue to be paid, including to war widows and disabled veterans, provided that no pension payments will be made to any person who is a Senior Party Member (see Section 3.6) and that the power is reserved to the Administrator and to future Iraqi governments to revoke or reduce pensions as a penalty for past or future illegal conduct or to modify pension arrangements to eliminate improper privileges granted by the Baathist regime or for similar reasons.

6) Notwithstanding any provision of this Order, or any other Order, law, or regulation, and consistent with the Administrator's May 16, 2003 Order of the Coalition Provisional Authority De-Baathification of Iraqi Society, CPA/ORD/2003/01, no payment, including a termination or pension payment, will be made to any person who is or was a Senior Party Member. Any person holding the rank under the former regime of Colonel or above, or its equivalent, will be deemed a Senior Party Member, provided that such persons may seek, under procedures to be prescribed, to establish to the satisfaction of the Administrator, that they were not a Senior Party Member.

Section 4
Information

The Administrator shall prescribe procedures for offering rewards to person who provide information leading to the recovery of assets of Dissolved Entities.

Section 5
New Iraqi Corps

The CPA plans to create in the near future a New Iraqi Corps, as the first step in forming a national self-defense capability for a free Iraq. Under civilian control, that Corps will be professional, non-political, militarily effective, and representative of all Iraqis. The CPA will promulgate procedures for participation in the New Iraqi Corps.

Section 6
Other Matters

1) The Administrator may delegate his powers and responsibilities with respect to this Order as he determines appropriate. References to the Administrator herein include such delegates.

2) The Administrator may grant exceptions any limitations in this Order at his discretion.

Section 7
Entry into Force

This Order shall enter into force on the date of signature.

L. Paul Bremer, Administrator
Coalition Provisional Authority

ANNEX

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 3

DISSOLUTION OF ENTITIES

Institutions dissolved by the Order referenced (the "Dissolved Entities") are:

The Ministry of Defence
The Ministry of Information
The Ministry of State for Military Affairs
The Iraqi Intelligence Service
The National Security Bureau
The Directorate of National Security (Amn al-'Am)
The Special Security Organization

All entities affiliated with or comprising Saddam Hussein's bodyguards to include:
- -Murafaqin (Companions)
- -Himaya al Khasa (Special Guard)

The following military organizations:
- -The Army, Air Force, Navy, the Air Defence Force, and other regular military services
- -The Republican Guard
- -The Special Republican Guard
- -The Directorate of Military Intelligence
- -The Al Quds Force
- -Emergency Forces (Quwat al Tawari)

The following paramilitaries:
- -Saddam Fedayeen
- -Ba'ath Party Militia
- -Friends of Saddam
- -Saddam's Lion Cubs (Ashbal Saddam)

Other Organizations:
- -The Presidential Diwan ✓
- -The Presidential Secretariat
- -The Revolutionary Command Council
- -The National Assembly
- -The Youth Organization (al-Futuwah)
- -National Olympic Committee
- -Revolutionary, Special and National Security Courts

All organizations subordinate to the Dissolved Entities are also dissolved.

Additional organizations may be added to this list in the future.

Ministry of Industry and Minerals

وزارة الصناعة والمعادن

دائرة التخطيط

العـــدد: 126
التاريخ: 14/3/2004

To: (b)(6)
Senior Advisor
MIM

Sub/**Electric Generators**

Dear (b)(6)

The State Company for Rubber Industry in Diwaniya received, based on instruction of the Coalition Forces in the area, 2 electric generators from Al-Ajab private Company with total capacity of 2471 KVA.

Al-Ajab Company was obliged to carry all the work (installation, testing and operation of these machines). However it did not fulfill its obligation, in spite of repeated requests from the Rubber Company.

You are kindly requested to inform CPA – Central of this development and to take the necessary action with Al-Ajab private company to complete their obligation to operate the generators as specified.

Kind regards.

Sami Al-Araji

Sami R. Al-Araji
Director General for planning

COALITION PROVISIONAL AUTHORITY

BAGHDAD

INFO MEMO

January 14, 2004

FOR: Minister Tofiq

FROM: (b)(6) Advisor
Ministry of Industry and Minerals

SUBJECT: Letter of Recommendation for Mr. Sami al-Araji

Mr. Al-Araji has served as the director of Planning and its 53 State Owned Enterprises in the post war period. Among his many responsibilities, he worked with CPA advisors to develop and implement the goals and strategic plans to re-establish the Ministry.

Among his accomplishments, Mr. al-Araji was directly responsible for effectively coordinating the Ministry's efforts with a number of Ministries such as Finance, Planning, Electricity, Oil to support the operation of the ministry's factories (53 Company & 150 Factories). This included actively assessing the needs of the state companies to develop 2003 and 2004 budgets, and following the process to transfer and monitor the funds.

Mr. al-Araji assisted in resolving management and employee problems during the critical post war period, often working long hours and going out of his way to meet with the employees or CPA officials, and always representing the interest of the employees with fairness and equanimity. He often represented the ministry in conferences and meetings in the different governorates of Iraq and worked with the governors to resolve the problems that faced a number of the state companies. Sami was also the Ministry's spokesperson at several conferences inside and outside Iraq on reconstruction and development of the country, including the World Bank's Reconstruction Conference in Amman in late 2003. He participated in the technical and economic evaluation of the ministry companies and outlined the short and long range strategies for the restructuring and development. And he assisted in creating the special force to protect the ministry and its companies from looting and insure a peaceful climate for work and production.

Sami, as he is known to his friends, served his country and the reconstruction effort in a number of initiatives that went beyond his work at the Ministry. He was a member of the executive council of the city of Baghdad where different services were provided to the city of Baghdad (Water , Sewage , Electricity , Schools , Roads waste collection ...etc. during the critical post war period. He assisted in private sector development identify opportunities for private Iraqi firms.

COORDINATION: (b)(6)

UNCLASSIFIED

CV

Name: Sami Raouf AL – Araji

Date & Place of Birth: Baghdad – IRAQ / 1942

Academic degrees (Education):

1 – Highschool: Kadhimiah Secondary School / 1962
Kadhimia – Baghdad

2 – University:
B.Sc. / Mechanical Engineering 1967, Michigan State University
E. Lansing, Michigan / USA

3 – M.Sc. /Mechanical Engineering 1969, University of Connecticut
Storrs, Conn / USA

4 – Ph.D. / Mechanical Engineering 1973, Michigan State University
E. Lansing, Michigan / USA

Work Places and Positions Held

1 - Engineer / Consumers Power Company
Jackson, Michigan/ USA 1974 – 1975

2 - Director, Nuclear Power Plants Projects
Iraqi Atomic Energy Commission – Baghdad – IRAQ 1976 – 1983

3 - Director, Nuclear Safety Dept., Iraqi Atomic Energy Comm. – Baghdad – IRAQ
1983 – 1987

4 - Head, Nuclear Safety Authority, Iraqi Atomic Energy Comm., Baghdad IRAQ
1987 – 1989

5 - Head, Safety Authority, Ministry of Industry and Military Industrialization,
Baghdad – IRAQ, 1989 – 1992

6 - Director, Center for Safety and Quality Assurance, Military Idustries Comm.,
Baghdad – IRAQ, 1992 – 1994

7 - Director, Center for Engineering Inspection & Industrial Safety / Ministry of
Industry, Baghdad – IRAQ. 1995 – 1997

8 - Director General, Office for Engineering Inspection and Industrial Safety
Ministry of Industry and Minerals, Baghdad – IRAQ, 1997 – 2001

9 - Director General, State Company for Tobacco and Cigarettes
Ministry of Industry & Minerals, Baghdad – IRAQ, 1999 – 2000

10 - Director General, Office of Planning, Ministry of Industry & Minerals
2002 – Present

Publications and Honors

1 – More than eighty Studies and Research Work in the field of Science, Technology and Environmental Protection.

2 – Hold the title of Scientist

3 – Received Many Medals & Honors for accomplishments in Science & Technology.

Selected works and projects

1 – Participation in reconstruction program of the oil and electrical industries (1991 – 1993)

2 – Leading the engineering safety and quality works (Quality Control and Quality assurance) of the following projects:

A- Suspension Bridge (14th July Bridge) – (1992 –1994)
(Reconstruction Project)

B- Double Deck Bridge Project – (1992 – 1993)

C- Communication Tower Project – (1992 – 1994)

D- Al – Adhaim Dam Project

3- Leading the rehabilitation works for the following companies and factories:

a) The Vegetable Oil State Company
- Baiji Factory (1995 – 1996)
- Ma'amoon Factory (Detergent lines) / 1997
- Al – Rashid Factory (Detergent lines) / 1997

b) Baghdad Factories / Tobacco & Cigarettes State Comp. / 1997

c) Northern Fertilizer State Comp. / 1997

d) Kerbala Cement Factory / Southern Cement State Company / (2000 – 2001)

e) Badoush Cement Factory / Northern Cement State Company / 2001

(f) Leading Engineering Inspection & Quality Assurance and Industrial Safety activities for the Electrical Power Plants of Iraq (1995 – 1998)

4 – Member of the National Committee for rehabilitation of the electric power Sector of Iraq (1999 – 2001)

Membership in National Councils or Committees

1 – Member of the national council of Environmental Protection

2 – Member of the National Committee for Investment

3 –Member of the national committee for quality products (ISO 9000/ISO 14000)

4 –Member of the national committee for consumer protection

5 – Member of the national committee on industrial quality standards

Membership in Scientific & Engineering Societies / Councils

1 – Member of the Iraqi Engineering Society

2 – Member pf the Iraqi Engineering Union

3 – Member of the Environmental Committee of the Arab Engineering Federation.

4 – Member of the American Society of Mechanical Engineers (ASME)

5 – Member of the American Society of Aeronautics and Astronautics (AIAA)

6 – Member of the American Nuclear Society (ANS)

7 – Member of the North American Research Society

8 – Member of the American Honor Engineering Society (ϕKϕ)

Foreign Language

Mike: Possible nominations for Dep. Minister. Before formal nom; can we do some initial background check?

Khaldun Bassam
- works at Geological Survey

Kahtan AC Anbaki
- Former Oil Deputy in 1980's

(g)(q) YMM

Foreign Language

Foreign Language

Foreign Language

(b)(6) (CFS-02)

From: (b)(6)
Sent: Sunday, February 15, 2004 9:08 PM
To: Fleischer, Michael (SES-6); (b)(6)
Cc: (b)(6)
Subject: New CV

I have a new CV for DR. Azam Adbul-aziz Al-Qasab. Please call me at (b)(6) to arrange for delivery of the CV. Thanks. (b)(6)

Ministry of Education

1. Mr. Mahmoud Mulla Ezzat
2. Dr. Wamidh Ramzi Al-Amri
3. Dr. (Mrs.) Naba Al-Barak
4. Mr Andreos Yohanna Geurgis
5. Dr. Sami al Muzzafar

Ministry of Higher Education and Scientific Research

1. Dr. Tariq Najm Abdullah
2. Dr. Mohammed Sadiq al Adnani
3. Dr. Idris Hadi
4. Dr. (Mrs) Amal Hamid Mamalji

Ministry of Municipalities and Public Works

1. Mr. Sharwan Kamal Sibti Al-Waili
2. Mr. Kamal Nasir Al-Chaderchi
3. Jassem Mohammed Ja'far

Ministry of Water Resources

1. Dr. Hazam Al-Hasoon
2. Mr. Jasim Mohamed Doweej
3. Mr. Frederick John
4. Dr Hassan al Najafi

Ministry of Agriculture

1. Mr. Subhi Jamil
2. Mr. Mohamed Ridha
3. Mr. Daoud Mohammed Sharif al Azzawi

Ministry of Industry and Minerals

1. Mr. Samy Ra'ouf Al-'Arjy
2. Mrs. Saida Al-Khafajy
3. Dr. Azam Abdul-Aziz Al-Qasab

Ministry of Culture

1. Mr. Jaber Mohamed Al-Jaabery
2. Mrs. Maysoon Salim Al-Damloujy
3. Mr. Sarbsit Omar Hassan Bamrany

Ministry of Finance

1. Mr Abbas Khadr al Rowdan
2. Mr Othman Ismail

Ministry of Youth and Sport

1. Mr Haydar al Mussawi
2. Mr Mohammed Ali Ihsan

Ministry of Trade

1. Mr. Mosab Mohie
2. Abdul Amir al Aryan

Ministry of Health

1. Dr. Samir Mohammed Khadr al Sa'adoun
2. Dr. Faiq Hamah Said
3. Dr. Sabah Ghanem al Dabbagh
4. Dr. Ahmed Hardan Ismail

Ministry of Oil

1. Mr. Ezzat Abu Al Timn
2. Mr. Basil Rashid Najy
3. Mr. Abdul-Saaheb Qutb
4. Mr. Shehrzad Bahjat
5. Mr. Mo'tasim Kareem
6. Mr. Arshad Mohammed Ismail

Ministry of Construction and Housing

1. Mr. Minam Saleh Al-Sob'e
2. Mr. Ali Abdul-Al-Hussein Majbil Al-Tamimi
3. Mr. Biyan Ismael Dize'i
4. Dr. Adnan Bashir Ibrahim

Ministry of Electricity

1. Mr. Walid Ali Hamza Al-Sha'fei
2. Mr. Adil Nasser Haman

Ministry of Justice

1. Mr. Abdul-Wahhab Mohamed Al-Khazrajy
2. Mr. Youshou Ibrahim Dize'i

Ministry of Labor and Social Affairs

1. Dr. Koler Amr Ismail
2. Mrs. Souriya Hanna Ishou
3. Ala al Din Hassan al Zubaidi
4. Dr. (Mrs) Bushra Berto

Ministry of Communications

1. Dr Hamid al Aqrawi

Ministry of Human Rights

1. Mr. Kamal Qeitoluli
2. Mr Hadi Kadhim al Areeda

Ministry of Planning

No appointments

Baghdad Municipality

1. Mr. Jouwad Kadhim Al-Boulani (Dep Mayor)

Tourism Commission

1. Mr. Kadhim Turki

Supreme Audit Board

1. Mr. Adnan Suleyman Daoud (President of the Supreme Audit Board)
2. Mr. Shakir Jawad Latif
3. Muhsen Ibrahim Ahmad

(b)(6)

From: Fleischer, Michael (SES-2)
Sent: Thursday, February 12, 2004 11:37 AM
To: (b)(6)
Subject: FW: Deputy Ministers

Fyi. (b)(6) - do you have more insight into how Sami escaped by de-bathified?

Michael P. Fleischer
Deputy Director
CPA - Office of Private Sector Development
(b)(6)

-----Original Message-----
From: (b)(6)
Sent: Thursday, February 12, 2004 11:26 AM
To: Siddiq, Irfan (D-6 (UK CIV)); (b)(6) (FS-1); Executive Secretary
Cc: (b)(6)
Subject: RE: Deputy Ministers

I am checking the nominees for our ministry. However I noticed that Dr. Sami Al-A'araji is the top of the list of nominees for the Ministry of Industry. The reports I have on this man is that he was a member of the Ba'ath Party and possibly a higher level member at a Firqa (Division) level. I don't know if interior have a full list of former Ba'ath Party members and can officially verify this. Since I worked with this man in the past I find the information credible. He also worked as the Iraqi counterpart to UNSCOM and IAEA inspectors and played a major part in the WMD inspection countermeasures. ISG should have information on his role in this process. By the Deba'athification Order alone he should be disqualified for the job.

(b)(6)
Senior Advisor, Ministry of Science and Technology.

-----Original Message-----
From: Siddiq, Irfan (D-6 (UK CIV))
Sent: Thursday, February 12, 2004 10:39 AM
To: (b)(6)
Cc:
Subject: RE: Deputy Ministers

Just to clarify, we do not have CVs for all the nominees. If there is not a pack with Exec Sec and you have not received a pack in person than that means that we do not have CVs for the nominees.

The Ministries for which there are no CVs are:

Science and Technology
Agriculture
Youth and Sport
Housing and Construction
Electricity
Communications
Planning (no nominees)

In such cases please do circulate the names with your ministry experts and try to get a response, if you still cannot get a reasonable response, then get back to us and we will see if it is possible to obtain any further information, which is by no means guaranteed. If we end up with no substantive response due to lack of information, then this will be communicated to Ambassador Bremer along with an explanation of why this was the case.

Thanks

Irfan

-----Original Message-----
From: (b)(6)
Sent: Thursday, February 12, 2004 10:20 AM
To: (b)(6)
(b)(6)
Cc: Jones, Richard (AMB); Carpenter, Scott (SES-2); (b)(6) FS-01); Alkadiri, Raad (D-6 (UK CIV)); (b)(6)
(b)(6) Siddiq, Irfan (D-6 (UK CIV))
Subject: RE: Deputy Ministers

PS. For those of you who were not at the &;30 and still don't have your packet of bios, please see the Executive Secretariat.

Thank you.

(b)(6)

-----Original Message-----
From: (b)(6)
Sent: Thursday, February 12, 2004 10:16 AM
To: CPA Ministries; (b)(6)
Cc: Jones, Richard H. (AMB); Carpenter, Scott (SES-2); (b)(6)
Alkadiri, Raad (D-6 (UK CIV)); GREENSTOCK, JEREMY (OTHER); Richmond, David (OTHER); (b)(6)
Siddiq, Irfan (D-6 (UK CIV))
Subject: Deputy Ministers

All,

Following on our conversations at the last two 7:30 am ministers meeting, I am attaching the list of deputy ministers nominated by the GC. Let me clarify that these people have been put forward by the GC for "deputy minister" slots, not undersecretaries.

We understand the concerns about many of these appointments. We have received from the GC the CVs of the nominees where the GC has this information available. In other cases, some of the individuals will be known to you. Where you have no information on a person and cannot derive any from your minister, please let us know and we will press the GC to get more information.

Please give your reactions to the names and those of your minister to George Khelfa. Ideally, we'd like your initial thoughts by COB today; if you need more time, we will accept additional reactions on Friday. The reason for the short turnaround is that the GC is eager to finalize/make public the final nature of the appointments, and the issue will get more and more politicized as time goes by. Please address whether these people appear to be qualified, will help the minister and you do your work,

whether the numbers can be absorbed, if you will need to let go important people as a result, and any other factors you feel are important. If you have a specific recommendation to make as to how we should proceed, please include it. We will pass all of your reactions to Amb Bremer, but would like to be able to look at them as a whole before submitting an overall recommendation to him.

Please channel your questions to (b)(6) ccing me and Irfan Siddiq. Many thanks for your cooperation,

(b)(6)

Ministry of Foreign Affairs

1. Dr. Hamed Al-Bayati
2. Mr. Aly Al-Adeeb
3. Mrs. Saifa Al-Soheil
4. Mr. Labid Majid Abawi

Ministry of the Interior

1. Mr. Aras Habib
2. Brigidier General Ahmad Khafajy
3. Mr. Adnan Hadi Al-Asadi
4. Dr. Abdul-Jabar Youssef
5. Mr. Hussein Ali Kamal (incumbent?)
6. Mrs Hala Shaker Mostafa (incumbent)

Minister of Transportation

1. Mr. Sami Hussein Al-Awady
2. Dr. (Mrs) Mitha Hassan Al-Lami
3. Mr. Mohammed Sadoun Al-Abady
4. Mrs. Beman Khadr

Ministry of the Environment

1. Mr. Manar Ismael Alwan
2. Mr. Saif Al Din Farouk
3. Mr. Hamid Mirza

Ministry of Immigration Displaced Persons

1. Mrs. Hamida Ahmad Najaf
2. Mr. Dhia Hussein Ali Al-Faylee

Ministry of Science and Technology

1. Dr. Asmaa Al-Shibout

2. Dr. Adil Abdul-Rahim Al-Amir

Ministry of Education

1. Mr. Mahmoud Mulla Ezzat
2. Dr. Wamidh Ramzi Al-Amri
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4. Mr Andreos Yohanna Geurgis
5. Dr. Sami al Muzzafar

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3. Mr. Frederick John
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3. Mr. Sarbsit Omar Hassan Bamrany

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2. Mr Othman Ismail

Ministry of Youth and Sport

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2. Abdul Amir al Aryan

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2. Dr. Faiq Hamah Said
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6. Mr. Arshad Mohammed Ismail

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2. Mr. Youshou Ibrahim Dize'i

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2. Mrs. Souriya Hanna Ishou

3. Ala al Din Hassan al Zubaidi
4. Dr. (Mrs) Bushra Berto

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2. Mr Hadi Kadhim al Areeda

Ministry of Planning

No appointments

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1. Mr. Jouwad Kadhim Al-Boulani (Dep Mayor)

Tourism Commission

1. Mr. Kadhim Turki

Supreme Audit Board

1. Mr. Adnan Suleyman Daoud (President of the Supreme Audit Board)
2. Mr. Shakir Jawad Latif
3. Muhsen Ibrahim Ahmad

CPA - Office of Private Sector Development
cellphone: (b)(6)

-----Original Message-----
From: (b)(6) (OTHER)
Sent: Thursday, February 12, 2004 2:12 PM
To: (b)(6)
Cc: Jones, Richard (AMB); Carpenter, Scott (SES-2); Pittman, Howard (FS-01); Alkadiri, Raad (D-6 (UK CIV)); (b)(6) (b)(6) Siddiq, Irfan (D-6 (UK CIV))
Subject: RE: Deputy Ministers

Meghan, we just approved our new organizational structure for the Ministry of Health and it calls for only two deputy ministers and not four. I don't know where in the new structure we could put the other two. We finally have a structure that is agreed upon by the DGs and the Minister and where there is quite a bit of buy-in from other MOH staff. These appointments will not be helpful.

(b)(6)

Chief of Staff, CPA Ministry of Health
(b)(6)

-----Original Message-----
From: (b)(6)
Sent: Thursday, February 12, 2004 10:16 AM
To: CPA Ministries; (b)(6)
Cc: Jones, Richard (AMB); Carpenter, Scott (SES-2); (b)(6)); Alkadiri, Raad (D-6 (UK CIV)); (b)(6) (b)(6) , Roman CIV Policy; Siddiq, Irfan (D-6 (UK CIV))
Subject: Deputy Ministers

All,

Following on our conversations at the last two 7:30 am ministers meeting, I am attaching the list of deputy ministers nominated by the GC. Let me clarify that these people have been put forward by the GC for "deputy minister" slots, not undersecretaries.

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Please give your reactions to the names and those of your minister to George Khelfa. Ideally, we'd like your initial thoughts by COB today; if you need more time, we will accept additional reactions on Friday. The reason for the short turnaround is that the GC is eager to finalize/make public the final nature of the appointments, and the issue will get more and more politicized as time goes by. Please address whether these people appear to be qualified, will help the minister and you do your work, whether the numbers can be absorbed, if you will need to let go important people as a result, and any other factors you feel are

important. If you have a specific recommendation to make as to how we should proceed, please include it. We will pass all of your reactions to Amb Bremer, but would like to be able to look at them as a whole before submitting an overall recommendation to him.

Please channel your questions to (b)(6) ccing me and Irfan Siddiq. Many thanks for your cooperation,

(b)(6)

Ministry of Foreign Affairs

1. Dr. Hamed Al-Bayati
2. Mr. Aly Al-Adeeb
3. Mrs. Saifa Al-Soheil
4. Mr. Labid Majid Abawi

Ministry of the Interior

1. Mr. Aras Habib
2. Brigidier General Ahmad Khafajy
3. Mr. Adnan Hadi Al-Asadi
4. Dr. Abdul-Jabar Youssef
5. Mr. Hussein Ali Kamal (incumbent?)
6. Mrs Hala Shaker Mostafa (incumbent)

Minister of Transportation

1. Mr. Sami Hussein Al-Awady
2. Dr. (Mrs) Mitha Hassan Al-Lami
3. Mr. Mohammed Sadoun Al-Abady
4. Mrs. Beman Khadr

Ministry of the Environment

1. Mr. Manar Ismael Alwan
2. Mr. Saif Al Din Farouk
3. Mr. Hamid Mirza

Ministry of Immigration Displaced Persons

1. Mrs. Hamida Ahmad Najaf
2. Mr. Dhia Hussein Ali Al-Faylee

Ministry of Science and Technology

1. Dr. Asmaa Al-Shibout
2. Dr. Adil Abdul-Rahim Al-Amir

Ministry of Industry & Minerals
Tenders studying Committee
Ref.: M.W /624
Date: Dec 17th 2003
To / Ministry of Finance / Minster's Office
Subject / Bank Guaranty

Greetings,
This ministry is currently contracting with companies that intend to invest to supply power stations where the payment of the value of electricity is done according to monthly payment over five years. This supply of power is intended for the companies of cement and fertilizers, and also for the companies that have the ability to pay off and the ability of production. We also like to inform you that the utilizing of the production capacity depends on ensuring the electricity where many factories are working with very low power or they are completely out of working. There is also coordination with the Ministry of Electricity in this concern and an agreement has been obtained according to the Ministry of electricity's letter No. 6114 on Dec. 7th 2003 which herein a copy is attached.
The investing companies are asking for guaranties that are equal to the yearly payments and these payments should be renewable at the end of every five years period. We hope to advice the Central Bank to provide the required guaranties to the companies as in the table below:

#	The utilized Company	Investing company	Amount in (million $)	MW
1.	Al Qaim cement factory /Iraqi State Company for cement/ State Company for Phosphate	Turkish / AKSA	15	60
2.	Kubaisa Cement Factory	Turkish/AKSA	10.5	43
3.	Badosh cement Factory	Turkish/ AKSA	13.5	55
4.	Sinjar Cement Factory	Turkish/ RAPA	8.5	35
5.	Kufa Cement Factory	Turkish/ YAPA	8.6	34
6.	Muthana Cement Factory	International Hankok	8.8	35
7.	Karbala Cement Factory	Turkish/ RASA	7.75	35
8.	Southern State Company for Fertilizers	International Hankok	5.5	25
9.	Kirkuk Cement factory/ Northern state Cement Company	International Hankok	2.5	11

We hope to inform us your agreement to help us advice the companies of this ministry to contact the Central Bank regarding the bank guaranties, with regards.

Mohammad Tawfiq Rahim
Minister of Industry and Minerals
A copy to …
-Economical Directory
- Tenders Studying Committee

(b)(6)

[redacted]

Republic of Iraq
Ministry of Finance
Legal Directory/ Financial Dept.

Ref.: 803/ 14/2
Date: Dec 8th 2003

Urgent and Important

To/ Taxes General Committee/ Director General's office
Subject / Income Tax

We herein attach a copy of a letter of Ministry of Industry and Mineral No. M.W/607 on Dec 2nd 2003, we hope to show your opinion about what was mentioned in it as quickly as possible, with regards.

Attachment...
- A copy of a letter

Fahmi Jar Allah Rabia
Deputy Minister of Finance

A copy to...
Ministry of Industry & Mineral / Minister's office, we would like to refer to your above letter, with regards

(b)(6)

[redacted]

STATE ENTERPRISE OF FERTILIZERS/SOUTHERN REGION

FINANCIAL PLAN FOR PURCHASE OF 22 MW GENERATOR

Background

Iraq has two large production units for urea, The Northern Fertilizer Company near Bayji with a production capacity of 500,000 ton and the Southern Fertilizer Company (SFC) near Basra with a production capacity of 1,060,000 ton. Both of the enterprises are according to the latest CPA information not producing any urea at the moment due to lack of stabile supply of power. The SFC is in reasonable condition and the management estimates that the company can produce 500,000 ton urea annually increasing to 850,000 ton per year with an investment of USD 13 million in necessary equipment and spare parts. The total demand for urea in Iraq is estimated to 350-400,000 ton per annum. The current world market price for urea fob is approximately USD 180/ton giving the SFC potential annual revenues of USD 153 million at today's market price. The operating margins for the SFC if the company is allowed to charge close to world market prices for its output, is more than 70% which could give the company a net income of USD 100 million.

The production of urea is very sensitive to interruptions in the power supply. A power cut of 3-5 seconds can result in a collapse of the whole production process. It then takes 7-10 days before the production of urea can resume. Because of the sensitive production processes, it is vitally important for the urea production to have a stable supply of power. Stable and uninterrupted power in the short and medium term can only be guaranteed if the fertilizer factories get their own generators.

The Independent Power Purchase (IPP) Alternative

The Ministry of Industry and Minerals has invited independent power producers to bid for contracts to provide power to the Southern Fertilizer Company. The contract requires the power producer to guarantee MW 20 of stabile and uninterrupted power for the next five years and does also include and operating and maintenance agreement. SFC is responsible for providing the gas to power the turbines. The total cost of this agreement for the SFC is USD 5,512,320 annually or 27,561,600 for the five year period. The contract gives the power producer the right to remove the generator after the end of the five year period. The SFC has to provide a performance security of 5,512,320, effectively a bid bond when signing the contract. The contractor guarantees that the generator will be installed four and a half months after signing the contract.

The Outright Purchase Alternative

CPA S has worked closely with the management in the SFC to find alterative solutions for power provision for the company. The head of the power team in CPA South (b)(6) visited the SFC Saturday 30.01.04 to discuss SFC's power requirements with the management and electrical engineers in the plant. They agreed that the best initial solution would be to install a 22 MW generator as a primary source of power. The quotes CPA S has received from providers of generators in the Gulf hovers around USD 10 million for a zero rated 22 MW machine. Raising finance

for the purchase of a generator is the biggest obstacle to an outright purchasing solution.

CPA South has contacted a range of providers of generators to establish whether they are willing to provide finance as part of a sales agreement. The initial feedback we have received indicate that they are willing to provide finance as part of the deal provided that the SFC/CPA/Iraqi government can offer the following terms:

- The USD 5,512,320 that currently is set aside as a performance security is given as a loan from the CPA/Iraqi government to the SFC. The SFC would use the money as an up front payment of the generator sets.

- The Iraqi government guarantees a minimum price for purchase of urea from the SFC of USD 130 per ton fob for the first 300,000 tons purchased. This price is approximately 60% of current world market price. 25% of the payment from the CPA/Iraqi government should be in hard currency. This payment should be transferred directly from the CPA/Iraqi Government to the seller of the generator sets until the remaining loan of USD 4.5 million + interest has been paid. The Iraqi government should have the right to retain 25% of the payment as down payment on its loan of USD 5,512,320 until this loan + interest is paid off.

The SFC is very profitable enterprise and will be able to pay off the loan of USD 10 million before 01.01.05. The purchase solution can save the SFC for as much as USD 17 million depending on the resale value of the generator.

Recommendation

CPA South strongly recommends that the Iraqi government/CPA help facilitating a loan for the SFC to purchase a 22 MW gas turbine facility by agreeing to the terms listed above. This will save the SFC for up to USD 17 million in the next five year period. If the MIM authorize this deal to go through quickly, the providers of generators have indicated that they can have a 22 MW generator installed by 1 June 2004.

Bjorn Brandtzaeg
Trade and Industry
CPA South

COALITION PROVISIONAL AUTHORITY

MEDIA ADVISORY

WHAT: The Ministry of Industry and Minerals will sign nine contracts under the Independent Power Producers program designed to provide the cement, fertilizer, and petrochemicals sector with 330 MW of steady electricity.

The Ministry is taking the first step on a long road to reviving the State Owned Enterprises by securing electrical power to support the State Owned Enterprises through nine contracts to supply electrical power under the Independent Power Producer contracts.

Ministry of Industry and Minerals functions as a holding company for Iraq's heavy industrial State Owned Enterprises including the follow sectors: food, chemical, construction materials, engineering/metal fabrication, textiles, service and pharmaceuticals. The ministry's long-term goal is to be Iraq's primary Mineral and Industrial Development, Inward Investment Agency.

WHEN: Thursday, January --, 2004

Arrival - xx:00 am (please note-media arriving after this xx:00 will not be allowed to enter the Ministry grounds or cover the event)

Event - xx:00 am

WHERE: Ministry of Industry and Minerals, xx Street in vicinity of xx, grid location:

CONTACT: If you plan on attending, please email (b)(6) (b)(6) by Wednesday, January -- at 8:00 pm.

COALITION PROVISIONAL AUTHORITY

IPP Background

The Ministry of Industry and Minerals will sign nine contracts under the Independent Power Producers program designed to provide the cement, fertilizer, and petrochemicals sector with 330 MW of steady electricity. The contracts will provide power to the State Owned Enterprises at an average rate of 3.5 cents/kilowatt. Fuel costs associated with running the power generation systems is expected to cost an average of 2 cents/kilowatt.

The current electrical grid only provides about 15% of the SOE power needs. The ministry put out a Request for Proposals that generated 300 proposals for nine sites from 43 different companies.

The Independent Power Producer contracts represent approximately $500 million in new market investments in Iraq. The nine contracts are being awarded to: . Power generation is expecting to begin by XXX xx, 2004. Initially, the IPP contracts will produce more power than needed by the State Owned Enterprises. Excess power produced will be supplied to the Ministry of Electricity for use by the Iraqi national grid.

(Need some of the details for the deal cut with MOE - like pricing for the excess power, how transferred, etc. Can you help or do I need to get that from MOE?)

COALITION PROVISIONAL AUTHORITY

BAGHDAD

ACTION MEMO

January 4, 2004

FOR: MINISTRY OF FINANCE

FROM: (b)(6) Deputy Senior Advisor, Ministry of Industry & Minerals (MIM)

SUBJECT: Bank Guarantee for Independent Power Plant Contract with MIM

The MIM and the Ministry of Electricity (ME) have contracted with private sector independent power producers (IPPs) to supply 330 megawatts of power at 9 locations throughout Iraq. The IPPs are requesting a Central Bank guarantee equal to one year of estimated expenses. This totals $80.65 million USD.

The Iraqi MIM Minister, Eng. Tawfiq Rahim, has written a formal request to the Iraqi Central Bank to provide this guarantee. Request a guarantee from either the Central Bank or the trade bank to support this initiative. Please find enclosed a translation of that request identifying the guarantee amounts per company:

Company	Activity/Location	Guarantee Amount
State Phosphate/	Al Qaim	$7.5
Iraqi Cement	Al Qaim Cement	$7.5
Iraqi Cement	Kubaisa Cement	$10.5
Iraqi Cement	Kirkuck Cement	$2.5
Northern Cement	Badosh Cement	$13.5
Northern Cement	Sinjar Cement	$8.5
Southern Cement	Karbarla Cement	$7.75
Southern Cement	Muthana Cement	$5.5
Southern Cement	Kufa Cement	$8.6
Southern State Company for Fertilizers		$5.5

The CPA MIM, ME and Ministry of Oil support the project, since this delivers the cheapest electricity available in Iraq in 2004. This process will also be the first action towards the price liberalization of the energy sector

Recommend that the Central Bank of Iraq guarantee one year payment by the MIM and MOE to the Independent Power Plant contractors totaling $80.65 million USD.

Approve: Disapprove: Approve with modification:

Recommend that the Trade bank of Iraq guarantee one year payment by the MIM and MOE to the Independent Power Plant contractors totaling $80.65 million USD.

Approve: Disapprove: Approve with modification:

ATTACHMENTS:

1. Minister of MIM Letter to Central Bank (English)
2. Minister of MIM Letter to Central Bank (Arabic)
3. Independent Power Plant Contract (Draft)

CONTRACT

FOR HIRING OF POWER PLANTS

AND THEIR OPERATION

THROUGH PURCHASE OF SERVICE

Dear Brad Jackson

With the compliments
of Mr. Casoar.

W.O. Hurd C.
30.12.2003

CONTRACT FOR HIRING OF POWER PLANTS AND THEIR OPERATION THROUGH PURCHASE OF SERVICE

ARTICLE 1- PURPOSE

The object of this contract is to hire a power plant with total capacity of 60 MW, in Al- Qaem (Anbar) region, according to the terms and conditions hereof, operate and maintain it to supply electric power.

ARTICLE 2- SCOPE

This Contract includes the manners and basis of location of the power plant at Al-Qaem region, by connecting it to the substation and operation, according to the provisions of this contract, by the Contractor.

ARTICLE 3- DEFINITIONS

3.1. MIM

It means Ministry of Industry and Mineral.

3.2. MOE

It means Ministry of Electricity.

3.3. PURCHASER

The State Company of Phosphate fertilizer and Iraqi Cement Co. Al Qaem Cement Plant.

3.4. CONTRACTOR

It means the firm AKSA ENERJI ÜRETİM A.Ş. who hires the power plant to Purchaser and accepts and undertakes the services specified herein.

3.5. PARTIES

One of the parties of this Agreement is The State Company of Phosphate fertilizer and Iraqi Cement Co. (Al Qaem Cement Plant) which will, hereinafter, be referred to as Purchaser and the other party is AKSA ENERJI ÜRETİM A.Ş which shall be referred to as Contractor.

3.6. AUTHORISED REPRESENTATIVE

The Contractor is the person (or are the people) who is (or are) authorized, within 15 (fifteen) days at the latest after this Agreement takes effect to carry out the works within the scope of this Agreement and be in charge thereof towards Purchaser (the Contractor shall notify Purchaser of the name and title as well as the address of the representative he designated this purpose).

3.8. DEPLOYMENT

Construction of power plant at Al-Qaem region means, construction of the plant and connecting it to the substation, and erection of the equipment' s in such a way that they will be ready for operation.

3.9. GRID (SYSTEM)

It is the national electric power generation and transmission (interconnected system) system.

3.10. PROJECT APPROVAL

Contractor shall present within 7 days from the signature of the contract the following documents for approval. MIM, MOE & purchaser shall give their approval or comments & return to contractor within 15 days from day of receipt

- Single line diagrams of the system and method of connection to substation.

- General location layout and the deployment area of the power plant.
- Technical documentation related to contractors equipment for the power generation plant

and technical parameters of power generation plant in case of delay in approval by MIM, MOE & purchaser the time schedule shall be extended accordingly in case of delay by contractor in presenting the documents or completing the information the additional time shall be subject to penalties.

3.11. COMMENCEMENT DATE OF WORK

The Commencement date of work is 15 days after the signature of the contract with the following being completed:

- The handing over of deployment area for the power plant by purchaser.
- The exchange & handing over of mutual performance securities which shall be presented by both sides.

3.12. COMMENCEMENT DATE OF HIRE

It is the date on which, the acceptance protocol is, upon successful completion of the acceptance tests at the facilities, signed by the Acceptance Committee formed in compliance with the Contract, and the facility is put into service and power is supplied accordingly.

3.13. ACTUAL EFFECTIVE SERVICE PERIOD

It is the time, which commence after the Commencement Date of Hire, that is 60 (sixty) months.

3.14. CAPACITY OF THE FACILITY

It is capacity level of the Facility which is determined with respect to the maximum constantly produceable capacity level at the Facility, on the basis of minimum heat value of the fuel without performing any maintenance work other than that previously defined by normal maintenance procedures and also without the necessity of special measures and special operator attention.

3.15. MEASUREMENT GROUPS

The measurement system at the Facility for the measurement of the net kWh delivered to the system, consisting of meters, current and voltage transformers feeding thereto and the secondary circuits.

3.16. MEASUREMENT POINT

The location of connections of current and voltage transformers, feeding the meters of measurement groups on which kWhs delivered to the systems are measured.

3.17. kWhs DELIVERED TO THE SYSTEM

The amount of active electric energy generated at the Facility.

3.18. REGIONAL LOAD DISPATCH CENTER

It is Load Dispatch Center in the region where the facility is located and to which the Contractor will contact for the execution of service and a telecommunication system to be installed between power plant and substation by the contractor.

3.19. MOE AUTHORISED PERSONEL

The officials of the related MOE in the location where the Facility deployed therein, is situated.

3.20. UNIT

Each generation unit, which comprises the Facility and connected via contractors' busbar to the system as per MOE's approval.

3.21. MONTHLY PERFORMANCE VALUES

It means the monthly net generation amount, which is found by capacity of facility (60 MW) multiplied by monthly operating period guaranteed by the Contractor (minimum base load, i.e.: 650 hr x 60 MW = 39.000.000 kWhs/month) for each month during service period, base load deviation during the remaining 70 hours of the month to be given & should not effect plant operation.

3.22. FACILITY

It means the power plant consisting of power generation units and automatic control system of power plant, switchgear between the power plant and substation, fuel treatment units and its associated equipment which will be deployed by the Contractor at Al- Qaem Region.

3.23. ACCEPTANCE COMMITTEE

The Acceptance Committee will be formed by Contractor, Purchaser, MOE and MiM for the acceptance of the facility.

3.24. HIRING CHARGE

It means the monthly net payments (in USA Cent/kWh) to be made by Purchaser per kWh net active energy which is generated and measured by the metering system in such plant multiplied by the hiring price of 3.18 USA cent / kWh in return for the services of contractor placing the power plant with a capacity of 60 MW in Al-Qaem region, in such a manner as to satisfy the performance values, keeping the plant in good operating condition for the duration of 5 (five) years of operation according to the contract terms.

And these payments should be transferable to the other countries without any deduction of taxes (except income tax) and charges ...etc. additional to the normal bank transfer fees.

ARTICLE 4- PRINCIPLES

Availability all through the 24 hours of a day/month/year and service continuity are the essential requirements for the services to be provided in the Facility defined in this Contract. The Contractor shall make maximum efforts and sacrifice in respect of the services he will render in order to achieve highest level of benefits and efficiency.

ARTICLE 5- CONTRACT LANGUAGE

This Contract and its annexes and all forms shall be prepared in English and written Communications and discussions to be held between the parties shall be made in English and this English text shall be accepted as the binding document.

ARTICLE 6- TERM OF CONTRACT

The term of the Contract is 64.5 (sixty four point five) months from the Commencement Date of Works. Of this duration, 4.5 (four and a half) months' are for the deployment of the plant, connection to the factory substation by the Contractor according to the provisions of this contract, and hence the actual effective service period is 60 (sixty) months. If the Contractor complete the deployment period before 4.5 months this period will be added to the 60 months actual effective service period. During this period, the Contractor shall take all possible measures to execute the work as contemplated.

The term of Contract can be extended, subject to mutual agreement with the mutually agreed terms, if the term of the contract will not be extended Contractor has right to disassemble all engines and related equipments and send out of the country.

ARTICLE 7- PERFORMANCE SECURITY

The Contractor shall give to Purchaser 3 (three) % of the minimum annual base load price in terms of USA $, which is quoted the work within the scope hereof, as Performance Security with 12 (twelve) months validity. The Bid Security given by the Contractor shall be returned with the presentation of this Performance security of Contractor. This performance security of Contractor shall be returned to the contractor at the end of the validity date.

Purchaser shall give to Contractor a Performance security with the amount of .....USA Dollars, (which is the multiplication of base load kWh with plant power and price for one year) with one year validity automatically yearly revolving for 5 years with the same full amount in the form in Annex 1.

This performance security to be given from the central bank of Iraq with the endorsement of Ministry of Finance.

This Performance Security shall be released after successful service period and removal of the facility.

ARTICLE 8- INSURANCE AND SECURITY

Issuance of insurance against all sorts of risks related with the subject work and facility of the Contract, and all sorts of procedures and expenses related with the said insurance shall be under the liability of the Contractor.

During the period of transportation, installation and operation it is the liability of Contractor however purchaser shall render assistance with their authorities MIM, MOE to help providing the necessary protections.

All kinds of help and support will be given to the Contractor about issuance of insurance against transportation, fire, breakdown and sabotage and providing security.

ARTICLE 9- TAXES, PERMISSIONS

The exemption from all taxes, duties, custom dutie, charges, fund, VAT, and contract contributions, and all other similar expenses, which may occur from the singing of this contract, shall be covered by Law 20 of 1998.

The exemption from the income taxes up to 30% only as per law 20 of 1998 article 4.

All necessary permission for import and export of equipments, parts and consumables, temporary importation of the equipment and the construction equipment, and all work permissions of the construction and operation personal shall be provided by MIM.

The Contractor shall be free to transfer their income and all profit from this contract to outside of the country.

ARTICLE 10- COMMENCEMENT DATE OF HIRE AND DELAY OF WORK

The signing date of the acceptance protocol by the Acceptance Committee, which will take place within 4.5 (four and a half) months' at the latest from the coming into force of the contract, after having, pursuant to the Contract conditions herein, the power plant deployed by the Contractor by taking necessary authorizations, approvals and permissions by MIM, physical connections made to the power system after the tests being successfully completed, shall be the Commencement date of hire and this date shall be taken as a basis for payments.

During the deployment time, Contractor will construct the plant and connect to grid and will make the plant ready for testing and operation. Purchaser, MIM and MOE will provide the necessary permissions, lodging for operating staff only and provide the fuel tanks and fuel with accepted quantity and quality as per attached specifications.

10.1- From the Commencement Date of Work specified in the Contract, delays due to the reasons that originate from the Force Majeure events the necessary time extension will be given as per clause (24).

10.2- Due to the reasons originate from the Contractor, the Contractor notifies MIM in writing the reasons of delay if any delay occurs. In case of occurrence of a delay, which originates from the Contractor, the delay penalty of price of energy multiply by minimum base load in kWh bases shall be applied to the Contractor. Applied penalty cannot be more than 7% of the yearly contract price.

10.3- If facility is ready for acceptance test the contractor shall inform purchaser of his readiness to conduct tests & after approval by purchaser a three week notice to be given in case MOE, MIM and/or purchaser is not ready to get energy, purchaser shall pay price of energy multiplied by minimum base load in kWh bases, for each hours delayed to the Contractor..

ARTICLE 11- WQRK SCHEDULE

The Contractor shall carry out the work within the scope of this Contract in accordance with the conditions hereof and on the dates specified in the work schedule attached. In case of emergence of any one of the conditions set forth in the article of force major, which adversely affects achievement of the dates in the work schedule, the Contractor shall notify purchaser of the situation.

11.1. SYSTEM CONNECTION

The line required for the connection shall be designed by the Contractor. All related pictures, projects, documents and information for the system in operation which will enable the Contractor to make connection to the system, will be provided by MIM, MOE and purchaser. If the system designed with the information obtained from them doesn't match in connection, they are obliged to make essential alterations in design. In order to ensure the safe connection of the Facility to the system, the connection of the line, to be built by the Contractor, shall be carried out by purchaser, after the requisite checks are performed thereby. The single line diagram prepared by contractor shall be approved by purchasers MOE before contract signature.

ARTICLE 12- RECORDING OF INSTRUCTIONS AND SUBMISSION OF METERING INFORMATION

The Contractor shall comply with the instructions to be given MOE and purchaser and inform the related such centre, by a letter handed over to purchaser or other similar communication means, of the following data to be utilised by MOE for statistical or system control purposes. These are:

- Values recorded by energy meters,
- Active power and reactive power values received from and supplied to the grid and voltage values (P, Q and V)
- Other information on electric power system to be provided whenever requested by the MOE' s authorised personnel and at intervals mutually agreed upon.

ARTICLE 13- ANNUAL, MONTHLY PROGRAMS

13.1 ANNUAL PROGRAM

The Contractor guarantees the provision of annual program values in accordance with the following conditions:

- Estimated and net annual, monthly, weekly electrical energy generation amounts for each unit
- Estimated forced outage period
- Estimated commencing and terminating dates of programmed outages such as maintenance and inspection, revision
- A loading programme to be submitted

13.2 MONTHLY PROGRAM

The Contractor may revise the monthly generation program, contemplated in the annual energy generation program prepared within the contract term according to Article 13.1. every month for the month that follows it. Monthly revised generation program shall be informed to MOE in writing by the Contractor by the 25th(twenty fifth) of the month that precedes the month it is arranged for. Any revision in monthly program shall be approved by MOE.

ARTICLE 14- OPERATING PRINCIPLES

The Contractor is obliged to work in harmony with the system and comply with all the conditions set forth in this Contract. The total of the electrical energy generated in the Facility and the utilisation right thereof are at MOE's disposal. The Contractor shall provide services at the Facility, in such a manner that it shall generate electrical energy for 24 hours per day in line with the operation-maintenance instructions and shall insure direct communication with substation.
The operation, maintenance and repair service to be provided at the power plant shall be carried out by the personnel whose qualifications and numbers are in consistent with those prescribed therein.
The Contractor shall take all the measures concerning the execution of operation and maintenance services in an effort to maintain the electrical energy generation at its highest level. Acting as an efficient and economic operator and making full use of the available capacity are the main aspects for which the Contractor shall be responsible.
The purchaser and MOE will take all the measures to get and distribute the energy produced by the facility.

14.1. Power Factor

The units shall operate under excited or over excited within its cosϕ rating and limits of load capability curve, whenever needed by the system. As per MOE's specifications.

14.2. Synchronisation

All kinds of arrangements for entering into parallel with grid shall be installed on the facility side while the arrangements of voltage and frequency conditions will be provided by MOE, also the facility shall be design in such a manner that when the electricity is out of in the network, faciility shall take over units and supply electricity to substation with the load steps of the units. The load management and the protections are MOE's responsibility. [The grid synchronisation with necessary protections over facility is MOE's responsibility] MOE.

14.3. Voltage and Frequency Ranges

Facility voltage specification will be the bus bar voltage +/- %5, and frequency specification will be 50 Hz +/-%2. operating parameters subject to MOE's approval.
+1%, -2%

ARTICLE 15- CHANGES IN OPERATING CONDITIONS

A system failure in the grid, which may affect the operation of the Facility, and estimated duration thereof, shall be promptly notified by MOE to the Contractor by direct telecommunications between plant & sub-station.
Purchaser is responsible for supplying fuel with the attached fuel specification in Annex 2. Fuel specification should be certified for each shipment. If the fuel quality is not complying required fuel specifications and in case of bad quality interruption in supplying fuel, the losses shall be borned by purchaser. It shall be replaced with an acceptable fuel type.

The production losses that are caused due to breakdown and repairing of energy transfer system except planned maintenance shall be paid by purchaser for the period of breakdown except for planned maintenance.

The Contractor shall notify purchaser of any failure or any unscheduled inspection and maintenance or other events affecting the generation capacity (type, natural probable causes, estimated duration and remaining available capacity of the unit and the works done etc. shall be covered by the information to be given and these shall be confirmed in writing subsequently.)
The loss of electric power shall be paid by contractor for the duration of breakdown at base load calculation or any deviation therefore.

ARTICLE 16- DEVICES RELATED TO THE FACILITY AND GRID

The Contractor shall supply and assemble at its own cost, the system within the premises of the Facility and up to the point of connection, all communication, protection, control measurement and similar devices and systems. The Contractor shall receive the relevant technical information from MOE and purchaser.
MOE and purchaser will provide the data requested by the Contractor regarding the earthing protection, over current protection, load priority sequence and design fault level of the system. MOE will make necessary arrangements for the connection of the facility. [the approval of the single line diagram shall fix all parameters by MOE].

ARTICLE 17 –DEFINITION OF ELECRICAL ENERGY TO BE BASED ON FOR DETERMINING SERVICE CHARGE

17.1. In calculating the price of the service provided by the Contractor within the scope hereof, only the amount of net active energy generated shall be taken into account.
17.2. The electrical energy which forms the basis for the hiring charge is the net active energy delivered into the power system from the line or lines at the outgoing terminal of the Facility.

In cases when the plant cannot make energy generation for any reason, the Facility shall be designed that the internal consumption shall be drawn from the system.

ARTICLE 18 –ELECTRICAL ENERGY DELIVERY CONCERNING POWER PLANT OPERATION AND MAINTENANCE HIRING CHARGE

The measurement point of the electrical energy to be delivered by the Contractor to purchaser and/or MOE shall be, in principle, at the HV outgoing side of the power plant's step-up transformer. Locations, types of connections and, in case of necessity, directions of the measurement groups, shall be determined by the Contractor's and MOE and purchaser' s authorised staff together.

ARTICLE 19- ACCEPTANCE PROTOCOL AND PUTTING THE FACILITY INTO SERVICE

Upon the successful completion of the tests that are specified by purchaser and the Contractor, a test report shall be drawn up by the test committee; thereby the acceptance shall be done by the Acceptance Committee.
The preparation for the grid and consumers, for the tests that must be done before the Acceptance Tests, belongs to MIM, MOE and purchaser. The time period of pre-test that cannot be done due to unprepared grid and consumers, will be added to the deployment period of the plant.
An acceptance protocol shall be drawn up by the Acceptance Committee and the facility shall enter into service on the date of signing of the acceptance protocol and the Commencement Date of Hire shall have started.

ARTICLE – 20 TEST FOR THE HIRED FACILITY TO DETERMINE ITS READINESS FOR OPERATIONS

After the deployment of the facility, test shall be performed by a test committee consisting of MIM' s, MOE's , purchaser's and Contractor' s staff in order to ensure its commissioning on the date set forth in the Work Schedule and mutually agreed upon. This test is Capacity Utilization Test.
A achievement of electrical parameters within standards specified my MOE.

During this test, the facility shall be operated 24 (twenty four) hours without interruption. During test in the event that the facility runs out of service 2 (two) times due to causes attributable to the Contractor, or duration of such outage exceeds 6(six) hours, the Capacity Utilization Test shall be repeated from the beginning.

Decrease of facility' s capacity due to causes attributable to the Contractor, below 70% of its normal level for 4 hours in the ambient conditions prevailing at the moment, shall be deemed as the Facility's outage. Contractor will bear the deviation from base load.

ARTICLE – 21 HIRE CHARGE

As the price of services it provides within the scope of this contract, remuneration shall be made to the contractor after commissioning of the Facility, being as the Hire Charge, in return for the deployment of the facility, connecting thereof to the power system, and keeping it in good operating condition.

Hire charge shall be of such amount that it shall include all costs for the deployment, connection to the nearest transmission line and keeping in operation of a power plant with a capacity of 60 MW and annual active net energy generation capability, in the year for which the monthly break-down is given, of ..... kWh, and shall be expressed in terns of USA Cent/kWh. This charge shall be fixed during the contract period.

Necessary fuel for the operation of this facility such as Fuel – Oil , diesel- Oil, with specification attached of this contract shall be given by Contractor, for operation of facility, shall be delivered by the purchaser as a free of charge, in the storage tank that shall be constructed by purchaser. Quantities & specification as per annex.

As the price of services provided by the contractor within the scope of this contract a monthly payment shall be effected by purchaser to the Contractor based on the Hire Charge in return for per kWh of the net active energy which is generated at the Power Plant according to article 17 and 18 taking into account also the values given for price and minimum base load.

DEFICIENT GENERATION

Due to causes originating from sources other than Force Majeure circumstances or MIM, MOE and/or purchaser (like breakdown, repair on energy transfer system, Insufficient security), if the net active energy amount generated within one-month operating period proves to be less than the amount guaranteed the service charge shall paid for the amount generated, and a penalty shall be applied to the contractor, multiplying the difference between the amount guaranteed and the net active energy generated thereby by the Hire Charge. (cent/kW h x Base load – actual load generated).

In case the contractor by MOE and/or purchaser to make deficient generation circumstances other than Force Majeure following charges shall be effected for the actual amount generated, the hire charge, and for the difference between the monthly guaranteed amount and actual amount generated the hire charge.

EXCESS GENERATION

If, in any month, the Contractor, upon the request of purchaser and /or MOE, generates in excess of the amount of net active energy in the amount guaranteed, the payment for such excessive generation shall be by applying the Hire Charge.

ARTICLE – 22 INVOICING

22.1. Invoices shall be issued on monthly basis. The meters, which will measure the amount of active energy, generated at the Facility, as well as reactive meter values, shall be read by the representatives of the parties on the day after the last day of each month (the reading data belong to the last day of the month) and a meter reading protocol, a sample of which is provided herewith, shall be drawn up at the site of such a reading on the first day of each month, the Contractor shall issue the monthly invoice of the previous month and deliver it to purchaser.

22.2. The Contractor shall, on the basis of the index fixed according to Article 17.1 issue an invoice under the title of "Hire Charge of Facility" and send this invoice to purchaser.

22.3. The procedures and principles for invoice preparation process as well as the documents to be attached to invoice, shall be determined through a protocol at the stage of entrusting the service to the Contractor.

ARTICLE – 23 PAYMENTS

23.1. The Contractor shall prepare the invoice at the first day of the next month for the related month in terms of USD Dollars, and will deliver to purchaser.

23.2. After delivery of invoice, purchaser, shall pay the invoice cost with in 2 (two) weeks period. If the payment date does not coincide with a working day, the payment shall be made on the first working day that follows.

23.3. In event that the payment is not made in full with in 2 (two) weeks period weekly interest rate shall be applied to the unpaid parts of such payments starting from the due payment date. In the event that this payment for base amount and accumulated interest is not paid within two months, all amount of the late payment interest and default base amounts will be collected from the performance security.
And these payments should be transferable to the other countries without any deduction taxes (except income tax as per law 20 for the year 1998 article [4]) and charges etc. additional to the normal bank transfer fees.

ARTICLE – 24 FORCE MAJEURE EVENTS AND THEIR CONSEQENCES

Neither party to the contract shall be considered in default and be liable for any loss or damage of any nature whatsoever incurred or suffered by the other party due to omissions delays or default in performance caused by circumstances beyond its control which could not have been reasonably foreseen and provided against by an experienced contractor of employer (as the case may be) in the exercise of due diligence.

Provided always that such party shall continuously exert every reasonable effort to obviate or to minimize such failure.

However, and in all cases force majeure as aforesaid shall not be construed to include any act or circumstance which has been due or is in any way attributable to the contractor or his fault or negligence.

Either party affected by force majeure shall notify the other party of the force majeure and its nature without delay and not later than (14) fourteen days from the occurrence of force majeure. Failure to notify the other party within the said (14) days shall constitute waiver of the rights under this clause.

In case of delays in the fulfillment of obligations caused by force majeure the respective party shall be entitled to claim an extension of the time therefore and the engineer shall determine the extension of time, if any, which shall be reasonable and proper.

In force majeure continues for (6) months, then the parties will meet each other in order to discuss how to complete the works.

ARTICLE – 25 SETTLEMENT OF DISPUTES AND ARBITRATION

In the execution of this Contract, for the settlement of the disputes that may arise between purchaser, MOE and/or MIM and Contractor, final settlement shall be by arbitration under the rules of conciliation and arbitration of the International Chamber of Commerce. The venue of arbitration shall be in Switzerland.

ARTICLE – 26 TERMINATION OF CONTRACT

If the Contractor, after written notification thereto of the defaults identified during the inspections made by purchaser, fails to take the measures states in such notification with 30 (thirty) days or in case of its non-performance with the provisions of the Contract, or its laying down of work, purchaser is entitled to unilaterally terminate the contract without needing any other legal decision, warning or protesting.

In the case of the purchaser is not performing the contractual obligations and/or to fall default on payments two times consequently, contractor has right to terminate the contract without needing any other legal action after giving a (30) days notice in writing to purchaser to over come specified items not fulfilled.

Both sides may terminate the contract with mutual agreement if they can not fulfill the corresponding contract obligations.

Incase of termination of Contract, Contractor will get back all equipments and can send out of Country.

ARTICLE – 27 CONFIDENTIALITY

Each party agrees that it shall maintain as confidential and secret all information documents or know-how entrusted to itself by the other party, ensure that their employees, officials and that it shall not disclose them for utilization by the third parties without prior written consent of the other party undersigning the Contract.

ARTICLE – 28 WAIWER

Neither party shall be deemed to have waived any of its rights hereunder unless a written waiver, signed by authorized officials of the waving party, delivered to the other party. Any omission or delay of either party in performing its obligation or rights hereunder shall not be deemed an implicit recognition of waiver.

ARTICLE – 29 NOTICES

All notices of both sides shall be given in writing and also answered in writing.

ARTICLE – 30 ADDITIONAL PROTOCOL

Parties may draw up Additional protocols on issues, that are not included herein, but mutually agreed upon, in such a manner that it shall not be substantially contrary to the essence of this Contract. Provisions of the protocol thus drawn up, shall become effective after the approval thereof by the authorities of the parties, and shall be deemed to from an inseparable and supplementary part of Contract.

ARTICLE – 31 Law applicable to the Contract.

The contract shall be and be deemed to be an Iraqi contract and shall be governed by and construed according to the material law in force in Iraq at the time of signature of this contract.

ARTICLE – 32 Compliance with Statutes Regulations etc.

The contractor shall, in all matters arising in the performance of the contract conform in all respects with the provisions of the Iraqi laws, regulations, ordinances and/or by-laws of any local or other duly constituted authorities and which shall be applicable to the works including contractor's equipment and shall keep the employer indemnified against all penalties and liability of every kind for breach of any such statute, ordinance or law regulation or by-Law.

ARTICLE – 33 EFFECTIVENESS OF CONTRACT

This agreement, upon the submission of the Performance Security to Contractor, signed in one copy on the date of ..../..../200. and shall become effective. The followings shall be attached to the Contract.

Annex 1 Form of the Performance Security
Annex 2 Fuel Specifications
Annex 3 Metering
Annex 4 Single line diagram
Annex 5 layout
Annex 6 test run parameters

ANNEX 3.

1. MEAUSUREMENT PRINCIPLES

The measurement principles for the electrical energy generated at energy generation facilities of purchaser are as follows:

1.1. Technical criteria and other rules to be complied with, for all the meters, are given in the annex hereto.

1.2. Measurement groups namely metering devices and measuring transformer cores shall be at the feeding circuits.

1.3. Measurement of active and reactive energy shall be established exclusively for service purpose.

2. READING OF METERING DEVICES

The meters shall be read by the representative of the parties at 10 (ten) o'clock on the day after the last day of each month (the reading data belong to the last day of the month), and a meter-reading protocol, a sample of which is provided in the annex hereto, shall be drawn up at the site of such reading. (The form of the meter-reading protocol table shall be finalised during Contract negotiations according to the type of the meter selected.)

3. INSPECTION AND TESTING

1 (one) month prior to the Contractor's actual commencement of work (commencement date of hire), and thereafter at one-year intervals periodically, provided that a notice is issued by purchaser to the Contractor at least two weeks in advance, accuracy and sensitivity of the measurement system shall be inspected and tested by the two parties' representatives together.

3.1. If at times, other than test dates, either party claims upon inspection, that meters are functioning incorrectly, the contesting party, may request that such meters be tested in the presence of the representatives of both parties. In such a case, the meters shall be tested on a pre-notified and mutually agreed date in compliance with the procedures specified above. If any fault is detected beyond the acceptable tolerances, it is temporarily replaced with an equivalent meter and the dismantled meter is installed in its place only after its calibration on the meter calibration desks. The amount of energy thus incorrectly measured is calculated as specified in Article 18.4 and this situation is established with a protocol.

3.2. If either party claims that the said metering system functions incorrectly, as set in Article 18.3.1. but upon testing, it proves accurate, then the testing expenses are borne by the contesting party.

3.3. In the event that an agreement as to whether or not the metering system functions correctly, cannot be reached as a result of either inspection or testing, the case is caused to be examined by the nearest technical university, competent therefore.

3.4. In the event that one of the parties objects to the result of such an examination, disagreement is resolved according to Article 24.

4. RETROACTIVE ADJUSTMENT

If main meter is found with a broken seal, or if it fails to register, or the measurement made by the meter is found to be inaccurate, the correct amount of the energy within the period of such incorrect measurements, is determined jointly by calculation, taking into account operating hours, loads and relevant historical data.

Can contractor/vendor expand Q w/out losing time?
MoF contend —

CONTRACT

FOR HIRING OF POWER PLANTS

AND THEIR OPERATION

THROUGH PURCHASE OF SERVICE

(b)(6) [redacted]

Dear
With the comp
of the reasons
Amend
30.12.2003

1) HeatRate - add
2) Clau 3.2.4 + 21 - Hire - conflict? or why is there two. Sinik clause
3) Art 27 why a confidentiality clause?
4) Conflicts in law - art 31 refers to Iraqi law
art 25 arbitration is international??
5) Article 7 - where does money come from for purchase to provide

Summary Report of the Economic Viability of MIM PPA regarding the Role of MoE

Background

After realizing that the lack of electrical power is the most significant impedance to reviving the manufacturing capability of Iraq, the Ministry of Industry and Minerals (MIM) solicited various Independent Power Providers (IPP) to provide independent power plants at 9 industrial sites across Iraq. The IPPs were asked to provide electrical power on a cents/kWh rate, which would be paid on a monthly basis by MIM. Four of the forty-three respondents were selected on the basis of their proposed rate and corporate reputation. Negotiations between the four IPPs and MIM have resulted in a fixed price between 3.2 and 3.8 cents/kWh, with an average of less than 3.5 cents/kWh. The terms of the Power Purchasing Agreement (PPA) call for the MIM to pay capital costs (transformers, pads, connections to the electrical grid…), along with the cost of security and fuel. Commissioning, Control, and all O & M costs are to be provided by the IPP. The combined full production power requirement of the 9 industrial sites is approximately 330 MW. MIM recognizes that an excess of roughly 40% of the total power output from the plants will remain unused for a significant period of time. Therefore, MIM has entered negotiations with the Ministry of Electricity (MoE) for purchasing this power and adding it to the national electrical grid. The results of a review of the MIM PPA, conducted by CPA – Electricity, are listed below.

PPA Cost Summary

Term: 5 years
Fixed Cost: 3.50 c/kWh (Stated by MIM contract)
Capital Cost: *Currently under negotiation between IPP, MIM and MoE.*
Fuel Cost: 2.77 c/kWh (CPA Calculations)
Total Cost (Fixed + Fuel): 6.27 c/kWh (CPA Calculations)
PPA Monthly Cost: $12,717,119.31 (CPA Calculations)
PPA Lifetime Cost: $736,026,158.67 (CPA Calculations)

Note 1: The "Fuel Cost" calculation is based upon a market price of $140/mton HFO.
Note 2: A 5% fuel transportation cost has been added into the "Fuel Cost".
Note 3: All costs are approximations, and are subject to minor changes.

Significant Items requiring further Negotiations

1) Further negotiations are necessary in order to resolve issues concerning the Ministry responsible for the initial capital cost of the PPA. MIM believes that all initial capital costs (i.e. transformers, pads, connections…) should be supported through funding provided by MoE. MoE intends to negotiate that the majority of the initial capital cost of the PPA be funded through the IPP. MoE believes that they should only be responsible for connection to the grid, whereas, MIM or the IPP would be responsible for transformers and pads.

2) MoE is concerned with the total amount of electrical power available for purchase from MIM by MoE. MoE believes that there will be a large additional amount of electrical power added to the grid in less than 4 months. The PPA will free up power currently consumed at the 9 sites, and will put excess power back into the grid. However, the quantity of this power has yet to be determined. MoE believes that the factories, which are covered by the PPA, will operate only one or two shifts for the first one to two years of the PPA. This will free up a large amount of electrical power to be used at night by residents, when they need it most. MoE has requested documentation from MIM regarding the scheduled loads at each of the factories. This information is to be used for planning the MoE budget allocation for the project.

3) The cost analysis of the PPA shows that the "PPA Lifetime Cost" is roughly the same or greater than the cost of purchasing the power plants. The "PPA Lifetime Cost" is acceptable due to the high risk incurred and lack of credit in Iraq. Note that once the security situation stabilizes, the contracts should be renegotiated at a lower rate.

4) An option to purchase the power plants, at the end of the Contract Lifetime, should be added to the contract. The power plants may still be necessary in five years. At that time the MIM may be in a much better financial situation to purchase the power plants.

Analysis and Conclusions

Overall, the PPA appears to be a significant and well thought out initiative on the behalf of MIM. At first glance, the costs of the PPA appear to be exorbitantly high. However, the risk assumed by the IPP is very large, when the current security situation and economic uncertainty of Iraq are considered. Assuming limited, if any, Coalition assistance, the PPA is appropriately priced.

The monthly profits of the factories at each of the proposed sites are nearly equivalent to the monthly cost of operating the power plants. Assuming that 60% of the electrical power is consumed by each of the factories, while the remaining 40% is purchased by MoE, the plants will be able to retain a reasonable amount of profit.

Note that if the PPA is agreed upon as it currently exists, the cost of certain products, such as cement, will be driven significantly higher than they existed before the 2003 conflict. The MIM is currently working to develop a policy that maintains the cost of certain items (i.e. cement) at their prewar values for the average residential consumer, while charging the market price to all other consumers. This plan will assist the factories in remaining profitable, assuming that it can be enforced.

The MoE faces a different problem. MoE has not collected any revenues since the end of the 2003 Conflict. Therefore, MoE does not have the ability to enter into an agreement of this type without assistance from CPA. MoE states that the PPA will significantly benefit the country, because it will add an additional 330 MW to the electrical grid in a short period of time (under 4 months). MoE has proposed that the first 18 – 24 months of the contract be funded by CPA.

The inherent financial difficulties caused by the MIM PPA can be significantly offset if a Coalition Nation were willing to make a guarantee on the terms of the PPA. The MIM fixed cost of "3.5 c/kWh" could be reduced to nearly "1 c/kWh". The MIM and MoE are significantly more likely to be able to fulfill payments at a rate negotiated with the backing of a Guarantor Nation. In this situation, the MIM would remain responsible for all scheduled payments. However, the Guarantor Nation would be responsible for the debt, if the MIM eventually defaulted.

The PPA is very expensive with a Lifetime Cost of roughly $736,026,158 to be paid over 5 years. However, considering a commissioning date of less than four months, the dispersed availability of power, and the limited Coalition involvement, the PPA has the possibility of a very positive, fast, and high-impact on the Iraqi electrical grid, industrial sector, and residential quality of life.

Site	Power MW	First price C/KWh	Named Co.	Second Price. C/KWh	Named Co.	Third price. C/KWh	Named Co.	Nominated Co. for the Site.
AlQaem Phosphate	60	3.28	AKSA	3.55	GENGIZ	3.79	YAPA RASA	AKSA
Kubaisa	43	3.25	AKSA	3.75	RASA	4.1	GENGIZ	AKSA
Sinjar	35	3.19	RASA	3.47	YAPA	3.59	AKSA	RASA
Badoosh	55	3.18	AKSA	3.29	YAPA	3.7	RASA	AKSA
Muthana	35	~~3.6~~ 3.72	~~YAPA~~ HANCOCK	3.83	RASA	4.1	YAPA	~~YAPA~~ HANCOCK
Karbala	35	~~3.79~~ 3.74	RASA	3.81	YAPA	4.1	YAPA	RASA
Kufa	34	~~3.64~~ 3.4	YAPA	3.79	RASA	4.29	AKSA	YAPA
Rubber & Textiles Diwania	11	3.29	HANCOCK	3.49	AKSA	3.85	RASA	HANCOCK
Southern Fertilizers	25	3.29	HANCOCK	3.75	GENGIZ	3.88	YAPA	HANCOCK

Dr. Waleed

Carey Crutcher Inc.
Pipeline Equipment

P. O. Box 965
Katy, Texas 77492
www.careycrutcherinc.com

E-mail: (b)(6)

Gas Turbine Power Plant Sales

November 19, 2003

Item	Qty	Description	MegaWatts	Price Each	Total
1	4	General Electric - Frame 9 Model # PG9161E Dual Fuel Immediate Delivery	125 MW	US $31,914,750	US $127,659,000
2	1	ABB - Model # GT13D Dual Fuel Immediate Delivery	103 MW	26,943,000	26,943,000
3	6	General Electric - Model # LM6000 Natural Gas Immediate Delivery (refurbished)	43 MW	15,240,750	91,444,500
4	2	General Electric - Frame 6B Model # 6551 Dual Fuel Immediate Delivery	39 MW	13,917,750	27,835,500
5	3	General Electric - Frame 5 Model # PG 5361 Dual Fuel Immediate Delivery	25 MW	9,633,750	28,901,250
6	1	Pratt & Whitney - FT8 Powerpac Dual Fuel Immediate Delivery	25 MW	13,833,750	13,833,750
				Total	US $316,617,000

- Above prices do not include transformers and switch gear.
- Equipment is quoted CIF Port – Kuwait.
- Equipment is subject to availability at time of order.

MINISTRY email: pls address ministry inquiries to
(b)(6) c/o (specify dept. or POC)
file://cpa-iraq.org
www.baghdadbusinesscenter.org
www.export.gov/iraq

-----Original Message-----
From: (b)(6)
Sent: Saturday, November 29, 2003 6:56 PM
To: (b)(6) CIV Ministry of Ind/Minerals
Subject: RE:

We need a detailed plan on which SOE can site which turbine ...need to confirm they have reliable access to the fuel source and also what the base and peak loads will be for the plant..why? MoElectricity is digging in their heels to use the turbines for the grid..may be a small opening to site some turbines on MIM SOEs and share the power with the grid but we better have our act together when we make our play with MoE...isn't this fun

(b)(6)

-----Original Message-----
From: (b)(6)
Sent: Saturday, November 29, 2003 6:09 PM
To: (b)(6)
Subject: RE:

Thanks for the info on the turbines. What's next??? I think Sami confirmed that the Ministry could run them and obtain fuel. Do we need to select the location?? Are these no cost generators or will we have to pay??

(b)(6) Senior Advisor
Ministry of Industry and Minerals
Coalition Provisional Authority (CPA)
Baghdad, Iraq
(b)(6)

MINISTRY email: pls address ministry inquiries to
(b)(6) c/o (specify dept. or POC)
file://cpa-iraq.org
www.baghdadbusinesscenter.org
www.export.gov/iraq

-----Original Message-----
From: (b)(6)
Sent: Saturday, November 29, 2003 3:18 PM
(b)(6)
Subject: FW:

Dear Sir,

We under line below two possible ways to utilize the gas turbines for MIM's major companies based on availability of natural gas and fuel alternatives (mainly H.F.O.).

1. **Petrochemical plant/** 4 x Frame 5 GTG [G.E.] gas turbines are available and already connected to the national electricity grid. One is operating at 15 mw & the other three are out of action & require rehabilitation the turbines were erected in 1976 by John-Brown Co.

   We suggest that the offered (3) gas turbines as per item (5) of the list to replace the three gas turbines out of action.

   The old gas turbines could be rehabilitated at a cost of 7.8 million us$ as per offers available & used by the electricity in Shaeba or other sites.

   The total requirements of the petrochemical plant when operating at full capacity is about 79 mw.

   Minimum power for ethylene + one line L.D.P.E. $\simeq$ 25 mw [includes utilities] for the full operation of ethylene + 2 lines L.D.P.E. + 1 line H.D.P.E. $\simeq$ 35 mw for chlorine + VCM – PVC line ~ 45 mw (62 cells).

2. **Southern fertilizer plant/** requires (25) mw for full operation with two line & 17 megawatt for one line + utilities.

   We suggest to install (2) gas turbines of 39 mw with a new switch gear & transformers to connect to the central grid & to feed the fertilizer plant.

   A gas pipe line of 42" reaches the site and this system will be similar to the gas turbine plant in the petrochemical plant wich feeds both the plant & the net work.

capacity reaches 60 mw.

4. **Khor Al-Zubair/** gas turbine power plant belongs to Ministry of Electricity which feeds the iron & steel industry & was commissioned in 1977 with 4 x 65 mw B.B.C units.

   Two are operating at very low capacity & two are out of operation.

   We suggest installing at least 2 units of 125 mw general electric-frame (9) units in stead of the four oiling units & carrying out the necessary changes.

   The units to be removed should be rehabilitated & sent to Najaf power plant where there are three units (one out of operation).

5. The other units could be utilized by the ministry of electricity in their gas turbine power plants in Shaeba Basra, Diwania, Taji, Dora, Mosul, Kirkuk & Baiji.

Finally the main emphasis to be made on petrochemical plant & fertilizer plants in Basra due to availability of gas pipe line at the site.

And some pressure on Ministry of Oil & Ministry of Electricity for the suggested power generation plant in Al-Qaem.

Best Regards...

Dr. W. E. Khedder
Dec. 1. 2003

Electric Power

The Electric power requirements for manufacturing companies belonging to MIM as per design capacity are about 939.50 M.W. (This does not include the requirements of service companies) as specified in attached table No.1. Out of this power requirement 255 M.W. is for companies that were damaged and require rehabilitation, hence the remaining power requirement is about 683 M.W.

The agreement of 23rd. July & 29th. Sep.2003 with the Electricity commission was to provide 180 MW. by 1st. of August 2003 and 333.oo MW. By 29th. Sep. as specified in the attached table No.1, however the actual power received did not exceeded 135 MW.and 235.00 MW With many interruptions during the day, this created problems to companies with process of production being unable to commence their production and with others such as Textile Companies suffering from power cuts etc...

The limitation of Electric power supply has drastically affected plants capacity utilization, and attached table No. 1 gives the required power supply and that actually provided as per each industry sector... This table reveals the drastic effect of Electric power on capacity utilization.

Table No. 3 shows the geographic distribution of major power requirements for some companies or plants with high power requirements which private sector may consider.

The installation, operation, and supply of Electric power at cost to be specified in Cents / KWh and to be agree up on with the companies concerned.

Table No. 4 gives some of the main power Generation units available in some of our plants and their operating condition and the requirements for their overhaul

Table No. 1

No.	Industrial Sector	Power Requirement in M.W. as per Design Capacity	Power to be Supplied as per Agreement of 23rd. July 2003	Power Actually Received as per Agreement of 29th. Sep.2003
1	Cement	337.50	90.00	134.50
2	Engineering Industries	333.50	10.00	44.00
3	Fertilizers	88.00	22.00	27.50
4	Chemical	81.50	23.00	55.00
5	Textiles	38.00	12.00	28.50
6	Construction	28.50	9.00	17.50
7	Food	23.50	10.00	19.00
8	Pharmaceutical	9.00	6.00	8.00
Total		.939.50	180.00	
Note: 15 MW generated by Petrochemical Co. for Chemical sector, supply subject to interruptions and unstable.				

Table N0. 2

No.	Industrial Sector	Power Requirements M.W.	Actual Available M.W.	Remarks
1	Cement			
	a) Northern Cement	105.00	47.00	Capability utilization ~50 %(Due to Clinker grinding).
	b) Iraqi Cement	106.00	35.00	<30% of capability utilization.
	c) Southern Cement	133.00	50.00	Capability utilization <10% limited to grinding Clinker in Karbala plant.
2	Engineering	333.50	44.00	Only 6 companies with limited supplies to operate single sectic of work.
3	Fertilizer	88.00	27.00	None of the companies operational because of lack of Gas and insufficiently electric power.
4	Chemical	81.50	55.00	Petrochemical plant generates 1 M.W. For Basra local gas.
5	Textile	38.00	28.50	Heavy daily power interruption which limits production hours.
6	Construction	28.50	17.50	
7	Food	23.50	19.00	Daily Power cuts limits workin hours
8	Pharmaceutical	9.00	9.00	

Table No. 3

Geographic Distribution of main Power Requirements

No.	Companies & Plants	Geographic Position	Power Demand in M.W.
1	Phosphate Fertilizer & Al Qaem Cement	Al-Qaem (Anbar)	60.00
2	Kubaisa Cement Plant	Kubaisa (Anbar)	43.00
3	Sinjar Cement Plant	Sinjasr (Mosul)	35.00
4	Badoosh Cement Plant	Badoosh (Mosul)	55.00
5	Karbala Cement Plant	70 Km. south of Karbala	35.00
6	Muthana Cement Plant	35 Km. west of SaM.W.a	35.00
7	Nassr & Al-Sumood	35 Km. north of Baghdad	60.00
8	Baiji Fertiliser Plant	Baiji	10.00
9	Najaf Tire Plant	30 Km. south of Najaf	7.50
10	Diwania Rubber Plant & Diwania Textiles	Diwania	11.00
11	Southern Fertiliser Company	Khor Al-Zubair	25.00

Table No. 4

Power Generations Capacities in some of our Plants

No.	Company	Power Generation	Remarks
1	Petrochemical Co.	4 Units, F.5, 17 M.W., capacity each.	Only one is operating.
2	Phosphate Fertilizers	2 x 14 M.W. Units	Operating at very low efficiency.
3	Paper & Pulp (Missan)	2 x 4 M.W.	Needs overhaul of Boilers
4	Class & Ceramic	2 x 4 M.W.	Needs overhaul
5	Construction Materials	7 x 2 M.W.	Needs overhaul
6	Textiles	8 x 2 M.W.	Needs overhaul
7	Sugar	4 M.W.	Operational
Note : This table does not include the stand by and small diesel generators.			

Electricity for Industry

No.	Name	Location	Minimum Requirements	Full Requirements	Own Generator	Status
1	Northern State Co. for Cement	Mousil	45 MW	105 MW		
		Badoosh	15 MW	50 MW		20 MW
		Sabonjh / Badoosh	5 MW	5 MW		5 MW
		Hammam Alil	5 MW	15 MW		10 MW
		Sinjar	20 MW	35 MW		17 MW
2	Iraqi State Co. for Cement					
		Kubaisa / Anbar	20 MW	43 MW		10 MW
		Kirkuk / Tameem	20 MW	34 MW		20 MW
		Qaem / Anbar	15 MW	22.5 MW		5 MW
		Faloja L Anbar	5 MW	7.0 MW		2.5 MW
3	Southern State Co. for Cement					
		Old Kufa	5 MW	5 MW		3.5 MW
		New Kufa	15 MW	29 MW		8.5 MW
		Karbala	20 MW	34 MW		2 MW
		Karbala / Lime	2 Mw	4 MW		4 MW
		Muthana / Samawa	20 MW	34 MW		10 MW
		South Plant / Samawa	10 MW	15 MW		1 MW
			5 MW	5 MW		
		Sadat Al- Hindia / Babil	5 MW	7 MW		3 MW
4	Southern State Co. for Fertilizer Industry	Basra / Khor Al-Zubair	15 MW	25 MW		15 MW
5	Northern State Co. for Fertilizer Industry	Baiji / Salah Alidin	7 MW	10 MW		7 MW
6	State Co. for Phosphate	Qaem / Anbar	25 MW		2 x 14 MW	Own Generatores Req. Rehab. 5 MW
7	State Co. for Petrochemical Industries	Basra / Khor Al-Zubair	25 MW	25 MW	4 x 17 MW	One Gas Turbine operating, other three require overhaul.15 MW

No.	Name	Location	Minimum Requirements	Full Requirements	Own Generator	Status
8	State Co. for Iron & Steel Industry	Basra / Khor Al-zubair			,	Damaged, require rehabilitation
	a) Sponge Lion	Basra / Khor Al-zubair	5 MW	10 MW		
	b) Iron and Steel	Basra / Khor Al-zubair	50 MW	190 MW	2.5 MVA	
	Pipe Planr	Um-Qassr	2 MW	2 MW	2 MVA	
9	State Co. for Paper Industries					
	a) Basra Plant	Bsra	4 MW	8 MW		7 MW
	b) Ilmara Plant	Missan	4 MW	8 MW	2 x 4 MW	
	c) Baghdad Plant	Baghdd / Tsjl	1 MW	1 MW		1 MW
10	State Co. for Sugar Industries					
	a) Mosul Plant	Mosul	4 Mw	4 MW	4 MW	4 MW
	b) Ilmara Plant	Missan	4 MW	4 MW		
	c) Yeast Plant	Mosul	1.5 MW	1.5 MW		1.5 MW
11	State Co. for Glass & Ceramics Industries	Ramadi / Anbar				
	a) Glass Plant	Ramadi / Anbar	4 MW	8 MW	2 x 4 MW	5 MW
	b) Ceramic Plant	Ramadi / Anbar	2 MW	2 MW	Not Operating	
	c)	Ramadi / Anbar	2 MW	2 MW	Not Operating	1.5 MW
12	Retroctories	Faluja / Anbar	2 MW	2 MW		
13	State Co. for Construction Industries					
	Plastic Pipe Plant	Baghdad	2 MW	2 MW		2 MW
	Plastic Pipe Plant	Ilmara / Missan	2 MW	2 MW	1 MW	
	Baghdad Brick Plant	Baghdad	2 MW	2 MW	1 MW	2 MW
	Abunwas Plant	Baghdad	2 MW	2 MW	1 MW	2 MW
	Mahawheel Plant	Babil	2 MW	2 MW	1 MW	2 MW
	Qadisia Plant	Diwania	2 MW	2 MW	1 MW	2 MW
	Swaera Plant	Kut	2 MW	2 MW	1 MW	
	Concrte Poles	Mosul	0.75 MW	0.75 MW		
	Concrte Poles	Baghdad	0.75 MW	0.75 MW	0.5 MW	1 MW
	Marble Plant	Baghdad	1 MW	1 MW	0.5 MW	1 MW
	Nibail Quarry	Baghdad	1 MW	1 MW	0.75 MW	
	Karbala	Karbala	1 MW	1 MW	0.75 MW	
14	State Co. for Mechanical Industries	Iskandaria / Hilla				
	a) Foundary		4 MW	10 MW		6 MW
	b) and Mechanical Shop		2 MW	6 MW		

No.	Name	Location	Minimum Requirements	Full Requirements	Own Generator	Status
15	Nasser State Co. for Mechanical Industries	Baghdad / Taji				6 MW
	a) Foundary	Baghdad / Taji	6 MW	22 MW		
	b) Tool Plant	Baghdad / Taji	1.5 MW	3 MW		
	c) Steel Structures	Baghdad / Taji	1.5 MW	3 MW		
	d) Utilities	Baghdad / Taji	2 MW	2 MW	0.85	6 MW
16	Al-Sumood Industrial Co.	Baghdad / Taji				
	a) Heavy Casting Foundary		12 MW	26 Mw		
	b) Continuios Casting and Melt Shop		20 MW	40 MW		
	c) Heavy Forging Plant		4 MW	8 MW		
	d) Closed Dd. Forging Plant		2 MW	6 MW		
	e) Galvanised Shop		1 MW	1 MW		
	f) Steel Structures Plant		1 MW	1 MW		
	g) Overhead Crans Plants		1 MW	1 MW		
17	Al-Faris State Co.	Baghd / Kharthiy	2 MW	3 MW	1 MW	2 MW
18	Al Nasr Al Adheem State Company	Baghdad / Dura	3 MW	10 MW		3 MW
19	State Company for Electrical Industries					
	a) Taji Bulb Plant	Baghdad	1.5 MW	1.5 MW		1.5 MW
	b)Wasiria Plnt (14)	Baghdad	2 MW	8 MW		3.5 MW
20	Al Qadisya Co. for Electrical Industries	Diyala	5 MW	10 MW		6 MW
	a) Distribution Transformars	Diyala		2 MW	2 X 0.5 MW	
	b) Power Transformars	Diyala		2 MW		
	c) Ceiling Funs Plant	Diyala		2 MW		
	d) Electric Meters	Diyala		1 MW		
	e) Steam Iron	Diyala		1 MW		
	f) Fiber Optic Plant	Diyala		1 MW		
	g) Argon PlantOverhead Crans Plants			1 MW		
21	Ure State Co. for Engineering Industry	Nassiria / Theqar		4 MW		10 MW
	a) Aluminium Plant		3 MW	8 MW		
	b) Cables Plant		3 MW	8 MW		

No.	Name	Location	Minimum Requirements	Full Requirements	Own Generator	Status
22	State Company for Car Manufacturing	Iskandaria / Babil	2 MW	3 MW		1 MW
	a) Main Plant		1 MW	2 MW		
	b) Engine Plant		1 MW	1 MW		
	c) Baghdad Centre					
23	The Nissan 17 April State Company	Baghdad				Heavily Damaged
	a) Emblem Plant	Baghdad	1 MW			
	b) Aqluminium Plant	Baghdad	1 MW			
	c) Precision Foundary	Baghdad	2 MW			
	d) Road signs Plant	Baghdad	1 MW			
24	State Company for Woolen Industries	Baghdad				
	a) Taji Plant	Baghdad / Taji	2.5 Mw	2.5 MW		2 MW
	b) Carpets	Baghdad / Taji	2 MW	2 MW	2 MW	2 MW
	c) Nassiria Plant	Nassiria	5 MW	5 MW		
25	State Company for Cotton Industries					
	A) Medical Cotton	Baghdad	2 MW	2 MW	2 X 0.5 MW	2 MW
	b) Baghdad Plant	Baghdad	3 MW	6 MW	1 MW	2 MW
	c) Musol Plant	Musol	3 MW	6 MW	1 MW	4 MW
	d) Diwania Plant	Diwania	3.5 MW	7 MW		3 MW
	e) Kirkuk Plant	Kirkuk	4 MW	4 MW		
26	State Company for Textile Industries - Hilla	Hilla / Babil	3 MW	6 MW	1 MW	3 MW
27	Wasit Company for Textile Industries	Hilla / Babil	3.5 MW	7 MW	1 MW	
28	State Co.for Tires & Rubber - Najaf					
	a) Main Plant	Najaf	3 MW	7.5 MW	1 MW	3.5 MW
	b) Rubber Hoses Plant	Najaf	1 MW	1 MW	0.5 MW	
	c) Rubber Belts Plant	Najaf	1 MW	1 WW	0.5 MW	
29	State Co. for Tires & Rubber - Diwaniya	Diwania	3.5 MW	7.5 MW	1 MW	3.5 MW
30	State Co. for Ready Made Wear Industries					
	a) Musol Plant	Musol	2 MW	0.5 MW	1 MW	1.5 MW
	b) Baghdad Plant	Baghdad	1 MW	1 MW	1 MW	1.5 MW
	c) Anna Plant	Anna	0.5 MW	0.5 MW		0.5 MW
	d) Najaf Plant	Najaf	2 MW			Damaged

No.	Name	Location	Minimum Requirements	Full Requirements	Own Generator	Status
31	Al-Furat State Company	Hilla / Babil				
	a) Main Plant	Hila / Babil	5 MW	5 MW	0.5 MW	5 MW
	b) Starch Plant	Hila / Babil	0.5 MW	1 MW	0.5 MW	0.5 MW
32	State Co. for Leather Industries					
	a) Main Works	Baghdad	1 MW	1 MW	1 MW	1 MW
	b) Leather Treatment	Baghdad	2 MW	2 MW		2 MW
	c) Najaf Plant	Najaf	0.5 MW	1 MW	0.5 MW	0.5 MW
33	State Co. for Battery Manufacturing					
	a) Wasiria Plant	Baghdad	2 MW	2 MW	1 MW	2 MW
	b) Khan Thary Plant	Baghdad	1.5 MW	1.5 MW	0.5 MW	1.5 MW
	c) Taji Dry Cell Plant	Baghdad	1.6 MW	1.5 MW		1.5 MW
34	The General Co. for Vegetable Oils					
	a) Amin Plaqnt	Baghdad		2 MW	1 MW	2 MW
	b) Mamoon Plant	Baghdad		2 MW		2 MW
	c) Rasheed Plant	Baghdad		2 MW		2 MW
	d) Ilmare Plant	Missan		2 MW		2 MW
	e) Baiji Plant	Salh Alldin		2 MW		2 MW
35	State Co. for Dairy Products					
	a) Baghdad Plant			2 MW	2 MW	1 MW
	b) Diwania Plasnt			1 MW		1 MW
	c) Musol Plant			1 MW		1 MW
36	Al Sawari State Co. for Chemical Industries					
	a) Ink Plant	Baghdad	1 MW	1 MW		1 MW
	b) Rockwool Plant	Baghdad	1 MW	1.5 MW		1 MW
	c) Resins Plant	Baghdad / Taji	1 MW	2.5 MW	0.5 MW	
	d) GRP & Fiber Glaqss Plantllmare Plant	Baghdad / Taji				
	e) That Al Sawari Plant	Baghdad / Taji	2 MW	2 MW	2 MW	
37	Al Mishraq Sulfur Industry Co.	Musol	2 MW		1 MW	Damaged 2 MW
38	Drugs & Medical Supplies-Samarra	Musol	3 MW	5 MW		4 MW
39	Drugs & Medical Supplies-Ninawa	Musol	3 MW	4 MW		4 MW
40	Al-Zawra Co.	Baghdad	2 MW	5 MW	Now 6 MW	2 MW
41	Tabacco Co.	a) Baghdad Plant	2 MW	3 MW	3 MW	1.5 MW
		b) Habibia Plant	3 MW	5 MW		3 MW
42	Ibin Sina Co.	Baghdad Plant	3 MW	5.5 MW		3 MW

Remarks:-

a) Priority Companies are Marked with Yellow Colure

b) The toatal Electricity Power supplied before the Ramadan month reached to 290 MW.
(total power generation excluded) and suffered from continual interruptions.

c) During the month of Ramadan the power supply dropped by 50% .

CPA and MIM Price Comparisons

Table 1: Fuel Oil Conversion

Type (CST)	Gal/Mton
80	281.2
180	277.4
230	276.6
280	275.9
Avg	*277.775*

Table 2: Data provided by MIM

Factory	GWh/Month	HFO (T/M)
Al Qaem	39	9750
Kubaisa	27.95	6987.5
Sinjar	21	6250
Badoosh	35.75	8937.5
Kufa	18.9	4725
Karbala	21	5250
Al Muthanna	18.36	4590
Tameem	6.336	1584
Southern Fertilizer	14.4	3600
Totals	202.696	51674

Table 3: Estimated Cost of Fuel Oil

$/ton	$/bbl	$/gal
140.00	21.17	0.50

Table 4: CPA Calculated Fuel Cost (w/transport)

c/kWh	$/kWh	$/GWh
2.77	0.03	27,739.86

Table 5: Fixed Cost (Determined by PPA)

c/kWh	$/kWh	$/GWh
3.50	0.04	35,000.00

Table 6: CPA Calculated Cost (Fixed + Variable)

c/kWh	$/kWh	$/GWh
6.27	0.06	62,739.86

Table 7: Monthly Fuel Costs

	MIM Calculation	*MIM Calculation*	*CPA Calculation*	*CPA Calculation*
Factory	Fuel Cost/Month	Fixed + Fuel Cost/Month	Fuel Cost/Month	Fixed + Fuel Cost/Month
Al Qaem	$ 1,365,000.00	$ 2,730,000.00	1,081,854.66	2,446,854.66
Kubaisa	$ 978,250.00	$ 1,956,500.00	775,329.18	1,753,579.18
Sinjar	$ 875,000.00	$ 1,610,000.00	582,537.13	1,317,537.13
Badoosh	$ 1,251,250.00	$ 2,502,500.00	991,700.11	2,242,950.11
Kufa	$ 661,500.00	$ 1,323,000.00	524,283.41	1,185,783.41
Karbala	$ 735,000.00	$ 1,470,000.00	582,537.13	1,317,537.13
Al Muthanna	$ 642,600.00	$ 1,285,200.00	509,303.89	1,151,903.89
Tameem	$ 221,760.00	$ 443,520.00	175,759.77	397,519.77
Southern Fertilizer	$ 504,000.00	$ 1,008,000.00	399,454.03	903,454.03
Total	*$7,234,360.00*	*$ 13,967,002.00*	*$5,355,008.87*	$12,449,368.87
w/Transport	$7,596,078.00	$ 14,328,720.00	$5,622,759.31	$12,717,119.31

Note 1: The "MIM Calculated Cost" was derived from Table 4 of this worksheet.
Note 2: The "Fuel Transportation Costs" assume 5% for transport.

Table 8: Total Cost of 5 Years

	MiM	CPA
w/out Transport	$ 838,020,120.00	$ 746,962,132.07
w/Transport	$ 859,723,200.00	$ 763,027,158.67

Foreign Language

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w/Transport	$ 859,723,200.00	$ 763,027,158.67

Table 6: MIM Calculated Cost (See Note 1)

[illegible]	[illegible]	[illegible]
3.50	0.04	35,000.00
3.50	0.04	35,000.00
4.17	0.04	41,666.67
3.50	0.04	35,000.00
3.50	0.04	35,000.00
3.50	0.04	35,000.00
3.50	0.04	35,000.00
3.50	0.04	35,000.00
3.50	0.04	35,000.00
3.57	*0.04*	*35,740.74*

Avg

MEMORANDUM

Date: September 8, 2003

To: (b)(6)

From:

Re: **Liberalizing Fuels, Pharmaceuticals, and Agricultural Input and Output Prices**

The purpose of this memo is to provide options for moving from controlled price regimes to market pricing for three important categories of products: refined oil products and natural gas, agricultural inputs and products, and pharmaceuticals.

Motor Vehicle Fuel Price Controls

The Problem

Controlled fuel prices are a pernicious form of subsidization, especially in oil exporting countries. The detrimental economic and political consequences of fuel price controls are most readily seen in the cases of Nigeria, Iran, and Venezuela, where the diversion of resources into keeping refined oil product prices below market levels has led to periodic fuel shortages and a lack of funds for government services, including education and health care.

Fuel price controls have the following effects:

1. Because fuel prices are relatively cheap, fuel consumption is higher than it would be if prices were set by markets;
2. To satisfy this additional consumption, domestic oil companies are pressed to invest in additional refining capacity that under market prices would be unnecessary, resulting in a less than optimal allocation of investment;
3. Because domestic fuels are sold below external market prices, local entrepreneurs engage in arbitrage by exporting fuels. Governments respond by setting up cumbersome regulatory schemes to prevent the export of refined oil products. Exports are frequently made illegal so entrepreneurs engage in smuggling and bribe customs and government officials so as to export product.
4. Because oil producers can make more money exporting crude rather than selling it to refiners for the domestic market, the development of the domestic refined oil products market is inherently unattractive. The lack of profitability in this sector discourages investment in upgrading refining capacity and sometimes in refined product distribution.
5. As a consequence of poor rates of return in refining and incentives to consume refined oil products due to relatively low prices, countries with controlled prices are subject to periodic shortages, which lead to queuing. Queuing generates large efficiency losses as individuals and truckers have to wait for fuel. It also creates hordes of irate motorists; witness Basra and Phoenix in the summer of 2003.

6. Governments or oil companies suffer large opportunity costs in terms of foregone revenue. In the case of governments, this shows up in lower oil tax revenues, which constrains expenditures on government services or public infrastructure. In the case of oil companies, price controls result in lower profits or even losses, reducing their ability to invest in improving their operations or utilizing profits in other ways.
7. Fuel price controls discriminate against the poor and in favor of the rich and against railroads and in favor of trucking. In poor countries, the top 20 percent of households by income own cars, the bottom 20 percent generally does not. Moreover, higher income individuals drive much more than lower income individuals. Consequently, upper income households benefit more from fuel subsidies than lower income households. By the same token, truckers benefit from subsidized diesel prices, improving their competitive position against rail.

Solutions

Not surprisingly, despite these pernicious effects, fuel price controls tend to be very popular among fuel consumers. Efforts to move to market prices may be bitterly opposed by these people. Fuel price increases have been accompanied by strikes or street blockades by taxi cab drivers (Hungary), truckers (Chile), and minibus drivers (Nigeria). Consequently, governments tend to approach fuel price liberalization with caution.

Motor fuel price liberalization in the case of Iraq will result in a very substantial increase in prices. As I understand it, basic grade gasoline costs 100 dinar per liter in Iraq. At an exchange rate of 1,500 dinar per dollar, this translates into $0.07 per liter or $0.21 per gallon. I do not know Gulf wholesale gasoline prices, but the current wholesale price of gasoline in the United States averages about $1.05 a gallon ($0.33 a liter); diesel runs $0.84 a gallon ($0.26 a liter). Distribution and marketing costs in the United States run about 5 to 7 cents a liter. Taking into account the lower cost of crude oil in the Gulf, I estimate market-determined gasoline prices in Iraq are likely to rise to $0.35 per liter, a fivefold increase.

The least effective approach to curbing the cost of motor fuel price subsidies, but one that is surprisingly commonly used, is to continue to use price controls, but raise prices so as to reduce the implicit subsidy. This approach reduces the effects of, but fails to solve the inherent problems cited above. It also can lead to a pattern of recurring strikes and demonstrations, especially if strikers and demonstrators believe their actions have forestalled or led to the roll back of price increases. The fundamental problem with this approach is that the government, not the market, continues to take responsibility for the determination of prices. Consumers then seek to change government behavior, not adjust their own, when price increases are in the offing. Moreover, government-set prices are almost always sending the wrong market signals. When prices are rising, government-set prices respond too slowly to signal consumers to reduce consumption; when prices fall, the government is again slow to adjust, depriving consumers of the benefits of lower oil prices.

"Big bang" (all at once) moves to price liberalization have been surprisingly successful. Throughout central and eastern Europe and almost all the former Soviet republics, gasoline and diesel prices were liberalized at one go without much in the way of compensation. The most violent response in Central and Eastern Europe occurred in Hungary where taxi drivers struck and blockaded city streets. The government's initial response was confused, which encouraged the strikers. Eventually, the government adjusted taxi fares, but did not return to

controlled prices. After that episode, Hungarian consumers came to accept market-determined prices. They now blame oil price increases on oil companies, international political developments, and other such factors; the government is no longer considered the chief culprit.

One reason why fuel price liberalization went relatively smoothly in Central and Eastern Europe and most of the former Soviet republics was that virtually everything else in the economy was changing at the same time. Iraq's economy is also in a period of rapid change. Consequently, if fuel price liberalization is introduced as a package with other reforms, hopefully not just other price increases, they are more likely to be accepted without strikes or demonstrations.

The larger the discrepancy between the controlled price and the market price, the greater the shock to the consumer. On the other hand, if prices are extraordinarily low, consumers are more aware of the existence of the implicit subsidy and more accepting of the need to reduce it.

Interim increases with an announced date for full liberalization. This was the strategy President Jimmy Carter used to deregulate natural gas, gasoline and diesel prices in the United States. It does not elicit as rapid a supply side response, especially in terms of attracting new entrants into the retail gasoline and diesel fuel markets, than immediate liberalization. It also provides more of an opportunity for backtracking. Nonetheless, it is still a feasible strategy.

Disguised increases through the imposition of fuel taxes. Motorists, especially in countries with poor road networks, have actually lobbied for or at least not opposed increases in fuel taxes provided the monies are to go to improving the road network. In most countries, this is ensured by creating road funds financed from fuel taxes. Governments can raise fuel prices by imposing fuel taxes as a partial means of closing the gap between market prices and controlled prices, i.e., clawing back some of the subsidy. However, imposing fuel taxes is not equivalent to price liberalization and at times can exacerbate some of the problems of liberalizing prices by making the ultimate increase in price that much higher. However, if a tax is successfully imposed, when prices are finally liberalized, governments then have the option of cutting the tax somewhat so as to partially limit the increase.

People working on public finance are of two minds concerning road funds. On the one hand, they are attracted to the "user pays" principle whereby the people who use the roads pay for them through fuel taxes. On the other hand, they are wary of the creation of funds separate from the general revenue fund. Funds tie down monies that may be better spent elsewhere, reducing flexibility and, at times, the efficiency of government expenditures, especially if it appears that expenditures on roads and public transport should be higher or lower than those available in the funds. They also have been associated with corruption, as transport officials demand kickbacks from contractors who win road projects paid for from the funds.

Recommendations

Liberalize motor vehicle fuel prices at one time and soon, but in conjunction with the introduction of a package of other policy measures. Despite the large increase in prospective prices (7 cents to 35 cents a liter) one is better off liberalizing prices at one time. Staggering price increases stretches out the pain and creates more opportunities for demonstrations and unrest.

If price liberalization can take place in conjunction with more palatable policy changes, popular unrest is likely to be less. One possible approach would have been to tie fuel price liberalization to the shift from payment in kind to payment in cash under the Oil for Food program, but the Oil for Food transition appears to be delayed for some time. Waiting for the transition would not be a good policy because Iraqis will become accustomed to business as usual again and because of the large costs of the existing system. However, price liberalization could be tied to the announcement of new elections, the introduction of new passports, or some other policy change that should please the population.

How and when prices are liberalized can also make a major difference in popular acceptance. Some measures that could be adopted to moderate opposition to motor fuel price liberalization are:

1. Explain and publicize the costs to society of the price controls in terms of foregone expenditures on government services. Appeals to economic efficiency arguments tend to be less convincing. Compare current prices to those in neighboring states such as Iran and Kuwait. Point out that Kuwaitis can take advantage of Iraq's lower motor fuel prices.
2. Publicize the dates prices will be liberalized.
3. Liberalize prices on a weekend or holiday so that a strike by taxi drivers or truckers has minimal impact on commuters or business travel. It should be noted that although this strategy is usually more successful than increasing prices on a workday, it has sometimes backfired as it also gives strikers more time to organize.
4. Make sure that supplies of fuels are readily available preceding the price increase. Purchasing one last tank of gas or diesel immediately before the price increase makes consumers feel like they have "beaten the system" and also gives them a cushion before they have to purchase fuel at the higher prices. It also places downward pressure on prices immediately after price liberalization as gas stations are often unpleasantly surprised at the falloff in normal gas sales.
5. Make sure that supplies are more than adequate after prices are liberalized. Plentiful supplies, as well as a drop off in demand, will also put downward pressure on prices after price liberalization.
6. Make market entry as easy as possible. Make sure that any government imposed procedures for constructing filling stations are clear, easy to satisfy and can be completed quickly. For example, some countries state that the bureaucracy must issue a license within a fixed period of time or it is given automatically. Make sure transparent recourse is available if an entrepreneur encounters bureaucratic delays. Strong clear environmental standards need to be set early on as cleaning up polluted filling station sites is expensive and can be easily avoided by using best practice standards for tanks, pumps, and lines.
7. Competition at the refining and wholesale levels can be provided through imports. Make sure that importing fuel is easy so that domestic refiners cannot create a cartel. If possible, place state-owned refineries into separate, independent companies and give their managers incentives to compete for market share.

Household Fuel Price Controls

The Problem

Price controls on cooking and heating fuels also create efficiency losses, but because consumption is so much less than that of motor vehicle fuels, the financial losses are not as great and therefore more easily borne by the government. The implicit subsidies are also more widely and more equitably distributed, although in the case of fuels used for heating, most of the subsidy still accrues to higher income households because their residences are larger. Because everyone cooks while not everyone owns a car, liberalizing cooking and heating fuels is politically more difficult and economically less important than motor vehicle fuels.

However, maintaining price controls on household fuels while liberalizing prices of motor fuels presents some difficult problems. Part of the process of liberalizing motor vehicle fuel prices should involve giving domestic refiners more freedom to choose their output mix and to sell to whomever they please. Refiners obviously have no incentive to sell kerosene at a fixed price for household use when they can export the product for jet fuel. If price controls remain on kerosene, they will have little incentive to produce the product.

Recommendations

Liberalize cooking and heating fuel prices along with motor vehicle fuel prices. Simultaneously, introduce other, more palatable policy measures. The complexities of liberalizing motor fuel prices but keeping price controls on household heating fuels are so daunting that it seems wiser to bite the bullet and liberalize all refined oil product prices at the same time. However, to offset part of the increase in price, it would be wise to increase the value of the Oil for Food package, either in the form of increased amounts of food or by grants of cash or food coupons.

Cushioning the price adjustment shock with coupons is not a good idea. Coupons involve distribution and redemption costs and are subject to counterfeiting. It would be more efficient to give households additional food coupons that they could trade or a greater cash allotment than to introduce a special program of household fuel coupons.

Alternatively, the government could provide a cash subsidy to moderate the price rise. In terms of administrative ease while at the same time limiting diversion to exports or fraud, it would probably be wisest to pay the subsidy at the wholesale level, but only on the basis of invoices received from retailers. Such an approach enables new businesses to enter the retail market, but, like most subsidy schemes, is open to fraud.

Some measures that could be adopted to moderate opposition to household fuel price liberalization are:

1. Liberalize prices in the spring, before it gets hot and people get cranky, but after the winter heating season.
2. Publicize the dates prices will be liberalized.
3. Make sure that supplies of fuels are readily available preceding and following the price increase so that households can purchase as much as they wish at the subsidized price before having to face the higher prices. The potential one-off loss in additional subsidized sales will be more than compensated by the reduced level of popular upset and the long-term savings from ending the subsidy program.

Natural Gas Price Controls

The Problem

Refined oil products and crude oil are easily transported, which facilitates trade and the development of markets. Natural gas, on the other hand, is very expensive to transport by means other than pipeline. Thus, access to pipelines determines the availability of natural gas. The cost of constructing and operating pipelines is a major determinant of the delivered cost of natural gas. In addition, a significant share of Iraq's natural gas output is comprised of associated gas that rises to the surface along with crude oil. This gas is actually a byproduct of crude oil production and hence driven by oil output, not demand for natural gas. Other gas is drawn from gas wells.

Because of the very substantial role played by transportation costs in determining the delivered price of natural gas and the importance of pipeline access in determining availability, natural gas markets are regionally distinct and are characterized by very substantial price differences across regional markets. Thus, in contrast to crude oil and refined oil products, there is no reference price that can be used to evaluate current Iraqi gas prices. It is also difficult to provide direct competition from suppliers as a single company operates the pipeline.

The key concern with controlled natural gas prices is that they are not sending producers and pipeline operators the proper market signals. Like any resource, natural gas can be squandered if prices are set below long-term cost recovery levels. In this case, the revenue received from gas sales fails to cover the cost of the investment in pipelines and drilling that needed to produce it. In this instance, the natural gas industry will not attract the funds needed for it to develop efficiently.

Recommendations

Reorganize the industry into independent regional gas distribution companies with well-defined service areas, production companies, and a single national trunk pipeline operator. These policy measures will inject competitive forces into the supply side. If management incentives are linked to profits, the reorganization will also provide incentives for gas companies to move into areas where they can efficiently compete with other fuels, most notably refined oil products.

Permit the regional distribution companies and major gas consumers (cement plants, power plants, etc.) to negotiate purchase agreements with suppliers of their choice and at mutually agreed prices. This measure injects competition into the supply of natural gas to major consumers.

Create a regulatory authority that controls the trunk line operator. The authority should regulate transmission charges and ensure equal access for all suppliers that wish to use the pipeline system.

Mandate the same authority to regulate charges for residential and other small users so that they are set at full cost recovery levels. The distribution of natural gas to residential and small business consumers is a natural monopoly. Left to their own devices, providers would charge more per unit and therefore provide smaller amounts of gas than they would in a

competitive market situation. If prices are set so that they are at full cost recovery levels, the distribution and production companies will receive a rate of return that will make it attractive for them to develop local gas markets while consumers will be charged a price that reflects the relative trade offs of using natural gas or refined oil product substitutes like kerosene.

Agricultural Input and Output Price Controls

The Problem

Agricultural price subsidies are designed to support farmer incomes by subsidizing the cost of farm inputs and by paying above market prices for output. Both lead to greater use of agricultural inputs like fertilizers and irrigation water and greater output than otherwise would be the case. Because there is a large variety of crops that farmers can grow, agricultural output price subsidies also skew farmers' choices concerning what to grow or raise as all price support systems are based on particular crops or animal products.

In the case of Iraq, as in most countries, agricultural output price subsidies are used to raise farmer incomes. As Iraqi farmers tend to be relatively poor, agricultural subsidies may serve to boost incomes of lower income strata. However, input and output price subsidies are inefficient means to increase rural incomes as most of the financial benefit of the subsidies tends to accrue to larger, wealthier farmers because they use more inputs and sell more output than smaller farmers.

Although the subsidies introduce a host of economic inefficiencies, the two major problems posed by agricultural price subsidies in the case of Iraq are the relatively large costs of the subsidies relative to their effects on rural poverty and the inefficient utilization of fertilizer and irrigation water. The latter is a major issue because water is relatively scarce in Iraq: overuse of irrigation water in the north leaves less water downstream in the south, which can exacerbate interregional political tensions.

Recommendations

Not surprisingly, agricultural price subsidies tend to be very popular among farmers. Elimination or reductions of agricultural price subsidies have led to demonstrations and blockades in many countries, including our own. To some extent, demonstrations have been more violent and more disruptive in developed countries than developing countries because of the ability of farmers to block roads with heavy equipment.

Eliminate agricultural input price subsidies first. Farmers have more control over input use than output as the harvest is greatly affected by the weather. Moreover, input subsidies are often more difficult to provide, especially if they are sold through a variety of outlets. Output price subsidies are often easier to provide as government warehouses serve as buyers of last resort.

Provide some means of compensation for the loss of input subsidies. Compensation could consist of an increase in the food basket provided through Oil for Food. The value of the compensation should completely compensate the poorest farmers for the loss of the subsidy, but should not compensate richer farmers for their lost benefits so as to provide the state with some savings.

Eliminate input price subsidies after most of the year's purchases have been made. For example, eliminate fertilizer price subsidies after farmers have purchased and applied fertilizers for the year. Impose or increase irrigation charges after farmers have no further need to irrigate for the year.

Notify farmers of impending price liberalizations well in advance of the event and explain the economic and environmental rationale. If farmers are presented with an economic rationale, make sure that the promised outcomes (e.g., greater availability of water) transpires.

Design and implement a rural poverty reduction program before eliminating output price subsidies. As noted above, the reason governments provide output price subsidies is to boost rural incomes. Output price subsidies are a costly, inefficient means of achieving this goal as the subsidy is provided to all farmers, not just the poorest. Moreover, a substantial share of the rural population is engaged in occupations other than agriculture (trucking, retailing, construction, local services, etc.), but may still be among the poorest Iraqis. Thus, rural economic development programs are frequently more effective at reducing rural poverty and less costly than price supports. To ease popular opposition to ending price supports, the government needs to have such an alternative program up and running before the current program is ended.

Price Controls on Pharmaceuticals

The Problem

Pharmaceutical markets have a number of peculiar characteristics. Many of the most effective products are produced under patent by one company. Development costs for these products are enormous, but production costs are relatively small. Decisions about which products to buy are made by a third party, the doctor, not by the patient himself, and in many, if not most instances, the payer is another party, an insurance fund or company. To control costs, the insurer frequently negotiates prices with the pharmaceutical company. Because of its monopolistic position and the industry's cost structure, a company has a great deal of leeway to set and vary prices in different markets. And products may be treating a life-threatening situation, resulting in very high willingness to pay on the part of the consumer.

In the case of Iraq, additional problems rear their head. A large share of pharmaceuticals provided by government health providers are produced by state-owned drug manufacturers. These companies do not develop new drugs, but manufacture copies of drugs already on the market. In some instances, it is likely that these manufacturers violate the intellectual property rights of foreign competitors. It appears that the Ministry of Health has not developed a system of reimbursement for the state-owned manufacturers that permits them to operate at a profit. Rather the companies ship product and then receive transfers from the national government to cover costs.

The state system imports pharmaceuticals not manufactured in country through the Oil for Food program. These imports are disbursed through the state health system. Outside the state system, an ad hoc private health care system has developed. In many instances, individuals import pharmaceuticals on a private basis and pay for these drugs out of their own pocket. Thus, the current system provides poor incentives for the development and production of pharmaceuticals by the domestic industry, operates an ad hoc system of allocating

pharmaceuticals through the Oil for Food program, while forcing many individuals to import pharmaceuticals privately and pay for them from their own funds.

Recommendations

Because of the complexities of pharmaceutical pricing, the focus of these recommendations is on payments systems and treatment of the Iraqi pharmaceutical producers, not on the entire system of pharmaceutical pricing and procurement in a prospective Iraqi national health care system.

Treat Iraqi and foreign sources of pharmaceuticals on an equal basis. For Iraqi producers, this would imply that payments and price negotiations should proceed in the same manner as they do with foreign manufacturers and that Iraqi producers will not be forced to subsidize the public health system by selling pharmaceuticals at a loss. It also implies that the public health service will source from the most competitive source in terms of efficacy, quality and price, without regard to the national origin of the company.

As soon as practicable, the pharmaceutical producers should be moved from the ministry to a privatization agency or state asset management holding company and then privatized. This agency would focus on preparing the firm for privatization, including operating the company on a profitable basis. This move would diminish the ability of the current controlling ministry to impose unprofitable pricing schemes on the state-owned companies.

Ministry of Industry and Minerals
Ministry committee

وزارة الصناعة والمعادن
مجلس الوزارة

العـــدد: ١١٨٤/ص
التاريخ: ٢١/١٠/٢٠٠٣

Ref. : 1184
Date : 21-10-2003

الدائرة الاقتصادية

Representative,
OIP
UNITED NATIONS
CPA

COMM NO. 1200484 – L/C NO. P738057

Dear Sirs
Further to our letter Ref. 863 Dated 18-09-2003 (United Nation – WFP)
And to our letter 1146 Dated 16-10-2003 (United Nation – Habitat)
Kindly requested to deal with the contract on the above Comm. number which is for the supply of 1750 tons of Tobacco from MITTAPALLI AUDINARAYANA &Co-India due to our need for it.
Please deal with this contract as top priority and also to finish the negotiation of the contract before 20-10-2003.
Attached letter shows the priority of this contract.

Thanking you for your cooperation

Yours sincerely

Omid Abdu Majed
Director General
Ministry of Industry

Above mentioned letters are attached with this letter

Ministry of Industry and Minerals
Ministry committee

وزارة الصناعة والمعادن
مجلس الوزارة

العـدد: ص/١١٤٦٧
التاريخ: ١٦/١٠/٢٠٠٣

Representative

United Nations
HABITAT
Amman- Jordan

Comm number 1200484 and L/C number P738057

Dear Sirs
Further to our letter Ref.: 863 Dated 18-9-2003
Kindly requested to deal with the contract mentioned in the above comm. number with top priority and to finish the negotiation with it before 20-10-2003.
This contract was for the supply of 1750 tons of Tobacco from Mittapalli Audinarayana & Co.- India.
Because all the cargo had been shipped to Dubai- UAE on March 2003 just before the Military crises started.
Attached is a letter showing that this contract is top priority.

Thanking you for your cooperation

Yours Sincerely

Omed Abdul Majed
Director General
Commercial Department
Ministry of Industry and Minerals

MINISTRY OF INDUSTRY AND MINERAL
وزارة الصناعة والمعادن
MIM
Economic Directorate
الدائرة الاقتصادية

٢٠٠٣/١٠/١٦

Approved, funded, LC

Contracts 1-Industry

ommNo	Goods	IssueDate	LClssued	Value Contra	Value Arrivec	Balance	MostRecentE mission	PortofEntry	ArrivalsStatu	ReceivingCompan	RCompanyAddress	Exporter	ExporterAddress
200484	FLUE CURE	11/13/2002	Yes	2471206.9	0	2471206.9	India	Umm Qasr	N	MINISTRY OF INE	PO BOX 5815 BAGI	MITTAPALLI AUDINARA	G.T.ROAD GUNTUR-522004 INDIA
200486	FERRO MAN	11/13/2002	Yes	437469.95	0	437469.95	Jordan	Al-Waleed	N	MINISTRY OF INE	PO BOX 5815 BAGI	AYA COMMERCIAL AGE	P.O.BOX 840506 AMMAN 11184 JORDAN-JORDAN
[illegible]	INDUCTION	11/13/2002	Yes	260098.52	0	260098.52	Jordan	Trebil	N	MINISTRY OF INE	PO BOX 5815 BAGI	INTERNATIONAL INDUS	PO BOX 950689, AMMAN 11195, JORDAN TEL: 06/5537030 FAX: 06/5515830

(26) (13) (11)

MINISTRY OF INDUSTRY AND MINERAL
وزارة الصناعة والمعادن
MIM
الدائرة الاقتصادية
Economic Directorator

بسم الله الرحمن الرحيم

جمهورية العراق
وزارة الصناعة والمعادن

رقم الهاتف ٨١٦٢٠٠٦ بدالة
ص.ب ٥٨١٥
رقم التلكس ٢١٢٢٥
بغداد

العـدد : ٨٦٢
التاريخ : ٢٠٠٣/٩/١٨

Representative,
World Food Programme,
United Nations;
Baghdad.

Comm No.1200484; L/C No.P738057

The Indian company **MITTAPALLI AUDINARAYANA AND COMPANY** had signed a contract to supply tobacco and the goods in 30 container were shipped in February this year. However, due to war, the containers, weighing 578,000 kgs of tobacco are waiting at Jabal Ali and Aqaba Ports since March. The tobacco is required for the running of the Iraqi factory and is, therefore, essential raw material which may kindly be put under priority category immediately. 1750tons

Thanking you for your cooperation.

Yours sincerely,

(Abdul Sattar Al-Saffi)
Director General (MOU)
Ministry of Industry and Minerals
18/9/2003

MINISTRY OF INDUSTRY AND MINERAL
وزارة الصناعة والمعادن
MIM
Economic Directorate
الدائرة الاقتصادية

(1) OF (3)

सत्यमेव जयते

EMBASSY OF INDIA
BAGHDAD (IRAQ)

No.Bag/Com/22/03. September 17, 2003.

The Embassy of India presents its compliments to the Ministry of Industry and Minerals, and, with reference to its earlier note dated September 8, 2003, regarding the 30 containers of tobacco shipped by Indian company **Mittapalli Audinarayana and Company,** has the honour to state that the processing of the matter has been referred back by the Ministry of Trade to the Ministry of Industry and Minerals on the plea that the subject matter concerns the Ministry of Industry.

In this connection, the Embassy would once again emphasise that the Indian company has been suffering huge financial loss due to 576,000 kgs tobacco lying at Jabal Ali and Aqaba ports which had been shipped to Iraq under L/C no.P738057 on BNP Paribass. The Embassy would, therefore, request that this item may be arranged to be brought in priority category at an early date.

The Embassy of India avails itself of this opportunity to renew to the Ministry of Industry and Minerals the assurances of its highest consideration.

EMBASSY OF INDIA
BAGHDAD

Ministry of Industry and Minerals,
Baghdad.

(2) OF (3)

(Embassy's mobile tel nos: 914-360-4745
914-360-5955
914-360-4747

Bag/com/22/02

PL. PASS ON TO
GOI, BAGHDAD

Off. : 2358810, 2358163
Res. : 2221960, 2222885
Res. : 2233117, 2231902
Fax :(91)-(863)-2354235
Cables : "QUALITY"
P.B. No.315, G.T. Road
GUNTUR - 522 004. (S.INDIA)

MITTAPALLI AUDINARAYANA & Co.,
(TRADING HOUSE RECOGNISED BY GOVT., OF INDIA)
Leaf Tobacco Packers & Exporters

E-mail (b)(6)

URL : http//www.mittapalli.com

27.08.2003

Joint Secretary (Gulf)
Ministry of External Affairs,
New Delhi

Respected Sir,

REF; COMM NO.1200484 L/C NO.P738057 BNP PERIBAS,NEW YORK

We Mittapalli Audinarayana & Co., a leading tobacco exporters with a status of Trading House would like to bring to your kind notice and informing for your favorable cooperation in the regard of our exports to Iraq.

We have entered into a contract No.12-IND026 with Ministry of Industries & Minerals Iraq for suppiying 1750 Tons of Virginia Tobacco to Baghdad. We have registered our contract with United Nations through our PMI under Comm No.1200484 and received Letter of Credit for 100% by BNP Peribas to ship the consignment under Ref No.NY/PM/152/1/2002/06/07.2002 partial shipments,Accordingly we made the shipments of 25 containers and 5 contains (96 Tons) Total 30 Containers quantity of 480,000 +96,000Kgs = 576,000 Kgs which is presently held up at Jabal Ali & Aqaba port. These 2 shipments are intransit to Baghdad and shipped the cargo prior to Iraq War (March 17th 2003)

In this regard we have already informed to OIP through our PMI by several reminders but so far we have not received any communication from them with the clearance for the goods intransit and for shipping balance quantity.

Now recently we have received a message from Ministry of Industries & Minerals advising us to coordinate with the Iraqi State Company for Petrochemical Industries because they are the in charge for all shipments via UM QASAR that includes our shipments. In this regard we are requesting you to use your good office and see the clearance for intransit goods and shipping for further balance quantity as we are in a great difficult situation by blocking our funds and increasing the cost day by day for maintenance, storage demurrage and detention & bank interest etc etc.

Hope you understand our situation and do the needful for [illegible] to you.

Thanking you with respectful regards,

Yours sincerely,

(M. Uma Maheswar)

MITTAPALLI AUDINARAYANA & CO. GUNTUR INDIA

To Ambassador (3) OF (3)

be Spoke - would it be possible to check the position - could the Emb [illegible] or should wait till [illegible] OIP

List of Contracts Prioritized Pursuant to Security Council Resolution 1483 (2003)

20/9/2003

CommNos	Priority	Extra Fees	Sector	Category of Goods	Value Contracted	Value Arrived	Value Relative	Mission Country	Exporter	Amended Delivery Location	Delivery Date (NLT date, Approx Date, and/or Immediate)	Proposed Amendments or Notes
1200484	1	10%	Industry	FLUE CURED TABA	2471206.9	0	2471206.9	India	MITTAPALLI AUD	Tobacco Company Baghc	before June 2004	to be renegotiated
1200486	1	10%	Industry	FERRO MANGANES	437469.95	0	437469.95	Jordan	AYA COMMERCIAL	AGENCIES EST.	before June 2004	to be renegotiated
1200487	1	10%	Industry	INDUCTION FURNA	260098.52	0	260098.52	Jordan	INTERNATIONAL	INDUSTRIAL PRODUCT	before June 2004	to be renegotiated

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 30

REFORM OF SALARIES AND EMPLOYMENT CONDITIONS OF STATE EMPLOYEES

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Understanding that the salaries of public workers under the former regime were paid through a complicated system largely composed of incentive pay that rewarded loyalty to the former regime over meritorious service,

Realizing that service in state agencies and state owned enterprises is important public service that requires appropriate compensation for efforts of workers to encourage the best qualified to choose public service,

Noting that salary and conditions of employment reform is essential to guarantee fairness within the public system to ensure that state employees receive appropriate compensation for their efforts, but also to provide incentives for meritorious service or sanctions for failure to perform appropriately,

Recognizing the need to establish a transparent system of compensation for those employed in public service,

I hereby promulgate the following:

Section 1
Definitions

"Base Salary" means base compensation for public employment exclusive of any Special Pay.

"Geographic Allowances" means any special payment made to a Public Service Employee as a result of the location the employee performs duties.

"Grade" means the position level specified for any public service position set forth in the Salary Table attached as Annex A.

"Public Service Employees" means all national government employees serving in any capacity in any national governmental agency or instrumentality including ministries, whether at the national, governorate or municipal level, and state-owned enterprises.

04209

"Public Service Employees" does not include municipal or local employees appointed by Coalition Forces.

"Risk Allowances" means any special payment made to a Public Service Employee as result of the hazardous nature of their employment.

"Special Pay" means any special payment or incentive payment including family allowances, staff bonuses, university service allowance, scientific status allowances, qualification allowances, position allowances, vocational allowances, transportation allowances, geographic allowances, risk allowances, or any other legal compensation other than Base salary paid in connection with public service.

"Salary Table" means the table of payments of monthly salaries paid to Public Service Employees set forth in Annex A to this Order which shall be effective from 1 October 2003 until 30 September 2004.

Section 2
Purpose and Objectives

1) Salary reform for Public Service Employees is necessary to encourage the best qualified to choose careers in public service. A system of pay based upon complicated incentives lacks transparency and unfairly results in widely disparate levels of pay for the same work. The public sector salary system is reformed to foster transparency in payments and to regularize payments to ensure that individuals are compensated at comparable levels for comparable work across all areas of public service.

2) Reform of conditions of employment reform for Public Service Employees is also necessary to encourage the best qualified to choose careers in public service. The conditions of public service employment are reformed to enable the best qualified employees to rapidly advance to positions of greater responsibility, but also to allow for the removal of Public Service Employees who regularly fail to achieve the minimum standards expected of their Grade and position.

Section 3
Salary Reform

1) Effective 1 October 2003, all existing laws, regulations, orders, or other enactments establishing salaries, Special Pay, or other monetary incentives for Public Service Employees are hereby suspended. The CPA Director of Management and Budget, in coordination with the interim Minister of Finance, may grant limited exceptions to this suspension until 31 December 2003 for public agencies unable to implement this Order by the prescribed dates.

2) Effective 1 October 2003, all Public Service Employees shall be paid in accordance with the Salary Table except in cases where the CPA Director of Management and Budget has granted an exception to the implementation of this Order in accordance with Section 3(1) above or where the CPA Director of Management and Budget has authorized the public agency to implement the Salary Table prior to 1 October 2003.

3) As set forth in the Salary Table, the salary paid to an employee will be based upon the Grade of the employee as determined by the classification of the employee's position and the employee's employment Step as determined in part by the employee's length of service and in part by performance.

4) The CPA Director of Management and Budget may authorize the payment of Risk Allowances for particularly hazardous duties or Geographic Allowances. The only basis for approval of Geographic Allowances is a demonstrated history of an inability to fill the position at the authorized salary. Following the implementation of the salary reform provisions contained herein, all such Risk Allowances and Geographic Allowances must be approved by the CPA Director of Management and Budget.

5) No Base Salary of Public Service Employees for the same position will be reduced by the implementation of the salary provision of this Order. In the event a Public Service Employee's prior Base Salary for the same position is more than the amount specified in the Salary Table, the pre-existing salary of the Public Service Employee will continue to be paid. The Base Salary of such employees will not be increased until the Public Service Employee is entitled to increased compensation as defined by the Salary Table. This provision does not affect the removal of Special Pay or other incentives as detailed elsewhere in this Order.

Section 4
Implementation of Salary Reform

1) All Ministers, state owned enterprise Directors, or other heads of public agencies shall establish salary Grade classifications for existing positions within their agency in accordance with the guidelines issued by the Ministry of Finance.

2) All such salary Grade classifications will be submitted to the Ministry of Finance for review and approval prior to implementation. The Ministry of Finance may reject or revise the salary Grade classifications presented by other agencies. The salary Grade classifications of the Ministry of Finance shall be consistent with the guidelines issued by the Ministry of Finance.

3) Based on the budget of the agency and the agreed upon salary Grade classifications, total annual salary budgets will be developed by each ministry, state owned enterprise, or other agency for approval by the Ministry of Finance. The Ministry of Finance may reject or revise the total annual salary budget presented by other agencies. The total annual salary budget of the Ministry of Finance shall be consistent with the guidelines issued by the Ministry of Finance. All ministries, state owned enterprises, or other agencies shall deliver the total annual salary budget to the Ministry of Finance no later than September 15 of each year.

Section 5
Impact of De-Baathification Removals

Public Service Employees who lost their civil service positions as a result of the implementation of CPA Order 1, De-Baathification of Iraqi Society, are not entitled to retirement benefits.

Section 6
Reform of Conditions of Public Employment

HIRING AND PROMOTION PRACTICES

1) No ministry, governorate or municipal administration, state owned enterprise, or any other governmental agency is required to employ any person solely as a result of the person's training or qualifications. All employment decisions will be based upon the needs of the agency.

2) Persons formerly employed by a state agency have no special entitlement to resume their employment. All employment decisions will be based on the needs of the agency. Prior employment with the agency may be a factor in deciding to rehire a former employee to fill a vacancy.

3) Persons from outside the agency may be hired to fill vacancies. Hiring decisions will be based on an individual's qualifications without regard to race, religion, tribal membership, gender, or regional origin. The best-qualified person will be hired for the position.

4) Duty assignments within an agency are at the discretion of agency heads; provided, however, except as required by exigencies of the work requirements, the majority of the duties of Public Service Employees will be tasks appropriate for their employment Grade.

5) Promotions of Public Service Employees will be based upon the employee's potential for service, ability to assume more complex duties or responsibilities, and ability to perform at the higher Grade. Longevity of service, without the consideration of other qualifications, shall be an inappropriate basis for promotion.

6) Public Service Employees may only be promoted in the event there is a vacancy in the next higher Grade. Promotions in Grade prior to the occurrence of a vacancy in that Grade are not authorized.

EMPLOYMENT CONDITIONS

7) All Public Service Employees are expected to report to work in accordance with the reasonable instructions of their agency. Public Service Employees who fail to report to work without the authorization of their senior supervisor within the agency have no entitlement to be paid for days they do not work. The managers of Public Service Employees may withhold one day's pay for each day in which the employee failed to report to work for a substantial portion of the work day. One day's pay shall be calculated by dividing the total monthly pay specified in Salary Table for the employee by the number of scheduled work days in the month.

8) Public Service Employees who fail to report to work for five consecutive days or ten days in a month, except as authorized by their senior supervisor or as a result of verifiable medical incapacitation, may be dismissed from their employment. No public notice shall be required. Supervisors shall make reasonable attempts to notify employees in person. If the Supervisor cannot, through reasonable attempts, locate the employee after ten days, notice can be delivered to the employee's last known address and shall be sufficient to terminate the employment. No proof of actual notice shall be required. Public Service Employees may appeal such a dismissal in accordance with the procedures specified in Section 7.

9) Senior agency officials may withhold Step increases in salary in the event the performance of the employee does not meet reasonable expectations of performance for the position held. Public Service Employees whose Step increases are withheld under this provision may appeal this determination to the Ministry of Finance or in accordance with the procedures specified in Section 7.

10) Managers and agency heads will exercise oversight and control over the implementation of this Order to ensure fairness within the system. Employees who fail to adhere to the rules set forth herein may fail to meet the reasonable expectations of performance described above and may be subject to disciplinary measures.

Section 7
Procedure to Address Complaints

Public Service Employees may seek redress for adverse managerial actions inconsistent with this Order under the procedures described in Civil Service Law (13) of 1991.

Section 8
Administrative Instructions

The CPA Director of Management and Budget or interim Minister of the Finance, with the concurrence of the CPA Director of Management and Budget, may issue such Administrative Instructions as are necessary to carry out the purposes of this Order.

Section 9
Inconsistent Legislation

Any portion of legislation inconsistent with any of the provisions of this Order is hereby suspended to the extent necessary to implement the provisions of this Order.

Section 10
Entry into Force

This Order shall enter into force on the date of signature.

9/8/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

ORDER NUMBER 30
ANNEX A

REFORM OF SALARIES AND EMPLOYMENT CONDITIONS OF STATE EMPLOYEES

Salary Table

Monthly Salary Amounts in Thousands of Iraqi Dinars (000)

Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
SUPER A	2250	2233	2316	2400	2483	2566	2650	2733	2817	3000
SUPER B	1500	1583	1666	1750	1833	1916	1999	2083	2166	2249
1	740	760	780	800	820	840	860	880	900	920
2	574	589	605	620	636	651	667	682	698	713
3	444	456	468	480	492	504	516	528	540	552
4	342	352	361	370	379	389	398	407	416	426
5	264	271	278	285	292	299	306	314	321	328
6	204	209	215	220	226	231	237	242	248	253
7	157	162	166	170	174	179	183	187	191	196
8	125	128	132	135	138	142	146	149	152	155
9	102	105	107	110	113	116	118	121	124	127
10	83	86	88	90	92	95	97	99	101	104
11	69	71	73	75	77	79	81	83	84	86

#	Company	Good or Service	Ministry	Employees
1	Airways	Commercial airline	Trans.	2329
2	Aldifal	Passenger transport	Trans.	785
3	Delegates	Limousine service	Trans.	206
4	Internet	Internet	Trans.	412
5	ITPC	air traffic control	Trans	2329
6	Land Transport	Trucking	Trans.	1596
7	Passenger	Long distance and inter-city transportation	Trans.	3433
8	Port	Port	Trans	8652
9	Private	Buses and taxis	Trans.	1761
10	Project	Railroad design/construction	Trans	884
11	Railway	Rail travel	Trans.	12290
12	Water Transport	Marine	Trans	1595
13	Al Mutasim	Road/bridge Construction	Housing	1439
14	Al Salam	Construction equipment	Housing	
15	Al-Fao SCC	Commercial Construction	Housing	3629
16	Al-Farouq State Construction Co.	Construction, bldg., water	Housing	1433
17	Al-Mansour State Construction Co.	Construction works, bldgs.	Housing	1527
18	Al-Rasheed State Construction Co.	Construction works, bldgs.	Housing	1186
19	Ashur SCC	Road/bridge Construction	Housing	2214
20	Hamurabi State Construction Co.	Road/bridge Construction	Housing	2351
21	National Center for Consultancy	Engineering designs and services	Housing	395
20	National Center for Labs	Building & soil exams	Housing	1449
21	Saad SCC	Commercial Construction	Housing	1219
22	Al Faris	Steel fab & press. vessels	IndMin	1334
23	Al Furat Chemical	Chlorine & other chemicals	IndMin	1730
24	Al Qadesia Electrical (Diala)	Manuf. Pwr transformers	IndMin	2261
25	Al-Ikhaa (TBD) (Falluja)	Heavy machining, lenses	IndMin	2282
26	Al-Mansour	Solar cells, IC, gases	IndMin	676
27	Al-Noaman	Plastic injection, irrigation	IndMin	640
28	Al-Sawari	Resins, inks, fiberglass	IndMin	961
29	Al-Shaheed	Ammunition raw materials	IndMin	1279
30	Al-Sumoud.	Steel Structure & Heavy Mech. Equipments.	IndMin	1500
31	Al-Tahady	Motors, capacitors, transfo.	IndMin	400
32	Battery Industries SC	vehicle batteries	IndMin	1929
33	Car Manufacturing	bus and truck assembly	IndMin	2167
34	Construction Industries	bricks, pvc pipes	IndMin	3201
35	Cotton Industries SC	spinning and weaving	IndMin	6776
36	Dairy Products SC	dairy	IndMin	1075
37	Electrical Industries SC	subfractional motors, A/C	IndMin	3158
38	Furniture Factory	furniture	IndMin	223
39	General Systems	Electronic Control Systems	IndMin	438
40	Geological Survey & Mining	Survey and Mining	IndMin	1205
41	Glass & Ceramics	Plate glass and ceramic tiles	IndMin	2366
42	Hand Woven Carpets	Persian Carpets	IndMin	905
43	Ibn-Majd (TBD) (Basra)	Eng, Mfg, marine et al.	IndMin	1500
44	Indus. Design & Constr.	Industrial Contracting	IndMin	581
45	Indus. Design & Consult.	Architectural-Engineering	IndMin	810
46	Industrial Development	economic development agency	IndMin	188
47	Information Systems	IT Systems provider	IndMin	165
48	Iraqi Cement	Cement	IndMin	3310
49	Iron & Steel	Steel fabrication (pipes)	IndMin	3158
50	Leather Industries	Shoes, leather goods	IndMin	2822
51	Mechanical Industries	farm equipment	IndMin	3872

#	Company	Good or Service	Ministry	Employees
50	Mishraq Sulphur	Sulphur Mining	IndMin	1278
51	Nassr SC for Mechanical Indus.	Manuf. Industrial mach's	IndMin	2483
52	Ninawa	Drugs & Medical Supplies	IndMin	947
53	Nissan (17)	signs	IndMin	805
54	Northern Cement	Cement	IndMin	2293
55	Northern Fertilizer	Urea	IndMin	1936
56	Paper Industry	Paper Industry	IndMin	3153
57	Petrochemical	Fertilizer	IndMin	3872
58	Phosphate	Phosphate	IndMin	3212
59	Ready Made Wear Indus.	garments	IndMin	1515
60	Refractories	Insulated bricks	IndMin	1000
61	Research & Development	Research & Development	IndMin	1016
62	Rubber Industries	tires, truck	IndMin	1201
63	Sammara	Drugs & Medical Supplies	IndMin	2603
64	Southern Cement	Cement	IndMin	5200
65	Southern Fertilizer	Urea	IndMin	2340
66	Spec. Inst. for Eng. Indus.	Quality Control	IndMin	287
67	Sugar Industry	sugar	IndMin	480
68	Textile Industries - Hilla	textile and fabrics	IndMin	2712
69	Textiles	Textiles	IndMin	3317
70	Tires Industries - Najaf	Vehicle Tires (car)	IndMin	2357
71	Tobacco & Cigarettes	Tobacco & Cigarettes	IndMin	2246
72	Training & Rehab.	Service provider:Training	IndMin	895
73	Ur Engineering	Aluminum Cables	IndMin	3352
74	Vegetable Oils Industry	laundry, soap, oil, etc.	IndMin	3750
75	Woolen Industries SC	Carpets	IndMin	3201

76	7 Nissan	Fuses, military shells	MoF	1860
77	Al Karama	Al Sumoud missiles	MoF	1950
78	Al-EHz	Electronic switching	MoF	935
79	Al-Fida	Hydraulic, pneumatic sys.	MoF	1285
80	Al-Hadhar	Chemical products	MoF	
81	Al-Harith	R&D, air defense, repair	MoF	1382
82	Al-Kadisiya	Guns, grenades, mortars	MoF	3943
83	Al-Kindi	R&D, radar	MoF	970
84	Al-Nidaa	Dies, molds, gears	MoF	1307
85	Al-Qaqa	Explosives, powder, TNT	MoF	5400
86	Al-Radhwam	Machining	MoF	755
87	Al-Rasheed (no file)	CO2 producer	MoF	
88	Al-Uboor	Machining	MoF	890
89	Al-Yarmouk	Ammunition, barbed wire	MoF	2709
90	Al-Zahaf Al-Kabeer	Concrete additives	MoF	568
91	Bader	Tools & dies	MoF	1631
92	Hamoorabi (Babylon)	Pistols, small arms	MoF	647
93	Huteem	Ammunition, guns, mortar	MoF	5443
94	Ibn-Al-Waled	Training, certification	MoF	785
93	Ibn-Rushd	Qual mgmt, testing, inspec	MoF	451
94	Jaber Ben Hayan	Rubber, plastics, filters	MoF	925
95	Salahadeen (TBD) (Tikrit)	Communications, radar	MoF	2850
96	Sanareeb (TBD)	Irrigation systems	MoF	654
97	Tabooq	Powder for cartridges	MoF	534
98	Tariq (Falluja)	Pesticides, chemicals	MoF	871

#	Company	Good or Service	Ministry	Employees
99	Construction Materials	Retail Construction Mat.	Trade	3385
100	Export and Import	Import Licensing	Trade	
101	Food Stuffs	Imports processed food	Trade	
102	Grain Board	Receives imported grain	Trade	
103	Grain Processing	Flour Production	Trade	
104	International Fairs	Trade Shows	Trade	
105	Shopping Center	Retail	Trade	5880
106	Vehicle Sales	Auto/ Truck Dist.	Trade	2606
107	Ag Supplies	Ag supplies distributor	Agricult.	1358
108	Animal Resources	Livestock/poultry supplies	Agricult.	492
109	Horticulture / Forestry	Nursery for crop seedlings	Agricult.	773
110	Industrial Crops	Supply & buy local crops	Agricult.	481
111	Mesopotamia Seed	Process crop seeds	Agricult.	747
112	Veterinary	Vet supplies	Agricult.	2434
113	Al Kadisiah	Irrigation & drainage networks	Water	621
114	Al Nasser		Water	
115	Al-Fao	Irrigation & reclamation	Water	862
116	Al-Hadba'a Co. for Irrig. & Maint.	Dev. and main. Of reclam & irrig proj.	Water	1280
117	Al-Muthana	River dredging	Water	646
118	Dijala Company	Irrigation study & design	Water	120
119	Fourat Design	Consul. for irr.,drain,dams	Water	334
120	Mech. & Elec. Contr. State Co.		Water	
121	Rafidain Dams Contstruction Co.	Construction of dams	Water	792
120	Water Well Drilling	Water well drilling & install.	Water	1650
121	North Oil Co.	HQ	Oil	
122	South Oil Co.	HQ	Oil	
156	Center for Research & Managerial Dev.	Research & Managerial Development	Oil	
157	Central (Doura) Refinery Co.	Refinery.	Oil	
158	Iraqi Drilling Co. (IDC)	Wells drilling.	Oil	
159	Iraqi Oil Tanker Company.	Tankers	Oil	
160	LPG Bottling Co.	Bottling.	Oil	
161	North (Baiji) Refinery Co.	Refinery.	Oil	
153	North Gas Company.	Gas Production	Oil	
154	Oil Exploration Co.	Exploring	Oil	
155	Oil Products Dist. Co.	Product Sales & Marketing.	Oil	
155	Oil Training Institute(5)	Training	Oil	
156	Petroleum Pipeline Co.	Pipeline Manufacturing.	Oil	
152	South (Basrah) Refinery Co.	Refinery.	Oil	
154	South Gas Company.	Gas Production	Oil	
157	Training Center	All defense SOE's specialties	Molsa	
156	Basrah Generation	Generation	Electricity	1651
157	EPSS		Electricity	2991
158	Euphrates Distribution	Distribution	Electricity	2997
159	Euphrates Generation	Generation	Electricity	1190
160	Generation Projects	Projects	Electricity	1803
161	Karkh Distribution	Distribution	Electricity	2282
162	Maintenance and Workshops		Electricity	1012
163	Middle Distribution	Distribution	Electricity	3235
164	Middle Euphrates Transmission	Transmission	Electricity	382
165	Middle Generation	Generation	Electricity	2515
166	Middle Transmission	Transmission	Electricity	877
168	Nasiriyah Generation	Generation	Electricity	899
169	Northern Distribution	Distribution	Electricity	3558
170	Northern Generation	Generation	Electricity	601

#	Company	Good or Service	Ministry	Employees
171	Northern Transmission	Transmission	Electricity	745
172	Rusafa Distribution	Distribution	Electricity	3817
173	Salah Adeen Generation	Generation	Electricity	1513
174	Southern Distribution	Distribution	Electricity	4551
175	Southern Transmission	Transmission	Electricity	997
176	Training and Development		Electricity	228
177	Transmission Projects	Projects	Electricity	1037
178	Upper Euphrates Transmission	Transmission	Electricity	501
				39392
179	Ibn-Firnas	R&D, marine mines, drone	MilIndus	805
180	Al-Melad	R&D, electronics	MilIndus	790
181	Ar-Razi	Lasers	MilIndus	
182	Sakar Al-Arab	R&D, electronic warfare	MilIndus	34
183	Um-Almarik	Machining	MilIndus	1560
184	Al-Fat'h	R&D, missiles, explosives	MilIndus	186
185	28 April Research	R&D, electronic warfare	MilIndus	99
186	Al-Rafah	Consulting, alloy, ceramic	MilIndus	370
187	Al-Khawarezmi	Software	MilIndus	280
188	Al-Qudis	R&D, engineering, rockets	MilIndus	716
189	Al-Majd	Water purification	MilIndus	547
190	Al-Battany	R&D, space tech	MilIndus	269

From: (b)(6)
Sent: Friday, March 05, 2004 7:37 AM
(b)(6)
Subject: SCP payroll

(b)(6)

I heard before and I'm hearing about it again that SOEs have a budget that they submit. The way I understand it to be is like a month "Operatinf and Maintenance" budget, is this correct and if so who do I get the guideline from? If it is something out of the MoF can you send a file or doc. to me on how it works, implementing instruction and formers to be filled out and send to what/which minisrties for approval.

My picture ID taking AND my speaking with the production supervisors out in the plant are giving the hard number of employees I'm looking for. I think the production supervisors are the key in that they report and only have knowledge of the actual workers. The ghosts come in at the management level in the accounting and administrative departments, that is where the books are being cooked.

The secret to catching this is to show up at the factory with a team of picture takers, start taking employee photo and at the same time get the production unit supervisors away from the management and ask how many workers they are directly responsible for scheduling. At the same time set up the heads of accounting and admin/personnel departments and ask to see their records.

Personally from what I can tell is this practice has been going on for some time, even under the old regime and todays bad guys found it a very big and attractive way to get big money out of an ongoing system with the increased salaries that CPA has been paying as a bonus.

If MoF wants to get t the bottom of ghost pay and clear up a good part of the problem, it would need to be conducted on a national scale where Coalition Forces, CPA and Iraqi Inspector General's Office audit teams come down on the SOEs all on or about the same time. Kinda like an FBI-DEA-SWAT raid in Chicago or Philly.

If it is not done this way I would suggest a baseline reduction each month that the SOEs draw for salaries. Example: Publish the rduction plan in Emglish and Arabic on a company with 2,000 workers reported as a baseline at $200,000 for the month. Next month pay provide only 75%...next 50%, next 40%, next 30% and at 40% cut the managment out of recieving any pay. The goal is not to hurt the average Iraqi worker and place the responibility of starting the SOE back up on the management where it belong.

I had an interesting conversation with a well placed individual and the old time management of SOEs are one, taking the money out of a cash system that is not accounable, has been in place for years and two, they (select individuals in and out of managment) have a political agenda for CPA and Coalition Forces NOT to show any success in the economy, which in turn they use as propaganda against us amoung the under educated, under employed working class. Former Regime, Ba'ath Party members are having their way

with millions and month and stopping the SOEs from fuctioning without firing a shot, although most likely they fund a good number of shots and bombs direct against us. They have found a way to bleed the economic efforts out of us.

(b)(6)

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(b)(6)

Subject: SCP payroll part II

All,

The processed we used at SCP to get a grip on salaries of workers is the following CPA policy. It is most difficult for the ghosts to come up with IDs and bank accounts in a timely manner. The bank account requirement also takes the money out of the cooked books of the accounting and administrative departments.

CPA policy...."Workers receiving their first month's pay under the new salary system will be required to provide recognizable photo identification. In subsequent payments, a bank account number where workers would like future wages to be deposited will be required."....

CATB40 printed this policy out in Arabic and English and distributed out to the real workers that show up for IDs and they understand they then need to go open a bank account. They accounting and admin bad guy then not get their hands on the money.

Combine this with the CATB40 recommended reduction of SOE salary from the Ministry of Finance down to 40%... the workers with average real/accounted for workers, with IDs and bank accounts (and their families) will not be disadvantaged because of the corrupt management of the SOEs. the published reduction with these pay implementation procedures will force the management to get the SOEs running if the management wishes to receive their salaries in the future.

Coalition Provisional Authority
SALARY IMPLEMENTING INSTRUCTIONS
The Iraqi Governing Council and the CPA Administrator have approved new salary scales to Iraqi civil servants and other Iraqi government employees. These instructions will explain the new structure and provide implementing instructions for the transition from the current four grade structure.

The new salary scale is the result of extensive study and interaction of a Salary Task Force composed of representatives of the Iraqi Ministries and government and out side pay experts brought in for the project. The Iraqi working group studied the issue for over a month and made valuable recommendations that form the basis for the plan.

The plan takes into consideration all those who are currently receiving salary payments under the four grade program. Their salaries will remain at their current levels unless their experience, productivity and performance will cause them to be slotted at a higher grade. Those grand-fathered under this save pay formula will remain at their pay level until promotions and longevity increases catch up to them. Thus all current Iraqi government employees will receive the same or greater pay under this system compared to the current system.

The new system is based on pay for work. No one will receive special bonuses or stipends. The workers pay will be based entirely on the base salary in the scale and not/not on other supplementary pays. The workers will be expected to work a normal Iraqi work week of at least 35 hours in order to be paid. Shift workers, those working overtime, and other similar issues will be compensated within salary scale limits by management decisions.

Transition to the new pay scale will take place over the next few months starting in most cases on 1 October 2003. The Iraqi task force is working on bench-mark job positions to aid managers in their decision about where an individual is placed on the scale. As Ministries and commissions and State owned industries complete their slate of employee assignments, the Ministry of Finance and Ministry of Planning will work together to ensure worker distribution conforms to the affordability percentage per grade. If they do not, then the situation will be considered by the Iraqi Salary Working group to resolve the distribution either by reclassification of some workers or a nation-wide cross-leveling.

Once these classifications are finalized then the new salary scale will enter into effect the next month for that particular organization. No one can be paid under the new scale and job classification until the end of October pay dates, as the salaries will be paid in the new Iraqi dinar. All wages will be paid in Iraqi Dinars. Those payments taking place after October 15 will be paid with the new Iraqi dinar on a one-for-one basis.

Workers receiving their first month's pay under the new salary system will be required to provide recognizable photo identification. In subsequent payments, a bank account number where workers would like future wages to be deposited will be required.

Ministries will provide workers' names, identification numbers to both the Ministry of Planning and the Ministry of Finance, and a new grade/step classification for each employee. Once it is ascertained that the Ministry or Agency's list and grade structure is completed and approved by the Ministry of Finance, the salary funds will be included in the Ministry or Agency's operating budget for each remaining month in 2003 and will be the basis for a salary budget line in the 2004 budget.

(b)(6)

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CPA Order 30

Partial Transition

Interim Transition	4 Tier Syst.	11 Tier Syst.
Emergency Payouts	100	• Managmt Tool
	200	• Opp. for raises/ +/or promotions
	400	
	700	* • Diplomacy Obstruct — for MoF
		• Movement

Genie out of bottle!

Brener's public statement!

Plus order 30

Perception of 40% raise for everyone

= Rescind 30; Issue Amended

(1) ~~Transfer to 11 tier~~

From: (b)(6)
Sent: Friday, April 30, 2004 11:08 AM
To: Pino, Albert (AD00)
Cc: (b)(6)
(b)(6)
Subject: RE: We need your help...

The best place to start is a letter from the Ministry of LSA with the background for finance on when these people were transferred, how many there are and how much it will cost per month (1.5 million ID?). If these were people previously paid from the budget of MIM, we need some recognition from them about whether they were paid from their Ch. 1 expenses as part of the ministry staff, or were they an SOE receiving support but falling under the MIM umbrella. We also need MIM to agree to transfer some budget funds with these people (not sure of the motivation of the transfer, but obviously they can't transfer the employees without also sending over the cash to pay them).

I am also copying (b)(6) on this as I believe the issue came up yesterday at MoF. If I remember correctly we agreed to continue paying these people on the four tier for the current month as an advance and charge it to the correct Ministry's Ch. 1 expenses when this gets sorted out.

Hope this helps – fixing will require some direct coordination between MOLSA and MIM – (b)(6)
(b)(6) email is attached.
(b)(6)

-----Original Message-----
From: (b)(6) AD00)
Sent: Thursday, April 29, 2004 4:06 PM
To: (b)(6)
Cc:
Subject: We need your help...

(b)(6)

I learned today that MOLSA inherited some vocational centers from the Ministry of Industry Minerals and Ministry of Industry Military but we didn't get the budget funding to run the monthly expenses. We have a current issue and that is to pay the monthly salary for the Ministry of Industry Minerals.

We have some questions:

MoFinance

Al Qaim Phosphate — SOE? (yes)

All SOEs paid

Order #30

Budgets (SOEs)? — 1500 · Transformers

Contracts — 1600 : [redacted] (9)(a)

Processes - No — 1700 ;

MIC

Call Dr. Sani
Rep. of Ministry Res

Iraq: Key Websites and Contacts

Prepared by the
Iraq Investment & Reconstruction Task Force
U.S. Department of Commerce – International Trade Administration

Links to these and other resources, as well as useful information about business developments and opportunities in Iraq, are available at www.export.gov/iraq .

Business Information about Iraq

U.S. Department of Commerce Iraq Investment & Reconstruction Task Force	www.export.gov/iraq
Coalition Provisional Authority Private Sector Development Group	www.iraqcoalition.org/business_center.html
Iraqi Business Center (in Baghdad)	www.iraqibusinesscenter.org
Kirkuk Business Center	http://kirkuk-business-center.org
CPA South: Um Qasr Business Center	commercial.enquiries.south@cpa-iq.org

Reconstruction Contracts

Coalition Provisional Authority	www.cpa-iraq.org/business
Program Management Office	www.rebuilding-iraq.net
U.S. Army Corps of Engineers	www.hq.usace.army.mil/cepa/iraq/iraq.htm
U.S. Agency for International Development	http://www.usaid.gov/iraq/

Iraqi Ministry Websites

Ministry of Health	www.kimadia.com
Ministry of Oil	www.uruklink.net/oil
Ministry of Trade	www.motiraq.org
Others TBD	

Calendar of Iraq Related Events
As of March 30, 2004

April 5-8 Baghdad Iraq	Destination Baghdad EXPO (DBX) www.i-acci.org Organized by: Iraqi American Chamber of Commerce & Industry (IACCI) Location: Baghdad, Iraq Contact: Raad Ommar (b)(6)
April 10 Riyadh, Saudi Arabia	Iraq Reconstruction Seminar Organized by the U.S. Commercial Service/Saudi Arabia & the Council of Saudi Chambers of Commerce Contact: (b)(6)
April 13 Chicago, IL	Dept. of Commerce Iraq Reconstruction event Contact: (b)(6)
April 13-14 Washington	Iraq Reconstruction Contact: Equity International, www.rec-dev.com, events@equityintl.us
April 14 San Francisco	Dept. of Commerce Iraq Reconstruction event Contact: (b)(6)
April 18-19 Basra, Iraq	Iraqi Ministry of Oil conference in Basra, Iraq (The Oil Cultural Center). Contact: Iraq Ministry of Oil oil@uruklink.net Fee of $4,000 *Ministry to outline oil strategy and investment plan for reviving the sector.*
April 19-21 Amman Jordan	Iraqi Agriculture: Strategies for Growth and Opportunity Contact: CNFA – (b)(6) *Major conference with key Iraqi interim gov't & int'l agribusiness leaders focusing on the rebuilding of Iraq's agriculture economy.*
April 20	CPA-PMO/DOC/State event in Dubai
April 23	CPA-PMO/DOC/State event in Rome
April 26-29 Erbil, Iraq	New Fields 4th Rebuilding Iraq Conference. (capital of Kurdistan). In Erbil Univeristy; conference and exhibition. www.new-fields.com *Seeking CPA and Iraqi Ministerial participation*
April 26-28 London	Iraq Procurement 2004 Organized by the Arab-British Chamber of Commerce (www.iraqprocurement.org)
April 27	CPA-PMO/DOC/State event in Madrid
April 28	CPA-PMO/DOC/State event in Amman
April 29	CPA-PMO/DOC/State event in Istanbul
April 30	CPA-PMO/DOC/State event in Sydney

May 6 Houston, TX	Dept. of Commerce Iraq Reconstruction event Contact: (b)(6)
May 24 – 25 London	Iraq Reconstruction Event – Energy Focus Organizer: SMI Conferences, www.smionline.co.uk
May 25-29 London	Kurdistan and Northern Iraq Gateway Organizer: Kurdistan Development Corporation, www.kurdistangateway.com Anticipates high-level federal government officials + regional chambers + matchmaking
May Amman Jordan	SME Conference. Also includes training for Iraqis by JABA (Jordanian-American Business Association) Contact: (b)(6)
May/June	Delegation of Iraqi Private Bankers to the U.S. including some time in NYC and D.C. Contact: (b)(6)
May/June	Delegation of Iraqi Oil officials to the U.S. Contact: (b)(6)
June 2-3 Basra, Iraq	Basra Investment Conference Contact: (b)(6)
June 23-24 London	Rebuilding Iraq Organizer: New Fields, www.newf-ields.com
TBD Atlanta, GA	Dept. of Commerce Iraq Reconstruction event Contact: (b)(6)
TBD Seattle, WA	Dept. of Commerce Iraq Reconstruction event Contact: (b)(6)
Last Q 2004 Baghdad	New Fields 5th Rebuilding Iraq Conference www.new-fields.com

Prepared by (b)(6)

M115 - Reg. Security Offr

Senior Advisor Security Meeting - 9 April 2004

Agenda:

1700 – 1730 Threat Update Briefing.....Diplomatic Security Service

1730 – 1740 Overview of DSS Personal Security Course...Diplomatic Security Service

1740 – 1750 CPA Security Initiatives.....(b)(6) Counter Threat Program

Security Review Meeting Overview – 1 April 04

(b)(6) n a planning and C2 methodology for better control, situational awareness, and security in movement. The basic premise was for a central operations center that is unclassified, and therefore accessible to civilians. Below this center, would be an entire web of regional and local CMOCs throughout the country. The CG, CJTF-7 had approved the concept. [Strategic Reconstruction Operations Center (SROC), introduced in Joint Planning Group (JPG) on 6 Apr. It is in planning stages.]. Mr. Benevento, DSS, explained that starting on 1 July; Dept of State standards would be put into place. This would mean that for all movements, a 72 hr advance request, PSD personnel, and a minimum of 2 hard cars with 2 shooters each would become the requirement. The CPA Front Office is receiving three Hard cars – scheduling and training requirements TBD.

Security Task Force – 5 April 04

CPA Arbaeen Duty Officer - 2 April through 17 April

2300 – 0700 in Force Protection (Dial 112)

Sharing Intelligence Information with Senior Advisors

- Sanitized current situation report to 0730 Senior Advisor Meeting
- CPA Regional Operations has offered to provide information on happening is areas of interest on a stop-by basis.
- Weekly FOUO threat report produced by Diplomatic Security Service?
- Bound copy of the situation reports in M117 for Senior Advisors to review
- Establish SIPRNET or CENTRIX accounts for one or two individuals (with appropriate clearances) in each senior advisor office.

1750 – 1800 General Discussion

Useful Contact Information

Force Protection.....Emergency – 112/Routine - 914-360-4435/Palace - 2398196/4

Ministry Requirements Coordination Office.....Palace 239-8113/8119

Regional Operations:

(b)(6)

COALITION PROVISIONAL AUTHORITY

BAGHDAD

INFO MEMO

9 April 04

FOR: CPA Senior Ministry Advisors

FROM: (b)(6)

SUBJECT: Sharing Intelligence Information with Senior Advisors

The CPA Senior Ministry Advisors are not receiving current, accurate, actionable information about the events unfolding in Iraq sufficient for them to safely and effectively conduct their mission. To mitigate this Amb Jones has approved following actions. The paper attached on **Sharing Intelligence Information with Senior Advisors** contains pro's and con's each action.

- Assign a CPA office (Exec Sec?) the responsibility to sanitize the current situation report to produce a sanitized report of sensitive information and disseminate it to the senior advisors. (Exec Sec as current conduit for the situation report, will provide a brief summary at the 0730 senior advisor meeting – initially verbally)

- Inform senior advisors that CPA Regional Operations has offered to provide information on happening is areas of interest on a stop-by basis.

- Provide senior advisors the weekly FOUO threat report produced by Diplomatic Security Service. While this product focuses on the main supply routes, it could provide senior advisors with more a sense of what is going on throughout the country.

- Maintain a bound copy of the situation reports in a reading area for senior advisors to review.

- Establish SIPRNET or CENTRIX accounts for one or two individuals (with appropriate clearances) in each senior advisor office. Assign these individuals the task of advising their office of threats pertinent to their office's mission.

We rejected the following as being too risky from an operational security and media perspective or too resource intensive.

- Provide each senior advisor the bi-hourly situation report.

- Assign CPA (or request from CJTF-7) support to produce and disseminate an unclassified daily threat update (to include appropriate warnings).

- Issue blanket travel/no-travel and prohibited zone instructions to CPA personnel on a daily basis.

- Institute a Green Zone or Palace "rumor control" mechanism

My point of contact for this action is (b)(6) Please contact either of us if you have any questions.

ATTACHMENTS: Paper on Sharing Intelligence Information with Senior Advisors

COORDINATION: Exec Sec, (b)(6) – ok

Sharing Intelligence Information with Senior Advisors

Issue: Senior Advisors require timely threat information to make decisions about travel in and around Baghdad and to provide advice for the safe conduct of ministry business. There are no intelligence assets or personnel tasked to provide this information.

Background:
Senior advisors have complained about the lack or threat reports and assessment for several months. They had been receiving a "Threat Report" by Counter Intelligence Specialist Chris Tolbart consisting of a tally of attacks the past day, number of coalition, Iraqi Police, and non-combatants inured and killed. This report, while providing some context and rough gage of threat activity, provides nothing actionable. Occasionally, Chris' report would include explanations for noises in the night, or description of what a previous attack was (mortar, rocket, VBIED, etc).

On 5 April, the Security Task Force commenced disseminating to select individuals a compilation of raw activity reports from CPA offices throughout Iraq and Baghdad. The senior advisors have been encouraged to provide reports of enemy activity as they, or their ministries, encounter it. This situation report is compiled by CPO Military Assistant and disseminated by the CPA Executive Secretariat.

Challenges:

1. CPA has no intelligence function assigned to provide unclassified threat assessment and other intelligence with actionable information for the senior advisors.
2. Only a little over half of the senior advisors currently hold a level 1 or higher security clearance.
3. Most (if not all) do not have access to SIPRENET or CENTRIX in their work areas.

Courses of Action:

1. Continue status quo. Pro – requires no additional resources. Con – leaves senior advisors lacking necessary information to safely do their jobs and in an information void.
2. Provide each senior advisor the bi-hourly situation report. Pro – provides the senior advisors with the raw data for them to draw their own conclusions about the level of threat when making operational decisions. Con – could allow inaccurate information to be disseminated. Might endanger the lives of individuals mentioned in the reports. Will likely risk loss of control of sensitive information (eventually making its way to the news media).
3. Assign CPA (or request from CJTF-7) support to produce and disseminate an unclassified daily threat update (to include appropriate warnings). Pro – will satisfy the senior advisor intelligence requirement. Con – may end up spending a lot of effort producing a report of negligible value.
4. Assign a CPA office (Exec Sec?) the responsibility to sanitize the current situation report to produce a sanitized report of sensitive information and

disseminate it to the senior advisors. Pro – delivers actionable information with minimum additional effort. Con – may require one to three hours of effort daily to produce. Decreases, but does not eliminate the potential that sensitive information will be released. Will initially be disseminated verbally at the 0730 senior advisor meeting.

5. Issue blanket travel/no-travel and prohibited zone instructions to CPA personnel on a daily basis. Pro – eliminates the majority of the requirement to provide classified information to those with no clearance. Con – requires manpower and leadership involvement in making the trade off decisions. Removes the decision from those most knowledgeable about the mission.
6. Inform senior advisors that CPA Regional Operations has offered to provide information on happening is areas of interest on a stop-by basis. Pro – checking with regional operations on travel has long be policy and regional operations is the appropriate source for information on happenings in their regions. Con – Regional operations could possibly be swamped with untimely requests.
7. COL Bucci identified a weekly FOUO threat report. While this product focuses on the main supply routes, it could provide senior advisors with more a sense of what is going on throughout the country. Pro – provide real examples of incidents and threats which the senior advisors can expect to face in their work outside the green zone. Con – Though FOUO, the information may be too sensitive to risk dispersing it over such a wide audience. This option would require agreement from the diplomatic Security Service office.
8. Institute a Green Zone or Palace "rumor control" mechanism. Pro – potential to eliminate rumors which adversely effect morale and instill panic. Con – requires an office to take this on – no such office has been identified.
9. Maintain a bound copy of the situation reports in a reading area for senior advisors to review. Pro – information provided and less likely to spread past intended offices. Con – not available 24/7 and is still raw, unvetted, possibly inaccurate reporting.
10. Establish SIPRNET or CENTRIX accounts for one or two individuals (with appropriate clearances) in each senior advisor office. Assign these individuals the task of advising their office of threats pertinent to their office's mission. Pro – will partially satisfy senior advisor requirement for receiving actionable information. Con – CJTF-7 threat information is not tailored to the requirements of the senior advisors and the unique needs of their office. There are insufficient SIPRENET access sites to supply the need.

Notes:

1. MoI wants the situation report so they can disseminate it to their field units (provincial police, etc).
2. (b)(6) has been unable to attend the morning senior advisor meeting since 5 April – the time of greatest need/concern.
3. Daily Threat report and summary are on the CPA intranet site.

CPA Civil (b)(6)

NOTICE OF DELEGATION OF AUTHORITY - RECEIPT FOR SUPPLIES
For use of this form, see DA PAM 710-2-1. The proponent agency is ODCSLOG.

DATE: 3/28/04

AUTHORIZED REPRESENTATIVE(S)

ORGANIZATION RECEIVING SUPPLIES	LOCATION
Ministry of Industry & Minerals	S-107

LAST NAME-FIRST NAME-MIDDLE INITIAL	SOCIAL SECURITY NUMBER	AUTHORITY	SIGNATURE AND INITIALS
(b)(6)			

AUTHORIZATION ~~BY RESPONSIBLE SUPPLY OFFICER OR ACCOUNTABLE OFFICER~~

THE UNDERSIGNED HEREBY ☐ DELEGATES TO ☐ WITHDRAWS FROM THE PERSON(S) LISTED ABOVE.

THE AUTHORITY TO: DRAW OFFICE SUPPLIES FROM KBL OFFICE SUPPLY POINT AND TOOL ROOM

REMARKS

I ASSUME FULL RESPONSIBILITY

~~UNIT IDENTIFICATION CODE~~	~~DOD/AAC/ACCOUNT NUMBER~~

GRADE	TELEPHONE NUMBER	SIGNATURE
(b)(6)		

DA FORM 1687, JAN 82 EDITION OF DEC 87 IS OBSOLETE. USAPPC V3.00

NOTICE OF DELEGATION OF AUTHORITY - RECEIPT FOR SUPPLIES

For use of this form, see DA PAM 710-2-1. The proponent agency is ODCSLOG.

DATE 3/28/04

AUTHORIZED REPRESENTATIVE(S)

ORGANIZATION RECEIVING SUPPLIES: Ministry of Industry & Minerals

LOCATION: S-107

LAST NAME-FIRST NAME-MIDDLE INITIAL	SOCIAL SECURITY NUMBER	AUTHORITY REQ	AUTHORITY REC	SIGNATURE AND INITIALS
(b)(6)				

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~~UNIT IDENTIFICATION CODE~~	~~DODAAC/ACCOUNT NUMBER~~		
	TELEPHONE NUMBER	EXPIRATION DATE	SIGNATURE
(b)(6)			

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(b)(6)

From: (b)(6)
Sent: Sunday, February 08, 2004 9:18 AM
To: (b)(6)
Subject: FW: Access to the Strategic Plan database

This should get you to the plans.

(b)(6)
CPA Office of Policy Planning and Analysis
Palace M239
(b)(6)

-----Original Message-----
From: Russell, Steven P. (GBR)
Sent: Wednesday, November 19, 2003 11:56 AM
To: (b)(6); Agresto, John T. (SES); Alhakim, Mohamed; Arsht, Leslye A. (SES); Castle, Edwin S. (SES-2 General Counsel); Evers, Williamson M. (SES); Fatfat, Mounzer R. (SES); Flugge, Trevor J. (AUS); (b)(6)
(b)(6)

Please see attached to skeleton Milestone slide for Ministries and the path to the Strategic Plan Access Database.

The path to the plan on the CPA Public Folder is:

'right click' on **My Computer** and 'left click' **Explore**

then left click in turn on:

My Network Places
Entire Network
Microsoft Windows Network
Orha
Fserv2
Public

To read: Open 'CPA Strategic Plan as of 1 Nov (read only)' folder and select 'Feb 3 Strategic Plan'

To edit: Open 'CPA Strategic Plan (Write)' folder and select '8 Feb Strategic Plan' (it is the only one)

If you or your staff require write access – please contact me – thank you

(b)(6)
Wing Commander (OF-5)

HQ CPA Rm M239

(b)(6)

[redacted]

2/8/2004

UNCLASSIFIED
PROG: 30 January 2004
DRAFTER: CPA PRIVATE SECTOR DEVELOPMENT DIRECTORATE, TOM FOLEY
AUTHORIZED: (b)(6)
CLEARED: (b)(6)

FROM: HEADQUARTERS COALITION PROVISIONAL AUTHORITY
TO: SECDEF WASHDC
INFO: SECSTATE WASHDC
NSC WASHDC

UNCLAS HQ CPA PSD
E.O.: 12958: N/A
TAGS: ECON, IZ
SUBJECT: IRAQI STATE OWNED ENTERPRISES

1. Assist SOEs in critical sectors to reach normal operations: Private Sector Development (PSD) continues to assist the SOEs with operating problems that include shortages of electricity and other input disruptions. PSD is advising the Ministry of Industry and Minerals on their Independent Power Producer (IPP) contracts. The IPP contracts will add 330MW of power for the SOEs and, if the technical problems relating to the contracts for the IPPs are worked out soon, the new power could be available as early as May or June.

2. Assist with financial needs: PSD is working with certain SOEs to help them secure loans for investment in working capital and equipment. PSD is also assisting the ministry with RFPs for leases of certain SOEs. The process of taking bids for these SOEs, engaging resources for conducting assessments and evaluations, addressing the personnel issues, and bringing in outside advisors provide good capacity building for a later privatization effort.

3. Reclassification / Inter-Ministry Transfer/ Consolidation of SOEs: PSD is working with OGC on an order that gives the Iraqi Ministers the authority to reclassify, transfer, and consolidate SOEs, including certain MIC SOEs, in accordance with a plan sent to you in October. An important part of this effort is to shut-down or re-allocate all MIC assets so MIC cannot be reconstituted by a new sovereign government

4. Training: PSD is developing a training program for SOE managers in the areas of finance, management, and marketing. These programs are funded out of the supplemental.

5. PSD efforts with the SOEs are incrementally getting them closer to privatization. At the same time, PSD realizes that the open markets in Iraq may result in a rapid transfer of business away from many SOEs toward more competitive, private sector businesses without a formal privatization process. This is an indirect method to privatization which may be quicker, less expensive, and less politically charged for many SOEs than a formal privatization program.

BREMER
BT
XXXX

COALITION PROVISIONAL AUTHORITY

BAGHDAD

Add in to memo to Dep.

DRAFT INFO MEMO

DATE

FOR: SENIOR ADVISORS

FROM: Office of General Counsel

SUBJECT: Negotiation and Execution of Long-Term Contracts

This memorandum addresses the legal implications of entering into contracts that extend beyond the transfer of full governance authority to the new government of Iraq and the dissolution of the CPA.

- Under the laws and usages of war, contracts entered into by the CPA or interim Ministries acting on behalf of Iraq, cannot bind the future government of Iraq unless the future government adopts or ratifies the contract.
- The CPA and interim Ministries are not, however, precluded from entering into contracts that are intended to extend beyond the projected transfer of full governance authority to the new Iraqi government.
    - Contracts that comply with CPA Memorandum No. 4 and its appendices are legal even if the term extends beyond the dissolution of the CPA. Such contracts contain a mandatory termination for convenience clause, which reserves to the Contracting Officer the right to terminate the contract for the convenience of the government.
    - Ministries using contracting procedures other than those described in CPA Memorandum No. 4 should ensure that sufficient funds are available and committed (administratively set aside) before contract award. Executing insufficiently funded contracts could create an inappropriate outstanding debt for the new government and could spawn legal disputes over the failure to pay.
    - Ministries that contemplate long-term agreements but lack sufficient funds to cover the proposed duration of the contract should put the other party on notice that the future Iraqi government cannot legally be bound by the CPA or the Interim Ministry. Additionally, it is recommended that such contracts be structured to include a base period with option years or include a provision requiring adoption or ratification by the future Iraqi government. Such a structure could provide the necessary flexibility to the Transitional Iraqi Government.
- An appropriate method of handing over on-going contracts to the Transitional Iraqi Government may be included in the Transitional Administrative Law, a United Nations Security Council Resolution, if one is promulgated, and/or an international agreement with the new Iraqi government.

[redacted]

- Contracting officers should be wary of potential problems that may arise as a result of the uncertainty of future government actions. Contractors may seek to protect themselves by asking high prices or seeking large liquidated damage provisions. Such provisions might outweigh the potential benefits of these procurements.
- Contracting Officers seeking to leverage the capital of private investors (i.e., having a contractor build power lines in Iraq in return for an agreement to purchase power over a term of years) should be alert to the prohibitions on the private purchase of real estate found in CPA Order No. 39, Section 8. Additionally, they should be aware of the difficulty of determining land ownership due to actions of the former regime. The adjudication of land ownership is expected to be performed by the recently established Iraq Property Claims Commission.
- Because decisions to enter into contracts that extend beyond the period of occupation raise policy and resource management issues, such decisions should be coordinated fully with the concerned Ministries and the Program Management Office, as appropriate.

ATTACHMENTS: NONE

COORDINATION: Program Management Office/D. Nash
Head of Contracting Activity/T. Bell
Office of Management and Budget/R. Bent
Governance Team/S. Carpenter

[redacted]

(b)(6)

Talking Points
Post Transition Site Concept

Background: There are currently four Regional CPA Offices and 18 Governorate Offices located throughout Iraq. These locations have received security site surveys and each site can support about 70 personnel. The 18 Governorate Offices are in the following locations:

Province/City	Province/City
Baghdad/Baghdad	Arbil/Arbil
Dahuk/Dahuk	Diyala/Baquba
Ninawa/Mosel	Salah Aldin/Tikrit
Sulaminiyah/ Sulaminiyah	Tamim/Kirkuk
Anbar/Ramadi	Babil/Hilla
Karbala/Karbala	Najaf/Najaf
Qadisiyah/Diwaniyah	Wasit/Kut
Basrah/Basrah	Dhi Qar/Nasariyah
Maysan/Amarah	Muthanna/Samawah

The concept is to establish/operate three regional offices that will coordinate operations in the North, Central and South. They will be located in the following cities:

North = Kirkuk (access to Kurds and Arabs) (PMO proposing Mosul)
Central = Al Hilla
South = Al Basrah

Concept: Co-locate CPA/State personnel with PMO in the three regional offices. Turn over Governorate sites to Prime Contractors.

Advantages to Contractors:
Saves time
- Locations are determined
- Sites are established
- Sites have been surveyed for security

Saves money: see above
- Takes advantage of unique opportunity as CPA departs
- Resources/Assets are developed (i.e. office space, parking, etc)
  - Office Supplies, desks, computer wiring, phone lines will remain

Space for 70 personnel at each site
- Prime contractors can lease space to subcontractors or other parties
- Current CPA employees are eligible for employment with contractors
  - Provide business and political link within Provinces

Informational Memorandum: Lars Jensen will distribute a memo for review within the week. He will ask for comments/concurrence in reference to this concept. The turnaround time is short. There will be a meeting in DC Sunday.

Opportunity for Prime Contractors to Review Sites: There will be opportunities for Prime Contractors to review the sites in March and April 2004.

Questions:
Could you concur with this concept?

How do your plans fit into the execution of this concept?

What are your security concerns for this concept?

Is this plan workable within CJTF-7 C9 and CJTF-7 C3 Current and Future Operations?

Note: Understand that input is for consideration versus action. Thoughts and opinions are solicited with great interest.

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DATE 3/28/04

AUTHORIZED REPRESENTATIVE(S)

ORGANIZATION RECEIVING SUPPLIES		LOCATION		
LAST NAME-FIRST NAME-MIDDLE INITIAL	SOCIAL SECURITY NUMBER	AUTHORITY REQ	AUTHORITY REC	SIGNATURE AND INITIALS
(b)(6)				

AUTHORIZATION ~~BY RESPONSIBLE SUPPLY OFFICER OR ACCOUNTABLE OFFICER~~

THE UNDERSIGNED HEREBY ☐ DELEGATES TO ☐ WITHDRAWS FROM THE PERSON(S) LISTED ABOVE,
THE AUTHORITY TO: DRAW OFFICE SUPPLIES FROM KBL OFFICE SUPPLY POINT.

REMARKS

I ASSUME FULL RESPONSIBILITY

~~UNIT IDENTIFICATION CODE~~			~~DODAAC/ACCOUNT NUMBER~~	
LAST NAME-FIRST NAME-MIDDLE INITIAL	GRADE	TELEPHONE NUMBER	EXPIRATION DATE	SIGNATURE
(b)(6)			Feb 05	(b)(6)

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LAST NAME-FIRST NAME-MIDDLE INITIAL	SOCIAL SECURITY NUMBER	AUTHORITY REQ	AUTHORITY REC	SIGNATURE AND INITIALS
(b)(6) [redacted]				

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~~UNIT IDENTIFICATION CODE~~

~~DODAAC/ACCOUNT NUMBER~~

(b)(6) [redacted]

EXPIRATION DATE | SIGNATURE

USAPPC V3.00

DA FORM 1687, JAN 82

MISSION STATEMENT
ADVISORY TEAM
MINISTRY OF INDUSTRY AND MINERALS

MISSION

To advise and facilitate the Ministry of Industry and Minerals (MIM) and it's State Owned Enterprises (SOE) in the process of reemergence and in the process of restructuring

To advise and assist the Director of Economic Policy in the implementation of policies and programs that will facilitate the MIM and SOE – as well as the macro economy – in the process of reemergence and restructuring

OBJECTIVES

- Reestablish the Ministry of Industry and Minerals Headquarters Staff with a solid long term management team
- Reemploy the State Owned Enterprises capable of reemerging from the collateral damage of the war
- Understand the strengths, weaknesses, opportunities and threats of Iraq's macro economy and the MIM micro-economy
- Transition the Ministry and the State Owned Enterprises for success in a market-oriented economy

METRICS

- Reestablish the Ministry of Industry and Minerals Headquarters Staff with a solid long term management team
    - Establish and empower the management team
    - Complete de-ba'athification process
    - Complete – in conjunction with ministry management – a vision process for the Ministry that articulates a long term role
    - Resource the Ministry HQ to ensure short term ends (short and long term) are aligned with ways and means

- Reemploy the State Owned Enterprises capable of reemerging from the collateral damage of the war
    - Identify and assess the SOE property, plant and equipment
    - Complete de-ba'athification process at the SOE
    - Determine the reasonable needs of the SOE
    - Prioritize the reasonable needs of the SOE
    - Resource the reasonable needs of the SOE (security, electricity, MOU, funding, etc.)

- Understand the strengths, weaknesses, opportunities and threats of Iraq's macro economy and the MIM micro-economy
    - Conduct Strength, Weakness, Opportunities and Threat (SWOT) analysis of the Macro economy in conjunction with the Economic Policy Staff and Ministries
    - Conduct SWOT analysis of the micro-economy/industry sectors of the ministry
    - Conduct SWOT analysis of the micro-economic foundations of each firm within the ministry

- Transition the Ministry and the State Owned Enterprises for success in a market-oriented economy
    - Ministry establishes the "means" to resource its long term vision and end state
    - Determine viability of SOE in a free market economy
    - Facilitate privatization process – in conjunction with Ministry - for SOE with greatest potential for success in the new Iraq

(b)(6)

From: (b)(6)

Sent: Monday, March 01, 2004 12:06 PM

To: (b)(6)

Cc:

Subject: job descriptions and OER Support Forms

To Support Officer plus (b)(6) Wednesday, this week BG Davidson wants to meet all Support Officers plus (b)(6) who is the Sr Adv to Min of Industries & Minerals in the JOC Conference room at 1300 hrs. Please have available your job description and OER Support Form clearly spelling out your goals and objectives.

Additionally, BG Davidson is expecting (1) an executive summary of what you do and how you do it within your particular area and (2) a way ahead summary of what you will be doing to accomplish your immediate goals and objectives (over the next 30-90 days).

The following individuals either have not sent in their job description or have sent it in and it did not get printed. (For those individuals in the latter category, please resend it.) : (b)(6)

(b)(6)

Finally, I will not hand carry your job description and OER support form to the meeting on Wednesday, so please bring it with you.

Thank you for your attention to this matter.

V/R

John Domenech

(b)(6)

- Job Description - ✓
- OER Support Fm - NO

List of Consolidated
List of MIC
For Gilman

3/2/2004

(b)(6)

261-13-5601
COL, CA
350th CACOM

(Acting) Senior Advisor to Ministry of Industry & Minerals

Job Description:

Serves as the primary CPA advisor to the Minister of Industry and Minerals and his staff. The Senior Advisor's responsibilities include:

- Provides direct interface between the CPA and the Minister on issues such as policy, organization, and implementation,
- Supports efforts towards economic stabilization, re-engineering and potential movement away from State Owned Enterprises (SOE) toward a private sector environment.
- Coordinates and manages issues between Coalition forces and the ministry SOE sites.
- Assists in the development of a national policy on restructuring the industrial and mineral industry (to include State Owned Enterprises, internal systems and control, private industrial expansion) through strategic plans and time matrices, training, etc.
- Coordinates and provides planning and execution assistance to local and international authorities and agencies. Develop standards and guidance as they relate to the State Owned Enterprises. Provide operational guidance on budgets, programs, projects, and daily administrative issues of the ministry

State Owned Enterpris (1,000 ID)	Annual									
		Cash Inflows	Cash Expenses							
State Owned Enterprise	2005 Subsidy	Total Cash Inflows	TOTAL SOE Salaries	Operating Expenses (except Salaries)	Operating Cash Flow	Security	Outstanding A/P	Capex	Misc. Cash Expense	Total Cash Flow (Needs)
Agriculture		-	7,496,316		(7,496,316)					(7,496,316)
Communication		-	13,074,000		(13,074,000)					(13,074,000)
Culture		-	3,862,800		(3,862,800)					(3,862,800)
Electricity		-	12,000,000		(12,000,000)					(12,000,000)
Finance		-	19,489,200		(19,489,200)					(19,489,200)
Health	-	2,000,000	6,444,000	7,980,000	(12,424,000)	-	35,000,000	25,500,000	2,000	(72,926,000)
Housing and Construction		-	19,987,200		(19,987,200)					(19,987,200)
Industry and Minerals	58,820,000	483,300,000	237,743,484	599,999,418	(354,442,902)	6,830,000	97,500,000	22,000,000	6,850,000	(487,622,902)
Oil		-	155,490,000		(155,490,000)					(155,490,000)
Trade		-	33,255,600		(33,255,600)					(33,255,600)
Transportation		-	70,238,160		(70,238,160)					(70,238,160)
Water Resources	-	5,834,880	20,956,800	2,062,080	(17,184,000)	-	-	-	-	(17,184,000)
Total:	58,820,000	491,134,880	600,037,560	610,041,498	(718,944,178)	6,830,000	132,500,000	47,500,000	6,852,000	(912,626,178)
			$ 400,025,040	$406,694,332.12						$ (608,417,452.12)

2004 Ministry Budgets (Millions $USD)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2004 Total
FPS Salaries	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	1.87
Operating Expenses (excluding salaries)	8.33	8.33	8.33	8.33	8.33	8.33	8.33	8.33	8.33	8.33	8.33	8.33	100.00
Capital Projects	13.06	13.06	13.06	13.06	13.06	13.06	13.06	13.06	13.06	13.06	13.06	13.06	156.67
Amended Projects	*12.50*	*12.50*	*12.50*	*12.50*	*12.50*	*12.50*	*12.50*	*12.50*	*12.50*	*12.50*	*12.50*	*12.50*	*150.00*
Ministry of Electricity	**50.71**	**50.71**	**50.71**	**50.71**	**50.71**	**50.71**	**50.71**	**50.71**	**50.71**	**50.71**	**50.71**	**50.71**	**608.48**
Salaries	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	1.54
FPS Salaries	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	6.41
Operating Expenses (excluding salaries)	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.53
Capital Projects	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	600.00
Amended Projects	*50.00*	*50.00*	*50.00*	*50.00*	*50.00*	*50.00*	*50.00*	*50.00*	*50.00*	*50.00*	*50.00*	*50.00*	*600.00*
Ministry of Environment*	**0.68**	**0.68**	**0.68**	**0.68**	**0.68**	**0.68**	**0.68**	**0.68**	**0.68**	**0.68**	**0.68**	**0.68**	**8.11**
Salaries	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	1.58
FPS Salaries	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Operating Expenses (excluding salaries)	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	5.52
Capital Projects	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	1.00
Ministry of Finance	**1127.18**	**1127.18**	**1127.18**	**1127.18**	**1127.18**	**1127.18**	**1127.18**	**1127.18**	**1127.18**	**1127.18**	**1127.18**	**1127.18**	**13526.12**
Salaries	1.26	1.26	1.26	1.26	1.26	1.26	1.26	1.26	1.26	1.26	1.26	1.26	15.10
FPS Salaries (includes Baghdad Amanat)	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	5.74
Security Forces Hazardous Duty Pay	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	150.00
Centrally Funded Salaries	54.25	54.25	54.25	54.25	54.25	54.25	54.25	54.25	54.25	54.25	54.25	54.25	651.00
Salary Reserve													31.00
Operating Expenses (excluding salaries)	815.39	1107.10	1122.21	1027.05	895.44	910.55	1059.56	1139.61	1154.72	1059.56	1139.61	1154.72	12584.70
Normal Ministry Operating Expenses	*1.35*	*1.35*	*1.35*	*1.35*	*1.35*	*1.35*	*1.35*	*1.35*	*1.35*	*1.35*	*1.35*	*1.35*	*16.20*
Kuwait War Reparations	*57.00*	*57.00*	*57.00*	*57.00*	*57.00*	*57.00*	*57.00*	*57.00*	*57.00*	*57.00*	*57.00*	*57.00*	*684.00*
Interest on Treasury Notes	*11.67*	*11.67*	*11.67*	*11.67*	*11.67*	*11.67*	*11.67*	*11.67*	*11.67*	*11.67*	*11.67*	*11.67*	*140.00*
Support for SOEs	*41.67*	*41.67*	*41.67*	*41.67*	*41.67*	*41.67*	*41.67*	*41.67*	*41.67*	*41.67*	*41.67*	*41.67*	*500.00*
[redacted]	31.64	31.64	31.64	31.64	31.64	31.64	31.64	31.64	31.64	31.64	31.64	31.64	379.70
Payment System Fees	*7.50*	*7.50*	*7.50*	*7.50*	*7.50*	*7.50*	*7.50*	*7.50*	*7.50*	*7.50*	*7.50*	*7.50*	*90.00*
Public Distribution System	*200.00*	*200.00*	*200.00*	*200.00*	*200.00*	*200.00*	*200.00*	*200.00*	*200.00*	*200.00*	*200.00*	*200.00*	*2400.00*
Nation Building Projects	*52.08*	*52.08*	*52.08*	*52.08*	*52.08*	*52.08*	*52.08*	*52.08*	*52.08*	*52.08*	*52.08*	*52.08*	*625.00*
National Census	8.33	8.33	8.33	8.33	8.33	8.33	8.33	8.33	8.33	8.33	8.33	8.33	100.00
Elections Assistance	4.17	4.17	4.17	4.17	4.17	4.17	4.17	4.17	4.17	4.17	4.17	4.17	50.00
WMD Scientist Retention	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	60.00
Legal claims against Iraq/debt negotiation	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	10.00
Computerized and digitized banking system	1.67	1.67	1.67	1.67	1.67	1.67	1.67	1.67	1.67	1.67	1.67	1.67	20.00
Tax administration modernization	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	10.00
Stock Exchange modernization	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	5.00
Economic indicies development	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	15.00
Labor force survey development	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	15.00
Mortgage Bank	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	30.00
Elections Assistance	0.00	200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	60.00	0.00	260.00
Elite Athlete/Olympic Team Support	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	10.00
Armoured Cars (Ministers/GC members)	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	10.00
Armoured Cars (Money Movement)	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	10.00
New Commissions and Organization	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	15.00
National Assembly Building Renovation	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	5.00
Local/Regional Government Grants	*62.08*	*62.08*	*62.08*	*62.08*	*62.08*	*62.08*	*62.08*	*62.08*	*62.08*	*62.08*	*62.08*	*62.08*	*745.00*
Regional Development Projects	*62.00*	*62.00*	*62.00*	*62.00*	*62.00*	*62.00*	*62.00*	*62.00*	*62.00*	*62.00*	*62.00*	*62.00*	*744.00*
Economic Policy Consultancy	*0.17*	*0.17*	*0.17*	*0.17*	*0.17*	*0.17*	*0.17*	*0.17*	*0.17*	*0.17*	*0.17*	*0.17*	*2.00*

COALITION PROVISIONAL AUTHORITY

BAGHDAD

ACTION MEMO

DATE 19 December 2003

THRU: DIRECTOR, PRIVATE SECTOR DEVELOPMENT
FOR OFFICE OF MANAGEMENT AND BUDGET

FROM: (b)(6) Deputy Advisor, Ministry of Industry and Minerals

SUBJECT: 2004 Salary: Reallocating Unused Funds

Request reallocating unused salary subsidy for the Ministry of Industry and Minerals State Owned Enterprises (SOE) to provide the Ministry of Industry and Minerals funding for SOE and MIM operations and capital expenditure.

The Ministry of Finance intends to continue paying salary subsidy for 2004 for SOE. This subsidy is estimated to be $197 million (to include employees and FPS). For 2003 the annualized subsidy for the same MIM portfolio of companies equaled $190 million. Given the status of the MIM SOE portfolio this subsidy for salary is not necessary. The MIM recommends that the payroll subsidy for 2004 be in the order of $151 million dollars. The balance ($45,091,800) would be used for the following uses:

- Provide an Army rent subsidy (totaling $4.85 million) for those SOE negatively impacted by the occupation of Coalition forces.
- Fund the MIM's "reclassified" SOE to Agency enterprises (totaling $15.06 million) that require operational and capital funding to conduct their public missions (Geological Survey, Training and Development, Industrial Development).

The remaining balance of $30.04 million would provide the MIM a contingency fund to use for operations, worthwhile capital expenditure or unforeseen contingencies. Two specific issues that the MIM would utilize the balance for would be:

- The Minister of Industry and Minerals would prefer to substitute the salary subsidy for a severance subsidy for 2004. He recommends a voluntary severance program for his employees with the proviso that they be given one years salary up front. This proposal will be beneficial for the MIM's leasing program by making the SOE more attractive to potential lessees
- A portion of the balance could be used to pay off the outstanding Accounts Receivable to private sector creditors (now an obligation of the MoF). This outstanding A/R equals $100 million.

In addition the MIM prefers to hold the SOE salary for 2004 to 2003 "base" levels. The new salary schedule (which the $197 million represents) would provide funds that would be used for production bonuses (not profit bonuses) and thus incentivize the work force. This would substantially lower the proposed $151 million salary subsidy (estimated by another $20-30 million).

In addition the MIM proposes to use the monetized assets (from the sale of existing inventory such as sulfur and sponge iron) firstly for capital projects (i.e. rebuild Mishraq Sulfur) which make economic sense and secondly for operational and other contingency issues (such as paying off the balance of the A/R to private sector creditors).

It should be noted that the MIM is doing everything possible to limit the financial drain that the SOE represents to the Treasury. The leasing of the non performing SOE is an example of this effort. The MIM would like to use the proceeds of performing SOE to provide credit for overdue obligations, unforeseen operational expenses and to pursue capital projects that make economic sense.

Request decisions on the following:

- To rationalize the use of the subsidy salary to those firms that require the need (limit the salary subsidy to $151 million vice $197 million)

  Approve: Disapprove: Approve with modification:

- To apply a portion of the unused salary subsidy to cover Coalition rent expenditures and operational and capital expenditure budgeting for "Agency Reclassification" enterprises ($19.91 million)

  Approve: Disapprove: Approve with modification:

- To apply the remaining balance ($30.04 million) of the salary subsidy to: 1) fund a voluntary severance package that will provide one years salary up front for employees who desire to take advantage of the program; 2) fund the remaining A/R balance for those firms that will not be cash flow positive in 20004; 3) and to fund operations, worthwhile capital expenditures or unforeseen contingencies.

  Approve: Disapprove: Approve with modification:

- To hold the SOE salary for 2004 to 2003 "base" levels. The new salary schedule (which the $197 million represents) would provide funds that would be used for production bonuses (not profit bonuses) and thus incentivize the work force. Request conceptual approval until MIM develops the details.

COALITION PROVISIONAL AUTHORITY

BAGHDAD

Approve: Disapprove: Approve with modification:

- To use the monetized assets (from the sale of existing inventory such as sulfur and sponge iron) firstly for capital projects which make economic sense and secondly for operational and other contingency issues.

Approve: Disapprove: Approve with modification:

ATTACHMENTS: 2004 SOE Subsidy Spreadsheet

COORDINATION:

Ministry of Industry and Minerals
(US $)

		Cash Inflows											
State Owned Enterprise	2003 Subsidy	Revenue from 2004 Production	Revenue from Preexisting Inventory	Total Cash Inflows	Salaries	Army Rent Subsidy	Total Operating Expenses	Capex	Total Cash Flow (Needs)	2004 Salary Subsidy Request	2004 Subsidy Request	Salary Delta	
MIM Headquarters	**1,480,000**				**931,500**								
Geological Survey	**0**	**0**	**0**	**0**	**1,350,000**	**1,500,000**	**5,250,000**	**4,000,000**	**(9,250,000)**	**1,350,000**	**9,250,000**	**(7,900,000)**	**Survey componet less mining component**
Mishraq Sulfur	$500,000	0	70,000,000	70,000,000	2,318,400		3,518,400	22,000,000	44,481,600	1,159,200	1,159,200	1,159,200	
Training & Rehabilitation (net transfer)	**$450,000**	**0**	**0**	**0**	**72,000**		**172,000**	**0**	**(172,000)**	**72,000**	**472,000**	(400,000)	**After transfer staff of 40 remains with MIM**
General Systems Company	$445,000	7,000,000	0	7,000,000	788,400		4,543,400	500,000	1,956,600	0	0	788,400	
Hand Woven Carpets	$100,000	1,000,000	800,000	1,800,000	1,629,000		2,383,000	0	(583,000)	814,500	814,500	814,500	
Al Furat Chemical Industries	$1,500,000	3,000,000	0	3,000,000	3,114,000		4,854,000	3,000,000	(4,854,000)	1,557,000	1,557,000	1,557,000	
Petrochemical Industries	$3,000,000	10,000,000	0	10,000,000	6,969,600		10,344,600	2,200,000	(2,544,600)	3,484,800	3,484,800	3,484,800	
Phosphate	$5,000,000	6,000,000	1,500,000	7,500,000	5,781,600		11,206,600	2,400,000	(6,106,600)	2,890,800	2,890,800	2,890,800	
Northern Fertilizer	$1,000,000	7,500,000	0	7,500,000	2,847,600		6,697,600	2,000,000	(1,197,600)	1,423,800	1,423,800	1,423,800	
Southern Fertilizer	$1,500,000	9,000,000	0	9,000,000	4,849,200		9,599,200	3,000,000	(3,599,200)	2,424,600	2,424,600	2,424,600	
Northern Cement	$2,000,000	48,600,000	0	48,600,000	4,140,000		29,174,000	12,000,000	7,426,000	1,035,000	1,035,000	3,105,000	
Iraqi Cement	$3,000,000	37,800,000	0	37,800,000	5,940,000		25,872,000	6,000,000	5,928,000	1,485,000	1,485,000	4,455,000	
Southern Cement	$2,600,000	70,200,000	0	70,200,000	9,360,000		44,448,000	15,000,000	10,752,000	2,340,000	2,340,000	7,020,000	
Al Faris	$1,725,000	1,750,000	0	1,750,000	2,199,600	850,000	5,949,600	750,000	(4,949,600)	1,099,800	1,099,800	1,099,800	
Al Qadesia (Dyala) Electricel Industries	*$2,600,000*	*6,000,000*	*0*	*6,000,000*	*4,069,800*		*11,569,800*	*0*	*(5,569,800)*	*3,052,350*	*3,052,350*	*1,017,450*	
Industrial Design & Consultation	$250,000	1,500,000	0	1,500,000	1,458,000		2,013,000	0	(513,000)	729,000	729,000	729,000	
Ur Engineering Industry	*$2,700,000*	*10,000,000*	*0*	*10,000,000*	*6,033,600*		*16,833,600*	*1,500,000*	*(8,333,600)*	*6,033,600*	*6,033,600*	*0*	
Geological Survey & Mining	$1,500,000	5,000,000	0	5,000,000	817,200		2,417,200	2,500,000	82,800	408,600	408,600	408,600	Mining activity minus survey activity

		Cash Inflows											
State Owned Enterprise	2003 Subsidy	Revenue from 2004 Production	Revenue from Preexisting Inventory	Total Cash Inflows	Salaries	Army Rent Subsidy	Total Operating Expenses	Capex	Total Cash Flow (Needs)	2004 Salary Subsidy Request	2004 Subsidy Request	Salary Delta	
Nassr SC for Mechanical Industries	$3,000,000	7,000,000	0	7,000,000	4,451,400		9,201,400	1,000,000	(3,201,400)	4,451,400	4,451,400	0	
Drugs & Medical Supplies - Sammara	$1,500,000	3,000,000	0	3,000,000	4,680,000		4,980,000	1,000,000	(2,980,000)	3,510,000	3,510,000	1,170,000	
Drugs & Medical Supplies - Ninawa	*$1,200,000*	*1,000,000*	*0*	*1,000,000*	*1,710,000*		*2,010,000*	*1,000,000*	*(2,010,000)*	*855,000*	*855,000*	*855,000*	
Glass & Ceramics	*$1,150,000*	*4,000,000*	*0*	*4,000,000*	*4,258,800*		*7,058,800*	*1,000,000*	*(4,058,800)*	*2,129,400*	*2,129,400*	*2,129,400*	
Information Systems	$250,000	900,000	0	900,000	297,000		1,087,000	200,000	(387,000)	297,000	297,000	0	
Industrial Design & Construction**	$1,000,000	5,000,000	0	5,000,000	828,000		1,188,000	250,000	3,562,000	828,000	828,000	0	Transfer from MIM
Specialized Institute for Engineering Industries**	$250,000	2,000,000	0	2,000,000	1,458,000		2,118,000	400,000	(518,000)	1,458,000	1,458,000	0	Transfer from MIM
Woolen Industries SC	$2,000,000	3,000,000	0	3,000,000	5,761,800		8,111,800	0	(3,111,800)	5,761,800	5,761,800	0	
Textile Industries - Hilla	$1,000,000	3,000,000	0	3,000,000	4,881,600		7,206,600	0	(4,206,600)	4,881,600	4,881,600	0	
Vegetable Oils Industry	*$2,000,000*	*5,000,000*	*0*	*5,000,000*	*6,798,600*		*12,398,600*	*0*	*(7,398,600)*	*5,098,950*	*5,098,950*	*1,699,650*	
Leather Industries	$1,000,000	3,500,000	0	3,500,000	5,079,600		8,679,600	0	(5,179,600)	5,079,600	5,079,600	0	
Battery Industries SC	*$1,000,000*	*1,500,000*	*0*	*1,500,000*	*3,472,200*		*7,222,200*	*0*	*(5,722,200)*	*3,472,200*	*3,472,200*	*0*	
Mechanical Industries	*$1,200,000*	*8,000,000*	*0*	*8,000,000*	*6,969,600*		*22,919,600*	*0*	*(14,919,600)*	*6,969,600*	*6,969,600*	*0*	
Cotton Industries SC	$1,000,000	8,500,000	0	8,500,000	12,096,000		12,846,000	0	(4,346,000)	12,096,000	12,096,000	0	
Ready Made Wear Industries	$1,000,000	2,500,000	0	2,500,000	5,812,200		8,637,200	0	(6,137,200)	5,812,200	5,812,200	0	
Tobacco & Cigarettes	$2,500,000	11,250,000	0	11,250,000	4,042,800	1,750,000	17,774,618	1,000,000	(7,524,618)	2,021,400	3,771,400	271,400	
Iron & Steel	$500,000	0	50,000,000	50,000,000	7,574,400		8,074,400	20,000,000	21,925,600	7,574,400	7,574,400	0	
Electrical Industries SC	$2,500,000	7,000,000	0	7,000,000	5,684,400		9,604,400	0	(2,604,400)	4,263,300	4,263,300	1,421,100	
Tires Industries - Najaf	*$500,000*	*6,000,000*	*0*	*6,000,000*	*4,320,000*		*8,120,000*	*1,500,000*	*(3,620,000)*	*2,160,000*	*2,160,000*	*2,160,000*	
Wasit Textile	$250,000	6,000,000	0	6,000,000	5,970,600		9,365,600	0	(3,365,600)	5,970,600	5,970,600	0	
Construction Industries	$500,000	3,000,000	0	3,000,000	5,783,400		8,283,400	1,000,000	(6,283,400)	5,783,400	5,783,400	0	

		Cash Inflows											
State Owned Enterprise	2003 Subsidy	Revenue from 2004 Production	Revenue from Preexisting Inventory	Total Cash Inflows	Salaries	Army Rent Subsidy	Total Operating Expenses	Capex	Total Cash Flow (Needs)	2004 Salary Subsidy Request	2004 Subsidy Request	Salary Delta	
Al Sawari Chemical Industries	$150,000	2,500,000		2,500,000	1,729,800		3,479,800	0	(979,800)	1,729,800	1,729,800	0	
Paper Industry	$250,000			0	5,675,400		5,675,400		(5,675,400)	5,675,400	5,675,400	0	
Rubber Industries	$500,000			0	2,161,800		2,161,800		(2,161,800)	2,161,800	2,161,800	0	
Industrial Promotion	**$100,000**	**0**	**0**	**0**	**338,400**		**5,000,000**	**500,000**	**(5,500,000)**	**338,400**	**5,338,400**	**(5,000,000)**	**Agency reclassification**
Sugar Industry	*$500,000*	*3,000,000*	*0*	*3,000,000*	*864,000*		*15,864,000*		*(12,864,000)*	864,000	864,000	0	
Furniture Factory	$125,000			0	401,400		401,400		(401,400)	401,400	401,400	0	
Dairy Products SC	*$500,000*			*0*	*2,187,000*		*2,187,000*		*(2,187,000)*	*2,187,000*	*2,187,000*	*0*	
Nissan (17)	$100,000	0	0	0	1,449,000		1,449,000		(1,449,000)	1,449,000	1,449,000	0	
Research & Development	$100,000			0	*1,828,800*		1,828,800		(1,828,800)	1,828,800	1,828,800	0	
Car Manufacturing (Vehicle Industries)	$225,000	0	0	0	3,900,600	750,000	4,750,600		(4,750,600)	3,900,600	3,900,600	0	
Refractories Company	$200,000	2,500,000	0	2,500,000	1,729,800		3,479,800	0	(979,800)	1,729,800	1,729,800	0	
Nasser Al Adeem	0				1,990,800					1,990,800	1,990,800	0	
Ibn Sena	0				1,350,000					1,350,000	1,350,000	0	
Al Zawra	0				1,555,200					1,555,200	1,555,200	0	
Al Samood	0				2,676,600					2,676,600	2,676,600	0	
Al Kharzen Center	0				651,600					325,800	325,800	325,800	
Total	59,400,000	321,000,000	122,300,000	443,300,000	197,090,100	4,850,000	409,169,418	105,700,000	(76,931,018)	151,998,300	167,048,300	30,041,800	

Operational budget 2003

No.	Company's name	50% Budget	Expenditures
1	Vehicle Industry	112 500	Expect in November. sign contracts.
2	Diyala State Comp.	1300 000	Sign contracts for 886 616 $ & preparing for 951880 $.
3	Iron & Steel.	250 000	Shall start to utilize the budget in October.
4	St. Comp. for Mechanical Ind.	600 000	Spent 87051 $, There are tenders for a value of 1554754 $ to import raw materials, welding machines.
5	Tires State Comp. Najaf	250 000	Have offers for raw material at value of 500 000 $ & did spend 250 000 $.
6	State Comp. for Rubber Ind.	250 000	Have tenders closing date of which 6-22/10/03 for spare parts, generators, lab. equip.
7	That-Sawari State Comp.	75 000	Utilized 50834 $ & offers under study 30 000 $.
8	Battery State Comp.	500 000	Utilized 259 013 $ & there are tenders for 838 300 $ under study.
9	Hilla Textile State Comp.	500 000	Spent total budget without giving details of materials.
10	Hand made Carpet.	50 000	Spent till now 36157 $.
11	State Comp. for Cotton Ind.	500 000	Made tenders for total value of 1833000$.
12	State Comp. for Wool Ind.	1000 000	Have tenders for total value 1813470 $ for raw materials equipments.
13	State Comp. for Sugar Ind.	500 000	Have contracts to rehabilitate the steam boilers.
14	State Comp. for Drug Ind. Ninawa	600 000	Signed contracts to supply materials at a value of 443 000 $.
15	State Comp. for Dairy Ind.	250 000	Made tenders to supply raw materials.
16	State Comp. for Vegetable Oil.	1000 000	Made tenders for total value & ready for signing but the Company faces difficulty for way of payment and taxes.