

Newsletter – 2/2010

1. Logistics and Transportation

General

IRAQI FRACHTER between Baghdad and Frankfurt

Instead of 2 planned flights Iraqi Airways operates only one flight per week with Airbus A300F. So far not more than 1 flight pays off. Agent for Iraqi Airways Cargo is Cismat GmbH in Germany. The second flight was replaced by alternative flights between various cities in UAE and Iraq. In addition to that there is weekly service to Erbil from Munich operated by Air Berlin, since February 6th. Plan is to increase the frequency of flights as from summer 2010.

ANKARA and BAGDAD about new border crossing

According to the Turkish newspaper Today's Zaman, the border crossing point will be opened in South East county Anatolie Sirnak, in Oyakoy or Sinova. Currently there is only one border crossing point opened. The reason for extending borders between Turkey and Iraq is the significant increase in trade up to 5 billions USD. Both Turkey and Iraq expect further increase up to 20 billions USD in 2013.

New Port Tariff for Iraqi South Ports

Please note that since 1st April 2010 a new port Tariff for Iraqi South Ports (incl. Umm Qassr) is in place.

TBI L/c opening was delayed

Early March, TBI has implemented a new computer system, therefore the L/c opening in March was nearly zero. Only since a couple of days, they started to open again letters of credit.

Legalization by Iraqi Embassy / Consulate required

End of March 2010, the General Customs Baghdad draws the attention to the customs regulations already installed in 2009, stating, that the commercial invoice and certificate of origin need to be legalized by the Iraqi consulate of the exporting country prior delivery to Iraq. It requires authentication by chamber of commerce and Iraqi consulate. For future L/C's we do expect the implementation of this request step by step and we do recommend to calculate additional time for the preparation of the export documents accordingly.

2. Business

TBI - JP Morgan consortium

After 6 ½ years, The Trade Bank of Iraq and JP Morgan consortium agreed not to extend the cooperation under the previous consortium procedures. During the consortium cooperation, TBI issued about 4,400 L/C's through the consortium partners.

Shamaran Petroleum Corporation increased budget for 2010 for investments and production in Kurdi oilfield Pulkhana Block up to US\$53.4 million.

West Qurna Oildfields- production of two oilfields will hit 120,000 barrels per day in 2012. Statoil along with its consortium partner Russian energy company Lukoil have already started issuing tenders for work at the field. Development work at Iraq oilfields were moving ahead swiftly and the political situation has had no impact. Lukoil and Statoil sealed the 20-year deal to develop the West Qurna Phase Two, a 12.9 billion barrel oilfield in the south, in an auction in December.

Total is considering a bigger stake in the **Halfaya oilfield**. China National Petroleum Company (CNPC) is the majority partner in the oilfield and Total owns an 18.75 percent stake in the field. **Halfaya** in Southern Iraq, has estimated reserves of 4.1 billion barrels of oil. The field could help turn Iraq into one of the world's three biggest oil producers and earn Iraq billions of dollars it needs to rebuild after decades of war, sanctions and economic decline. The deals emerging from two oil contract auctions could raise Iraqi output capacity in seven years to 12 million barrels per day, rivaling top producer Saudi Arabia, from around 2.5 million barrels per day now.

Over 500 tenders are currently published to encourage foreign investors. For details, check following link: www.investpromo.gov.iq.



Allyn International Services, spol. s r.o., Roháčova 64, 13000, Praha 3,
Tel. +420 296 339 515/532, Fax: +420 296 339 598 pejznochova.j@allynintl.com
IČO CZ26729903

3. Other

Security situation in Iraq

Unfortunately the security situation after the election became again critical. Besides a number of bomb blasts in Baghdad, also other areas all over the country were hit by various attacks. Therefore, transportation services to certain areas require a higher security level compared to earlier this year.

Yours faithfully,
Allyn International Services, 3PL EMEA Team