



HELLENIC REPUBLIC
MINISTRY OF FOREIGN AFFAIRS

B5 Directorate for Bilateral Economic Relations
with countries in the Middle East, North Africa, the
Gulf, Asia, Oceania and Sub-Saharan Africa

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Doing Business in Iraq

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Iraqi economy

- Population: ~44 million
- GDP: \$264,15 billion (2024, current prices)
- GDP per capita: \$5.950 (2024)
- Growth rate: 0,1% (2024), 4,1% (2025 estimation)
- Inflation: 3,2% (2024)
- Government Debt: 45,9% GDP (2024)
- WTO observer status (accession process resumed)

Source: IMF

Iraqi Economy

- Oil sector → contributes over 40% to GDP, and over 90% to the government budget revenues
- Agriculture contributes only 4% to GDP but employs 20% of the workforce
- Iraq holds the world's 5th largest proven crude oil reserves
- Young age of population (70% under 30 years old)
- Unemployment rate of 11%
- Work force: Over 21% are graduates or post-graduates and 14% have higher-level academic or technical qualifications
- Minimum wage: IQD 450.000 (~\$340) per month
IQD 280.000 (~\$210) in the Kurdistan Region of Iraq

Greece – Iraq Economic Relations

Bilateral Trade 2019-2024

in € million	2019	2020	2021	2022	2023	2024	%change 2023-2024
Exports to Iraq	74,2	60,7	216,9	46,9	122,3	62,98	-48,5
Imports from Iraq	4.557,3	1.999,2	4.139,5	6.790,6	5.253,3	4.999,9	-4,8
Trade Volume	4.631,5	2.059,9	4.356,5	6.837,6	5.375,6	5.062,9	-5,8
Trade Balance	-4.483,1	-1938,5	-3.922,6	-6.743,7	-5.130,9	-4.936,9	3,8

Source: Hellenic Statistical Authority

Greece – Iraq Economic Relations

⇒ Bilateral Agreements:

- Air Services Agreement (a new agreement is under negotiation)
- Agreement on Economic and Technical Cooperation
- Agreement on cooperation in the field of Tourism

⇒ 8 Sessions of the Hellenic – Iraqi Joint Committee on Economic and Technical Cooperation (the 9th Session is under preparation)

⇒ Iraq is among Greece's most important trade partners, being the top supplier of crude oil

Greece – Iraq Economic Relations

Exports to Iraq:

- Pharmaceuticals - €16mil.
- Alcoholic beverages (ouzo) - €15,2mil.
- Articles of iron/steel (tubes/pipes) - €11,05mil.
- Plastics - €5,3mil.
- Machinery - €2,6mil.
- Preparations of fruits - €1,9mil.
- Cosmetics - €1,4mil.

Imports from Iraq:

- Petroleum products (crude and fuel) - € 5bil.

Sectors of interest

- Construction – infrastructure
- Pharmaceuticals
- Food & beverages

Iraqi Market characteristics

- Price is the most important factor
- Infrastructure is being developed
- Young age of population (70% under 30 years old)
- Greek products are considered high-priced

Types of companies appropriate for foreign investors

- Limited Liability Company (LLC) – Foreign ownership restrictions
- Branch Office of Foreign Company – No foreign ownership restrictions.
- Joint Stock Company (JSC) – Foreign ownership restrictions
- Holding Companies – Foreign ownership restrictions
- Representation Office of Foreign Company in Iraq – cannot engage in any business activities (main purpose is to study markets, business and production opportunities etc)

Types of companies most commonly used by foreign investors

- Branch Office of Foreign Company
- Limited Liability Company

Branch Office of Foreign Company

- Foreign mother company must have been established at least two years earlier
- Must appoint an Iraqi attorney, chartered accountant, and executive manager
- Commercial activity limited to that of the foreign company
- The foreign company is liable for the branch
- 4-8 weeks to register

Limited Liability Company

- At least 51% Iraqi shareholding capital in Federal Iraq.
(In the Kurdistan Region of Iraq, 100% foreign shareholding is still permissible)
- IQD1 million (~€735) minimum capital
- The Managing Director may be foreign national and is appointed by the general assembly of shareholders
- 6-10 weeks to register

Taxation

- Individuals' income tax: 3-15% progressive rate
- Corporate Income Tax: 15% flat rate (35% for oil & gas companies)
- No VAT but a sales tax is imposed on alcohol and tobacco (300%), cars (15%), travel tickets (15%), mobile recharge cards and internet (20%), first class hotels and restaurants (10%)
- Import Duties: 0-30%

Social security contributions

- Local employees: 17% (12% by employer)
- Foreign employees: 25 % (20% by employer)

Employment

- Employee-friendly stance
- Difficult to terminate employment agreements without good cause
- Kurdistan Region of Iraq still uses the old labour law
- Collective bargaining agreements regulated by the Labour Law
- Working hours:
 - 48h/week (exceptions for special circumstances)
 - 8h/day, at least 1d/week to rest
- Termination with 30 days written notice
- Severance pay of 2 weeks salary for each year of service
- At least 50% of an investment project's workers must be Iraqi nationals

National Investment Law

Excluded sectors: oil and gas, banking and insurance

Eligible projects minimum capital: \$250.000

Benefits for qualifying investment projects:

- Ten-year exemption from taxes
- Right to repatriate investments and profits
- Right to employ necessary foreign labor
- Three year exemption from import fees for equipment and materials
- Protection from nationalization or expropriation

Separate procedure for Kurdistan Region of Iraq

Investment License

- The license is not required in order to do business in Iraq but offers many benefits
- One-Stop Shop' at the National Investment Commission (NIC)
- Procedure requirements:
 - Application
 - Financial Capability Statement from an Accredited Bank
 - Investor's Projects Within or Outside Iraq
 - Details of the Investment Project and Economic Feasibility Study
 - Timetable for Completion of the Project
- License issued within 45 days

Free Zones in Iraq

Established Free Zones:

- Basra / Khor Al-Zubair
- Nineveh Province / Flaifil
- Anbar Province / Al-Qaem

Planned Free Zones:

- Baghdad
- Dohuk
- Babil

Goods imported to and exported from Free Zones are exempt from all taxes and fees.

All capital invested, as well as interest and income generated, by projects established in Free Zones are exempt from taxes and fees.

The Free Zones law enables the following activities in Free Zones:

- Industrial activities, including production, sales, assembly, manufacturing, and repacking.
- Warehousing for re-export and trade.
- Warehousing services.
- Transportation services.
- Banking, insurance, and re-insurance.
- Professional support services for the industrial activities listed above

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Thank you

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