

## Iraq: Market Profile

### Major Economic Indicators

	2015	2016	2017*
Population (000)	35,161	36,067	36,996
GDP (US\$ billion)	179.833 <sup>#</sup>	167.026 <sup>#</sup>	189.432
Real growth (%)	4.8 <sup>#</sup>	10.1 <sup>#</sup>	-3.1
GDP per capita (US\$)	5,114 <sup>#</sup>	4,631 <sup>#</sup>	5,120
Inflation - CPI index	1.4% <sup>#</sup>	0.4% <sup>#</sup>	2.0%
Exports (US\$ billion)	49.3 <sup>#</sup>	43.7 <sup>#</sup>	N.A.
YoY growth (%)	-41.7 <sup>#</sup>	-11.3 <sup>#</sup>	N.A.
Imports (US\$ billion)	52 <sup>#</sup>	47.9 <sup>#</sup>	N.A.
YoY growth (%)	-11.9 <sup>#</sup>	-7.9 <sup>#</sup>	N.A.
Average exchange rate (Iraqi Dinar per US\$)	1,167.3	1,182.0	N.A.

Note: <sup>#</sup>estimate, \*forecast

Source: IMF, WTO

- Bordering the Persian Gulf, Iraq is an oil-rich Middle East country with the world's fifth-largest proven crude oil reserves. Within *OPEC*, Iraq was the second largest oil producer after Saudi Arabia as of July 2017. Iraq's oil output has substantially increased over in recent years, as the country regained stability after the US-led invasion in 2003. In August 2017, both Saudi Arabia and Iraq reaffirmed their commitment to reduce output under the *OPEC* agreement with non-*OPEC* countries.
- Iraq's largely state-run economy is dominated by the oil sector, which provides half of its GDP and more than 90% of government revenues. Given a lack of both capital and experienced personnel, Iraq is keen to attract foreign investment. Since 2009, several rounds of oil and gas licensing bids have been held in order to entice foreign firms to develop Iraq's oil and gas resources.
- Although Iraq's economic growth stagnated in 2016 due to the IS conflicts and the plunge in oil prices, the economy is expected by the *World Bank* to stage a gradual recovery on improving security and higher non-oil investment spending. Yet, real GDP growth is expected to contract by 3.1% in 2017 due to extended output curbs. In November 2016, *OPEC* agreed with 11 non-*OPEC* countries to curtail oil production by 1.8 million barrels per day (MBD) in a bid to alleviate the global glut.
- Iraq mainly exports crude oil to India, China, the US and South Korea, and imports food, medicines and manufactured items from Turkey, China, Syria and the US. A



reconstruction fee of 5% is imposed on most imported goods, except such items as food products and medicines. Four free zones have been established in the country to promote trade, all with advantageous customs incentives in place. Chinese companies are among the largest foreign investors in Iraq's oil sector, with *PetroChina*, *Sinopec* and *China National Offshore Oil Company (CNOOC)* involved in many of the country's oil projects.

- Iraq's FDI stock topped US\$23.2 billion in 2014, up from US\$8.0 billion in 2010. According to China's *Ministry of Commerce*, China's cumulative FDI in the country slipped slightly from US\$483.5 million in 2010 to US\$388.1 million in 2015.
- The lion's share of FDI is channeled towards the country's oil and gas sector while FDI projects in areas including electricity, transportation, healthcare, education and tourism are also welcomed. Details of Iraq's investment climate and policy can be found at The [National Investment Commission \(NIC\)](#), the principal agency in offering one-stop services to facilitate investment (e.g. work permit, customs procedures and business registrations).

Hong Kong's Trade with Iraq

(US\$ million)	2015		2016		Jan-Jul 2017	
	Value	Growth (%)	Value	Growth (%)	Value	Growth (%)
Total Exports	62.155	+8.3	119.462	+92.2	42.082	-42.6
Domestic exports	0.019	-97.7	0.002	-88.9	0.042	..
Re-exports	62.136	+9.9	119.460	+92.3	42.040	-42.7
Imports	2.500	+32.3	3.100	+24.0	1.582	-18.1
Total Trade	64.655	+9.1	122.562	+89.6	43.663	-42.0

.. over 1,000% increase

Source: Hong Kong Trade Statistics, Census & Statistics Department

## More Information

More information on the *Belt and Road* countries' economic and investment environment, tax and other subjects that are important in considering investment and doing business are available in [The Belt and Road Initiative: Country Business Guides](#).

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