

What about Iraq?

Iraq is one of the world's largest oil producers. The economy is largely dependent upon oil, generally a lucrative sector, as can be seen in the neighboring Gulf States. But corruption is mainly to blame for the fact that many Iraqis live in poverty.

Iraq and the international community

The official position of most western countries about Iraq is one of support of the inclusivity of the Iraqi political process. This means that all communities in Iraq should participate to the reconstruction of the country. Corruption must be reduced in order to improve the provision of the basic needs for the Iraqi people.

Iraq is in need of new infrastructure. Buildings, piping installations, communication systems and transport lines have been heavily damaged during the years of war. The Iraqi Government gives priority to the energy and water supply projects, next to real estate and transport. The once advanced medical sector of Iraq has to be built up again, but budgets are not always available.

Iraq is largely dependent on import for its basic needs such as food. It imports 60% to 70%, because its agricultural sector has been destroyed. If the country wants to produce wheat, barley, vegetables, dates, cotton and coffee as it used to, large investments are needed in irrigation, seeds, machinery and equipment.

Political situation in Iraq today

Officially the times of war in Iraq ended in December 2017 after the defeat of ISIS in Northern Iraq, promising a new more stable era. But due to the escalating political turmoil and violence during the past year, we have seen a list of Prime Ministers come and go.

Baghdad and the mainly Shia south have been gripped by months of anti-government rallies demanding snap elections, a politically independent prime minister and accountability for corruption and protest-related violence. Several hundreds of people have died and tens of thousands have been wounded in protest-related violence since October.

At first the Iraqi former Prime Minister Abdel Abdul-Mahdi has attempted to calm the situation but resigned in December 2019. Political fractions quarreled about a replacement. In February 2020, Allawi has been appointed as PM-designate, but was immediately rejected by the Uprising as an affiliate to the failed post-2003 ethno-sectarian political system. Meanwhile, he has been succeeded by Adnan Al-Zurfi and soon after by Al-Kadhimi. The latter is the present Prime Minister and the third person to lead the country in a 10-week struggle replacing Adnan Al-Zurfi.

Iraq's parliament named Mustafa al-Kadhimi as prime minister on May 7, 2020. He assumed office on the heels of major upheavals in Iraq protests and the coronavirus pandemic, facing not only the normal political and an economic challenges of an after-war-country, but also an immediate challenge caused by the decline in oil prices and the impact this has had on the economy and fiscal liquidity.

The politics of the past 17 years have been based on the ideas of a command economy, which led to an exponential increase in the size of the public sector, low levels of private investment, mismanagement and administrative corruption.

According to official figures, salaries and staff allowances in the public sector constitute approximately 60% of public spending, and this does not include other expenditure on daily activities of ministries, while spending on investment projects represents a mere 2% of the budget.

Gerlach, editor-in-chief of the German Middle East magazine *Zenith*, said the situation is made worse by the fact that "in Iraq we see a phenomenon in which the people are the supplicants and the state is the benefactor." He sees a democratic deficit in the ethnically and religiously pluralistic society, and said the country is suffering under the favoritism of those who happen to control the complex ruling system at any given time. In that system, political leaders from different political, religious or regional groups often take control of the country's resources and then either keep them for themselves or dole out the profits to their supporters. In the end, desperately needed revenues for health care and other public services are nowhere to be found.

Doing business in Iraq

Iraq is exporting more than it is importing. Exports are mainly oil products. Iraq has the third largest oil reserves in the world and significant gas reserves. The government therefore counts on this potential as the main source of income and the engine of economic recovery.

It always looks promising but introducing one's company to Iraq is not easy. It is still one of the most corrupt countries and safety is not guaranteed, despite the efforts made.

Since the CPA (Coalition Provisional Authority staffed by primely Americans) passed several anti-corruption laws in Iraq between 2003 and 2006, the Iraqi government failed to implement these laws effectively and public officials continue to engage in corruption. Bribery and giving gifts to "get things done" are widespread practices in Iraq, despite being illegal.

Conclusion

Nevertheless, if one agrees taking risks while considering the potentials, Iraq has everything to become as a new emerging market in the Middle East. It is a question of being introduced

and having the right people in place when matters start evolving towards a stable political environment.

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