

Newsletter – 1/2010

1. Logistics and Transportation

General

- Port Tariff for Umm Qassr Port was increased; in addition to that the fees for delivery orders were raised.
- Aqaba Port Tariff - The Port Authorities of Aqaba increased the costs for port services by approx 5%.
- Iraqi Customs demands- Shippers' own containers must have a valid full prefix code. Containers without pre-fix will not be accepted anymore at Umm Qassr port.
- Customs duties apply for shippers' own containers- according to the Iraqi customs, only the cargo is exempted but not the shippers' own container, even when the duty exemption letter is available. The duties will be approx USD 260.00 per 40' and USD 130.00 per 20' shippers' own container.
- Air Berlin will be flying from Munich to Arbil as from Saturday, 6th February 2010. Air Berlin expects to increase the flight frequency as from Summer 2010.

Iraqi Import Tax on contracts

According to the Iraqi Income Tax Law, your contract can be under taxation. This is related to the Iraqi Income Tax Law "bases on Art. 28 (4) of Law No. 113 of 1982" – the Income Tax Law ("ITL") – which authorizes the Tax Department "...to require from any person to deduct a percentage not exceeding 10% of the amount due to contractors or other persons connected to them..." The Iraqi Income Tax is NOT related to the "Duty Exemption Letter Procedure".

Border situation

- Al Karameh / Trebil (Jordan/Iraqi border)

The flow of cargo via Jordan to Iraq is still low and only a small number of Iraqi trucks entering Jordan on daily basis. The majority of cargo is currently transshipped at Trebil border.

- Syrian/Iraqi borders

The traffic via the Syrian gateway into Iraq is slightly increasing. Only the border point of "Al Waleed" remains open (except the railway border).

- Habour / Zakho (Turkish / Iraqi border)

The route via Turkey is still running very well. There are no major delays at Habour/Zakho border. Currently the waiting time is approx 3-4 days.

- Umm Qassr port

The port was closed several times due to security warnings. The discharging of vessels continued but no direct deliveries or pickups were possible. All containerized cargo, arriving to the "New Port Area" has to pass a screening bridge and will be inspected by the customs. Currently, the queue for the cargo inspection is approx 3-6 days.

- Safwan/ Abdali (Kuwait / Iraqi border)

Approx 100-200 trucks with commercial cargo are crossing this border point daily. All cargo has to be transshipped from Kuwaiti to Iraqi trucks.

2. Business

Oil fields auction in Iraq

Second one in history took place in December 2009. The aim was to sell 10 oil fields and conclude contracts for 20 years. The main reason was to increase the oil production up to 6 millions barrels per day in Iraq. 44 companies participated, the winners e.g. Shell, Lukoil, CNPC, Petronas, Sonangol, Gazprom

Amendment to Investment Law

Brought several modifications to the one from 2006, improvements in both benefits and obligations for investors. Generally, it will simplify the investment process in Iraq. Main points are: ability for foreigners to own land for the purposes of housing projects; and placing the land designated for investment projects under the authority of the NIC instead of different ministries.

Latest deals



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- **Statoil and Lukoil**, signed the development and production service contract for West Qurna 2 in Baghdad.
- **Land Rover**, has reiterated its commitment to the Middle East by venturing into a new an untapped in Kurdistan.
- **Exxon Mobil Corporation** announced that its affiliate **ExxonMobil Iraq Limited** signed an agreement with the Iraq Ministry of Oil to redevelop and expand the West Qurna-1 field in southern Iraq.
- The Iraqi Council on Ministers authorized the Finance Minister in FW2 to issue Letters of Credits (L/C) with amount up to \$2.5 billion in order to fund electricity contracts with **Siemens and GE**.
- **Shamaran Petroleum Corp.** has executed a seismic contract with **Gulf Geophysics FZCO** for the acquisition of 800 line kilometers of new 2D seismic data. The program commenced by January 15, 2010 and will cover the Company's three in Kurdistan.
- **The Ministry of Oil of the Republic of Iraq, Royal Dutch Shell plc** ("Shell") and **Petronas Carigali** ("Petronas") signed a 20-year contract to provide technical assistance in the development of the Majnoon oilfield.

3. Other

Security situation in Iraq

In general, the security situation became more critical during the last weeks, higher number of attacks is expected mainly due to upcoming elections.
Curfew was applied several times for Baghdad and other major cities.

2010 Calendar

07.03.2010 - Elections in Iraq- curfew and closing of borders, ports and airports expected
20.03.2010 - Nawruz (Kurdish New Year)
14.07.2010 - National Day
11.08.2010 - Beginning of Ramadan
10.09.2010 - Eid Al-Fitr
18.-21.10.2010 - Erbil International Fair 2010
22.-24.10.2010 – Baghdad Business Expo, for more details visit www.baghdadb2b.com
17.11.2010 - Eid Al-Adha

Yours faithfully,

Allyn International Services, 3PL EMEA Team