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Kurdistan Rising: A Spotlight on the Region

Kurdistan Regional Governorate in northern Iraq is rebuilding its economy and is ready to welcome foreign investment

Work has started on a $600 million project to build the world’s largest US consulate complex in a strategically vital autonomous region in north Iraq — the Kurdistan Regional Governorate (KRG).

It is a culturally rich and diverse region, full of fertile lands and natural resources, and the new consulate signals that the US stands with it as it builds a bright future, said US Ambassador to Iraq Douglas Silliman: “I believe KRG will be an important point of entry for foreign investment because this region has a very positive history of doing business.”

“We have a very strong relationship with the US Congress, where there is a bi-partisan support for us that we cherish.”
Bayan Sami Abdul Rahman
KRG Representative to the US

“The international community has seen the stability, commitment, clear mindedness and deliverables achieved by the government of the region. Indeed, many international partners view KRG as a model for the rest of Iraq, as well as the Middle East,” clarifies Falah Mustafa Bakir, Minister of Foreign Relations. While Bayan Sami Abdul Rahman, KRG Representative to the US, notes: “Compared to our neighbors, we are years ahead in women’s rights, freedom of expression and religion, and the plurality of politics.”

The KRG held its first elections in 1992, a year after its strong partnership with the US was forged, when the latter helped establish a no-fly zone over the region to protect it from Saddam Hussein’s regime. In 2003, KRG’s armed forces (the Peshmergas) played a critical role in the liberation of Iraq. KRG then experienced an economic boom, which was only halted in 2014 when ISIS emerged in the area.

“The Peshmerga, alongside a US-led coalition, eliminated the advances of ISIS. This victory came at a great cost economically, politically and socially,” explains Bakir. The region has faced immense recent challenges, not least due to opening its arms to millions of internally displaced citizens and Syrian refugees, losing much of its infrastructure in the fighting and negotiating a historically strained relationship with the central Iraqi government in Baghdad.

This came to a head in 2017, when the region held a non-binding referendum on independence. Although 93% of the votes were in favor, the result was not recognized centrally. “However, since the beginning of 2018, our relationship with Baghdad has gotten progressively better — politically and emotionally. With dialogue and cooperation, our new-found relationship with Baghdad should maintain KRG’s stability,” says Rahman.

Building a bright future

Having achieved stability, safety and security for the region, the government is now aiming to rebuild its economy: “The plan is to advance our education and health sectors; ensure that the rule of law prevails; continue to build strong, fully functioning and democratic institutions; and provide equal opportunities for all,” says Bakir. KRG also wants to diversify its economy away from its plentiful oil and gas reserves.

To meet these goals, KRG is encouraging foreign direct investment. It has had a very friendly investment law for ten years but Bakir notes: “Perhaps the most attractive aspect for investors is the warm welcome they receive from officials and the community. KRG is the ideal launching pad for foreign investors and companies to target the Iraqi market as well as neighboring countries.”

Investors such as Exxon, Chevron, HKN Energy and Hunt have already been attracted to the potential in KRG’s petroleum sector, and the region’s pro-investor approach has also brought in well-known foreign banks. The tourism sector is seeing increasing success as well, with Hilton and various other groups due to open hotels shortly. Other sectors that offer many opportunities include agriculture, manufacturing and industry,” states Bakir: “We also have a huge focus on infrastructure — services such as railroads, water management, sewage, roads, tunnels and bridges provide viable and immediate investment opportunities.”

US businesses are predicted to be beneficiaries of these opportunities, says Rahman: “The way I see it, both the US and KRG want to widen the relationship we already have. For example, we have a very strong relationship with the US Congress, where there is a bi-partisan support for us that we cherish, and we have the US-Kurdistan Business Council in Washington.”

Despite the difficulties KRG has endured, “The region has a lot to offer the global community,” believes Bakir: “We have shown that we are a valuable asset to the world at large, and we are a model for democracy and stability in the Middle East.”
The creator of the Middle East’s first 4G network is set for major growth

Newroz Telecom has developed state-of-the-art telecommunications infrastructure and services that are opening up opportunities for the Kurdistan Region of Iraq, investors and partners.

Kawa A. Junad, Group Chairman, of Newroz Telecom explains how a company that is internationally recognised as one of the best telecommunication operators in the Middle East is connecting the Kurdistan region to the world with cutting-edge technology and international partners.

PR How has Newroz Telecom developed the telecommunications sector in Kurdistan?

KAJ We started in 2004, when Iraq was still dependent on satellites for internet connection. Our first move was to develop fiber optic and we deployed networks across Kurdistan with the support of the Turkish private sector. In this way, Newroz Telecom was able to connect Kurdistan to the entire world — the revolution in our telecommunications sector had taken place.

We copied the world’s most technologically advanced countries and, within five years, had built a telecom infrastructure comparable to that of France, the UK and the US. We bet on 4G at its emergence and I believe we created the Middle East’s first advanced 4G network.

Recently, we received two prestigious awards in Paris and London: for the telecommunication infrastructure that we have built in Iraq. This new network offers an alternative to existing submarine networks that cross the Suez Canal and the Atlantic. Because of Iraq’s geographical location, it provides better latency than existing solutions and we can connect the whole country to its network and reach a 100% internet penetration rate in the next two to three years. When I say that we want to reach 100%, I’m referring to our fiber-optic coverage, not our wireless network, which is already at 100%.

We are considering an initial public offering to grow our business substantially. With technology, everything is changing so fast. In the past, providing internet was mainly about providing services to the customers. Today, it is not only about providing internet services, it is about adding value. Compared to just three years ago, the market is much more mature. Once you reach a household, there are so many services you can develop and offer to that family.

We need to invest and promote complementary services that would use our network. Technologies developed around the world are going in that direction — we want to understand what the new products are that we can offer to the community. For example, the Ministry of Interior is highly dependent on our network for its surveillance system and we are developing an e-government system to modernize payment services. Newroz Telecom is a solution provider — it makes people’s lives easier.

PR Newroz Telecom has world-class partners, like US-based Cisco and IBM. Why is this?

KAJ The US is way ahead of the rest of the world in innovation. I want to know where the telecoms sector is heading and learn from US experience and partners. I am not just interested in adopting US trends in telecommunications, but also in the whole information technology sector: applications, corporate social responsibility processes and other added-value services.

PR What are your goals and how will you achieve them?

KAJ The first is to position ourselves as a partner for them and internet giants like Facebook and Amazon. They cannot handle all of their traffic on their own and need to spread their hubs — we can develop our own hub here, with a big data center.

The second is to connect every single household in the region to its network and reach a 100% penetration rate in the next two to three years. When I say that we want to reach 100%, I’m referring to our fiber-optic coverage, not our wireless network, which is already at 100%.

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Kawa A. Junad
Group Chairman, Newroz Telecom

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FASTEST and first 4G LTE operator in Iraq

BEST 4G deployment worldwide*

TOP telecom services company in the Kurdistan Region of Iraq

BEST telecoms project in the Middle East*

*Global Carrier Awards
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The Peshmerga: A force for peace

New US government funding will help the region to continue to protect the world from extremism

The US National Defense Authorization Act 2019 allocates $290 million to the Kurdistan Regional Governorate’s (KRG’s) Peshmerga military forces. This major commitment is a recognition of the contribution KRG has made in defeating ISIS and preventing the terrorist organization’s reemergence.

In 2014, KRG found itself on the geographical frontline in the global battle against ISIS. The secular Peshmerga, whose name means “those who face death,” sprang into action as they had done in 2003’s US-led liberation of Iraq and other campaigns. “For over 100 years, the Peshmerga have been fighting for stability and democracy,” explains Sirwan Saber Mustafa, chairman of Korek Telecom and a Peshmerga general. Nearly 2,000 KRG soldiers died over the next three years but not in vain — their experience and courage proved vital in the international task force’s victory. “You have been a strong ally,” former US Secretary of State John Kerry told President Masoud Barzani; “Your Peshmerga forces have performed bravely and I honor their sacrifices.” Although victorious, the Peshmerga are alert to future dangers and are coordinating with international forces to flush out remaining ISIS members. The US funding will enable them to protect the world more effectively and quickly adapt to new threats.

KRG Representative to the US, Bayan Sami Abdul Rahman, welcomed the recognition of the Peshmerga’s role. “The KRG is proud to work alongside US and coalition forces,” she said; “The Peshmerga forces remain ready to assist the coalition where and when needed to defeat the scourge of ISIS in Iraq and the entire Middle East.”

Korek Telecom’s founder is focused on strengthening communications and international stability

“The Kurdistan Regional Governorate (KRG) has a very young population that requires world-class data services. Within two years we expect 5G mobile technology to be present everywhere and Korek Telecom will be ready for it, as well as for the Internet of Things and other disruptive technologies,” states Sirwan Saber Mustafa, chairman of the fastest-growing mobile operator in Iraq, which offers its largest and most reliable mobile network.

Based in KRG, Korek Telecom covers the whole of Iraq and provides seven million subscribers with high-quality wireless communication services that will soon get even better, as the company is awaiting a license to develop 4G LTE technology. “We started with nothing, at a time when there was no infrastructure in KRG,” says Mustafa, who co-founded Iraq’s first telecommunications company in 2000 and spearheaded it into one of KRG’s biggest enterprises that now employs about 2,500 people.

Korek Telecom achieved its success by constantly innovating and being the first to launch new products and services, as well as by investing in cutting-edge technologies in partnerships with international companies such as Ericsson, Nokia-Siemens and Cisco. In 2004, it contracted Ericsson, which it has collaborated with for fourteen years, to build and develop its network.

Korek Telecom is also focused on continuing to expand its network, as Mustafa says: “We have connectivity even in the most remote mountain areas where it is impossible to make a profit. However, our goal is never to just make a profit — we are here to play an important role, as telecommunications are vital for the development of our society.”

Other essentials for development are security and stability, and Mustafa has made a significant contribution to these as well. He is a general in the region’s Peshmerga forces and served for 12 years before leaving to set up Korek Telecom. “After the fall of Saddam Hussein, I no longer saw any major security risk for KRG and thought that the emphasis should be put on rebuilding it,” he explains; “Then in 2014, ISIS came. All of a sudden, the most dangerous terror group in the world was in our backyard.” Receiving the news while on a business trip in Europe, he says, “It was very important to me that I was fighting with the Peshmergas side by side against this new threat, so I immediately flew to Erbil and went straight to the front line.” There, Mustafa was responsible for a decisive operation that removed the threat to KRG’s capital.

Aided by the US-led international coalition, the Peshmergas overcame a well-armed force that had modern technology, he states: “In military terms, I would say ISIS has been 98% destroyed. But its ideology is still present and if we don’t confront it, new forms will arise and could spread through the Middle East and further afield. Therefore, my message to the international community is: keep helping us. The Peshmergas are contributing to global democracy, and need funding and weapons.” Since the defeat of ISIS, KRG has become safe again, notes Mustafa, who is convinced this stability will stay long term. “I am very optimistic about the future and international investors are welcomed here, where they can explore many untapped opportunities.”
A region focused on encouraging foreign investments

The Kurdistan Regional Governorate offers not only a wealth of promising investment opportunities but also one of the best investment laws in the Middle East.

The Kurdistan Regional Governorate (KRG) experienced a decade of economic boom that came to an end in 2014 when the government’s priority turned from development to reestablishing regional stability. “Now things are moving forward again. We are very optimistic,” says Dr. Noori O. Abdulrahman, chairman of the Kurdistan Board of Investment (BOI), which oversees and promotes investment in KRG.

That optimism is being supported by the international community— at conferences for the reconstruction of Iraq in Kuwait and London held in 2018, investments and donations of $35 billion were pledged, a proportion of which will go to the region.

This is only the start, according to Abdulrahman: “We need to attract investors and partners from the US and worldwide to boost our economy. We also need their experience and know-how. The government is doing its best to facilitate the process for foreign companies coming to Kurdistan—for example, we have a very friendly investment law that is unique to KRG.

That investment law, created in 2006, is considered by many to be one of the best in the Middle East for foreign investors. Abdulrahman gives some of the reasons why: “Foreign investors are treated exactly the same way as national investors. They are entitled to 100% ownership of projects and land, can transfer profits abroad in full, and are exempt from all non-customs taxes and duties for 10 years, including those due on equipment and machinery.”

BOI makes life easier for investors, and prides itself on ensuring investment procedures are simple and transparent. It acts as a liaison between the private sector and government, and assists foreign investors at all stages of a project’s life cycle.

To provide easier access to the many opportunities in KRG, Abdulrahman says: “We are working on an investment road map in collaboration with a Lebanese tender specialist that is making announcements on behalf of BOI to attract international companies and to highlight the investment opportunities in the region. The road map will include short, medium and long-term projects, and investment opportunities in each sector. When investors arrive, everything will be ready for them—we will even allocate land for the development of projects.

The opportunities available cover every sector, from manufacturing, financial and professional services, communications, infrastructure, housing, education and training, energy and healthcare to oil and gas. However, “Priority projects will include the building of new dams for generating electricity, funding for the industrial sector, tourism and, most especially, agriculture,” states Nawzad Hadi Mawlood, governor of Erbil Governorate.

**Erbil: a hub for investors**

Erbil, one of the regions’ three administrative provinces along with Sulaimani and Duhok, provides an excellent example of the potential for investment in KRG. Home to over two million people, Erbil is the capital of KRG at the heart of which lies the Citadel, a UNESCO World Heritage site and one of the world’s oldest metropolises.

Having governed Erbil since 2004, Mawlood has overseen a modernization that makes it a hub for foreign investors. “Between 2004 and 2014, KRG invested €10 billion in Erbil in sectors such as oil and gas, infrastructure, health, education, tourism, electricity and more, while the private sector invested a further $24 billion. We now have an international airport, power plants and Iraq’s biggest oil refinery is here. We work hard to develop the private sector and have transformed Erbil into Iraq’s trade and administrative center.”

Erbil is also a magnet for Iraqis seeking medical treatment, as it hosts many private clinics and renowned doctors, and for tourists. “In 2014, we were named Arab Tourism Capital and we have a lot to offer visitors: history, shopping, 5-star hotels, restaurants, mountains and much more,” says Mawlood, adding: “We are currently promoting better links with private tourism companies.”

In addition to tourism, Erbil is focusing on several other sectors for development and investment, including agriculture and industry. “We plan to build renewable energy infrastructure and start selling our energy to other countries. Plus, we are developing our public transport system and recently concluded an agreement in Germany for 400 buses,” he states.

Mawlood believes Erbil will be the base for international companies helping to reconstruct Iraq: “All the logistics will be handled from here because Erbil is safe and the most developed part of Iraq. Investors can benefit greatly from coming here — there are opportunities for them in Erbil and KRG, and we will facilitate these opportunities for them.”

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Ster Group: A spotlight on the leading Kurdish company and the entrepreneur who started it

As the founder and chairman of Ster Group — one of the largest conglomerates in the Kurdistan Regional Governorate (KRG) gets ready to retire this year, we take a look at the organization Sarwar Pedawi has created.

A small startup about 20 years ago, Ster Group is now active in diverse sectors and has many international partners. It was established by respected entrepreneur Sarwar Pedawi. Dedicated to building KRG’s economy, Pedawi started the enterprise as Ster Company, an importer. Its service quality attracted international partners and the business grew and diversified until Ster Group was formed in 2004.

It has been responsible for advancing KRG in many ways, not least through its subsidiary Ster Construction, which is responsible for many of KRG’s most prestigious developments. Its landmark, Erbil’s Ster Tower, is managed by another subsidiary, Ster Tower Management. It offers a secure environment, state-of-the-art equipment, and is home to international businesses and consulates.

Through Ster Petroleum, the group is also a leader in oil and gas.

Its interests range from gas stations to refining, storage, trading and other oil-related services. For example, Ster Security Company provides most watchdogs in KRG, thousands of trained security personnel and armored vehicles. Damosc, on the other hand, supplies engineering, project management and equipment facilitating services. As with all Ster Group companies, it has a multilingual and highly experienced team.

With a US partner, Pedawi established TarinNet to create a wireless telecommunications network, as KRG had no infrastructure. It has expanded into fiber optics, and numerous other information and communication technologies that are available in 175 towns and cities. The group also includes two mineral water companies, Avian Water and Kani Water, brands synonymous with bottled water in KRG with their own high-tech bottling plants. Due to their quality standards, Ster Group was trusted to act as the group’s Ster-Kar Insurance, Iraq’s largest private insurance company also has international partnerships.

A recent venture is Ster Aviation, a high-quality, personalized travel agency. With an eye on tourism, it is partnering with Korek Teleferic on a cable car for Korek Mountain Resort & Spa. Although retiring, Pedawi leaves a group imbued with his spirit, which continues to look for new opportunities for itself and KRG.

In his own words Sarwar Pedawi

FP Can you tell us about your background and that of Ster Group?
SP In 1975 many Kurdish families became refugees including me. After five years living in Iran, I was one of the lucky ones as I was granted asylum in the Netherlands. I am very proud of being Kurdish but also very proud of being Dutch and give thanks to the Netherlands for my success. The Dutch opened the door for me and treated me like one of their own by giving me a citizenship and encouraging me to study. I have several higher degrees in telecommunication engineering, banking and finance. In 1991, during the First Gulf War, I came back to Iraq as a captain and engineer in the Dutch army. I then decided to leave the Netherlands and return to KRG permanently where, at that time, salaries were low and there was a lack of electricity and water. I worked for the Kurdistan Regional Government and after a while established my first business — Ster Company. We started importing small things from Turkey and our business kept getting bigger as we were successful in every venture we initiated.

FP How did you turn it into such a diverse and successful organization?
SP My goal was always to bring Western European standards and the best products to KRG and, in order to succeed, I had to be better than other people — a leader, rather than a follower. In 2003 Iraq was liberated from dictator Saddam Hussein, and after this the KRG started to exploit its own oil and gas. We entered that sector and also moved into the health sector where we became the exclusive partners of international pharmaceutical brands.

When we started our telecommunications company TarinNet, as I was a telecommunications engineer, we built the first wireless internet provider and afterwards a tower with 500 lines connected to satellite. We continued with the expansion and implemented wireless internet in nearly every city and village in Kurdistan. This is how we became the market leaders. We also pioneered real estate projects here, for example, I built the first tower in Erbil — Ster Tower which hosted many Kurdish’s foreign consulates and became the city’s landmark to the extent that people got married in front of it.

FP How did you manage to partner with companies like Coca-Cola?
SP It was not easy to meet the demands of Coca-Cola’s regional agent, but after some time they agreed to work with us. Later, I sold my shares in Coca-Cola to Anadolu, but I still help and advise them a lot. We have a good relationship and I think it is very prestigious to be Coca-Cola’s ex-partner.

FP What does the future hold for you, Ster Group and KRG?
SP My personal goals are to offer services for rebuilding the country while making a profit, as well as to continue giving economic advice to the government. For example, nobody has considered the effects on the environment that more than 40 oil companies and refineries have here. There is a need to come up with a solution that can, in the drilling process, separate dirty water from clean water. One of my plans is to enable KRG to prevent this kind of pollution by building facilities with a German-Romanian company. My second idea is to manufacture medicine and especially invest in agriculture, because we are rich in land and water resources.

As for Ster Group, it is a solid business and has survived through the worst times. Ster Group employees and management are competent and results driven. I am sure they will always keep the company at the forefront of business here. If they ever need any advice I will always be there for them and I will always be proud of my company. I believe in my people and my country. I also give thanks to the wise leadership of our government, President Masoud Barzani and Prime Minister Nechirvan Barzani. They were responsible for establishing an investment board that, for the first time in Iraq and many other Middle Eastern countries, offered 100% business ownership, cost-free land and tax-free profits for ten years to foreign companies. These laws have attracted a lot of local and international companies — it was a smart decision and I thank them for it.
For nearly two decades, we have been playing a major role in building the economy of the Kurdistan Regional Governorate by delivering the products, technologies and services the local population and our international clients want. From our cutting-edge Ster Tower in the center of Erbil, we provide a one-stop-shop for all your requirements in sectors that include: construction and engineering; property rental and management; petroleum and gas; ICT; security services; insurance; health and pharmaceuticals; importation and trading; food and drink production; and tourism.

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Ster Group is leading the way to a profitable future for the Kurdistan Regional Governorate through innovation, excellence, partnerships and diverse operations.
Qaiwan Group: Building a legacy of development in the region

Qaiwan Group is one of the largest Iraqi conglomerates based in the Kurdistan Region of Iraq (KRI). Its chairman, Saad T. Hasan, discusses the group's vision and some of its diverse activities.

**PR What are Qaiwan Group’s current key sectors?**
Qaiwan Group’s current key projects are across a diversified spectrum, such as our power plant, oil refinery and, in terms of real estate, the Rotana hotel and Qaiwan Towers in Sulaimani. We continuously seek out opportunities that will allow us to grow and develop, add value to our communities and fill infrastructure gaps, while being profitable in the long run.

In terms of investment opportunities, we are strong believers in the future of both the KRI and Iraq as a whole, and are on the lookout for sectors where we are primed to provide the finest quality service and products. For example, in the education sector we have schools ranging from kindergarten to higher education, where our students learn multiple languages from an early age.

This is one of our main strategies for globalizing the region and, in order to further our efforts in this field, we have partnered with leading education providers, like Cambridge and Oxford, and privatizing its electricity, people will eventually pay for what they get, and supply and distribution will become more efficient.

We want to be part of this privatization process. From Bazian in Sulaimani we are generating electricity and intend to become a distributor as well — using our experience in distribution across the country to provide as many people as possible with the energy they need.

**We are generating electricity and intend to become a distributor as well — using our experience in distribution across the country.”**

Saad T. Hasan, Chairman, Qaiwan Group

**PR As evidence of international confidence, you secured a large loan for the power plant in collaboration with General Electric. Could you tell us about your international strategy and partners?**

**STH** We embrace globalization. We have offices around the world, adapt our services to international standards and have structured our company in line with global corporations. We believe in the need to be transparent in business, so that everyone understands our business model, what we do and what we want to achieve. With regards to our loans, General Electric was not our only partner — Coface, a French government credit insurer, and Deutsche Bank were also key contributors.

We also have a retail division and have been the representative of Japan’s Hitachi for 15 years. Qaiwan Group has proved itself to be a trusted partner for some of the most well-known international companies — we deliver and meet our promises. We are no longer concerned about whether partners will collaborate with us. The question is more: who do we need or who needs us as a partner?

The Kurdistan Regional Government has created a very business-friendly environment where investors feel right at home. We are part of KRI, so of course we know it better than someone looking for opportunities from outside.

**PR What makes Qaiwan Group so strong?**

**STH** Qaiwan’s most valuable asset, and most important investment, is its people — we surround ourselves with high-caliber staff, over 80% of whom are local. We do not impose any limits on ourselves and we seek out opportunities as they come. We want to create more employment opportunities and attract our youth to them. There is an abundance of opportunities here and I feel optimistic for the future.

**Investing in adding value**

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**A future built on diversity**

Qaiwan Group is one of the Middle East’s leading corporations. It has played a major role in KRI’s development and continues to invest in various sectors, at home and internationally, in partnership with the world’s best companies. For example, its Bazian oil refinery processes 40,000 barrels a day. Qaiwan Group has also constructed a pipeline that transits KRI’s gas, which supplies its own 500 MW Bazian power plant.

Homes powered by this may include the 11,000 residences in three projects that Qaiwan Group is building. It is also creating new landmarks for Sulaimani, like the $100-million Qaiwan Towers, with hotel, offices and shops, and a Rotana five-star hotel. In electronics, Qaiwan Group, working with Hitachi and others, has Iraq’s widest consumer products network that includes a retail chain.

It also has a pharmacy chain, part of healthcare operations that run from product sourcing to treatment. Qaiwan Group is expanding its investment in this underserved market by opening hospitals. Additionally, it supports KRI through its international school. Working with leading institutions, it now plans to launch a nursery and university — investments epitomizing the group’s vision of a global and diversified future for KRI.
Effective security

Government agencies and citizens have made the region the safest place in Iraq.

"US and other international companies considering coming to Kurdistan Regional Government (KRG) want stability and security — and that is what we offer," states Dara Jail Al-Khayat, president of the Erbil Chamber of Commerce and Industry (CCI). Serwan M. Mahmood, chairman of the Sulaimani CCI, expands: "Many US companies obviously worry about security issues and perceive the situation in Baghdad and KRG as being the same. This is not true — KRG is different, it is very safe and our security is better than most of our neighboring countries."

The facts prove them right: no foreigners have been killed in the region since 2003 and the US-led coalition’s campaign against Saddam Hussein. A number of government bodies have been responsible for making KRG the safest region in Iraq — the Peshmerga military forces, which manage external threats, and the Asayish, Parastin and Zanyari, which are responsible for internal security.

These agencies work hard in a well-planned and coordinated manner to prevent terrorism, and they benefit from the full trust and cooperation of the local population. Having experienced atrocities in the past, KRG residents have no sympathy with extremism and immediately report anything they believe is a security breach. Another factor in the region’s safety is the investment that has been made in military security, as well as the presence of numerous checkpoints at airports, in cities and on roads.

In addition to being safe from terrorism, international visitors are highly unlikely to experience violent crime from a population that is extremely friendly to foreigners, especially those from countries like the US that supported them in 2003. As a secular and liberal region, it is also unusual for women to face harassment. Additionally, theft is uncommon — it is a very honest and trusting society. The 24-hour security at the majority of commercial and residential properties provides further reassurance that KRG is a place where foreign travelers are safe.

A new $1.6 billion tourism infrastructure project is planned for Lake Dukan in Sulaimani province

A private sector driving the economy

Chambers of commerce and industry are at the forefront of advocating for the private sector, forming international relationships and attracting investment.

Kurdistan Regional Governorate’s (KRG’s) economy is driven by private companies, all of which are members of a network of highly influential chambers of commerce and industry (CCI). "We represent the private sector, and communicate its needs to the appropriate high-level people," explains Serwan M. Mahmood. As well as being vice chairman of the Kurdistan Federation CCI, which oversees the region’s chambers, Mahmood is chairman of the Sulaimani CCI.

Sulaimani is KRG’s second largest city. Nicknamed the "Paris of Iraq," the liberal and open metropolis is the region’s cultural capital. It also contains Iraq’s only trade exhibition center managed by a CCI. "Run on a non-profit-making basis for members, Sulaimani International Expo is one of the largest projects in the country," says Mahmood.

"There are lots of untapped opportunities in Sulaimani," he states. Agriculture, for example, is important to Sulaimani and the CCI has set up a department for that sector that works with the Ministry of Agriculture. He continues: "We also register trademarks because by protecting our products we can provide food security and jobs. Additionally, we are encouraging companies importing products here to build production factories."

KRG’s CCIs have developed strong relationships with CCIs worldwide, including the US Chamber of Commerce. However, Erbil and the Kurdistan Federation CCIs, and vice president of the Federation of Iraqi CCI. "Oil and gas get most interest but manufacturing and industry are also attractive to investors."

Al-Khayat says, "We would like to make our relationship with the US stronger. Our network of CCIs meet international standards, hold many high-profile conferences and are working with the government to facilitate foreign investment projects. This is a new era and we are ready to receive international companies at any time."

For further information please visit www.prisma-reports.com
With the world’s tenth-largest oil reserves, “The Kurdistan Regional Governorate (KRG) is the capital of oil and gas exploration, and probably one of the top three places with untapped oil resources,” says Sirwan Sami Abdul Rahman, chairman of Renwa Group, KRG’s leading oilfield services provider.

The sector includes over 50 international players and dominates KRG’s economy but its development was curtailed in 2014 by ISIS and a global drop in oil prices. The last year, however, has seen many investment announcements from companies like Rosneft, DNO, Pearl Petroleum and Chevron.

“We work exclusively with international companies and economic activity is really picking up,” states Rahman. He notes that Regwa’s revenue also took a hit when the central Iraqi government took control of the profitable Kirkuk oil fields from KRG in 2017. However, he comments: “KRG instituted a recovery plan by increasing oil production substantially.”

KRG, which offers world-class production-sharing contracts, wants to quadruple oil production to 2 million barrels per day, while gas extraction is forecast to quintuple. It is also expanding its refining plants through private sector tenders, although it already has two major facilities: one owned by Kar Group near Erbil and the other by WZA Petroleum in Sulaimani.

Investment is increasingly moving further downstream as well, says Rahman: “The focus used to be on building large-scale projects but now you see businesses providing quality retail services.”

Innovations in retail

One major example of this is KurdNeft, a chain of 11 state-of-the-art gas stations set up by its entrepreneurial Russian CEO, Yuri Pervak: “When I was at school, I worked here as a UN volunteer and could see the opportunities — so I came back three years ago. The gas station market was disorganized, inefficient and had no leading chains. I saw a broken-down station opposite an iconic mall and thought — why not?”

Pervak bought the license, launched the business in 2015 and started modernizing the station, introducing technology and branding. “We noticed there is a big wealthy community in Erbil with expensive cars, so we differentiated ourselves by offering only premium oil to begin with. We were expensive but we educated people through marketing campaigns and built a brand people could rely on.”

As it has expanded, KurdNeft continues to invest in design, automation and other cutting-edge service station practices. Its latest innovation is the KurdNeft membership card, says Pervak: “With this, corporate clients can increase control, safety and financial scrutiny in their organization.” Top multinationals have embraced the new system, as has the government, which is working with KurdNeft on future projects.

Having created a successful and profitable Kurdish brand from scratch, Pervak is looking for his next challenge: “KurdNeft is running smoothly and there are plenty of opportunities — every day, I think of new projects!”

The capital of oil and gas

The Kurdistan Regional Governorate’s most important economic sector is seeing increasing foreign direct investment both upstream and downstream.
Partnerships bring education at the highest level

Leading KRG educators introduce some of the region’s best universities and their growing links with international peers

The American University of Kurdistan, Duhok

There are currently 35 public and private universities in the Kurdistan Regional Government (KRG) and the region is focused on providing international-standard education that is grounded in the ideas of globalization and the knowledge economy.

An example of the direction higher education is taking in KRG is the private American University of Kurdistan (AUK) in Duhok, which aims to prepare the next generation of leaders, says Dr. Honar Issa, a member and secretary of AUK’s board of trustees: “Rather than send these students abroad, we realized it would be easier to bring the same system of education here.” With plans to set up a teacher training college, the AUK is also establishing medical and nursing classes in teamwork and leadership, and a small entrepreneurship academic program as a first step to creating a center of entrepreneurship motivation.

Lots of students can’t afford tuition fees, but I think there are technological solutions we can bridge this gap.

All our students are bilingual, which is essential if students want jobs that tie them to the outside world, and surveys indicate that over 85% of our graduates are working, overwhelmingly in the private sector, or are in graduate school. Tying students’ capability and language skills with future employment is one of our great strengths but we also focus on core curriculum and critical thinking to develop good citizens. Additionally, we have classes in teamwork and leadership, and a small entrepreneurship academic program as a first step to creating a center of entrepreneurship motivation.

I believe the US can be helpful in developing KRG’s education. AUIS has partnered with Stanford University to create a new law major and it has been helping us with leadership training programs that I hope to develop. In addition, we are currently working with a major US research university to offer advanced degrees here. It is important for us to have partnerships and build bridges with the rest of the world in order to provide opportunities for our students and develop our faculty capabilities.

American University of Iraq, Sulaimani (AUIS)

Founded in 2007, AUIS is a leading private and not-for-profit university. One of my ambitions as its president is to educate Kurdish young people, who are self-confident, articulate in English and believe they can make a difference in the region.

We hire half our faculty from 16 other countries, the majority from the US, and offer good salaries to attract these excellent teachers. Also, I'd like to try new things with higher education. Lots of students can’t afford tuition fees, but I think there are technological ways we can bridge this gap.

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University of Kurdistan Hewlêr (UKH), Erbil

Opened in 2006, the independent UKH is a public English-language university and has the region’s highest alumni ranking. Its mission is to engage in the production and transmission of knowledge, to promote the cultural and intellectual life of KRG society, and to educate future leaders.

UKH was established to cover all fields relating to the region’s development — for example, we run a petrol and engineering program and operate a business school, both of which are among the very best in KRG. To ensure world-class teaching, we recruit highly qualified international academics and abide by UK educational standards. We are also well connected to US institutions.

For instance, we maintain a solid relationship with the US consulate, are establishing a medical school with help from a university partner in Hawaii and have recently opened a new civil engineering program with US support. We are about to construct a new campus that will have space dedicated to the US and my goal is to rapidly increase the number of partnerships we have in that country.

Ishik University, Erbil

Established in 2008, Ishik University aims to be a leading educational bridge between KRG and the world that provides international-standard theoretical and practical education. We have ambitious expansion plans and we currently have seven faculties, 20 departments and four centers: sciences, pharmacy and dentistry, law and engineering. Last year, we set up three new departments, including one for survey and geometics engineering. We are proud to have a gender research center and we are also the only university with a mechatronics department, on which we partnered with a German university. We cooperate with many regional and international universities, and companies. For example, we host diverse conferences, are developing training with Cisco and are in the process of setting up new collaborations in the UK. If this works, we plan to implement UK-based educational programs. In the US we have agreements with top universities such as Oklahoma University, and with universities in Hawaii and North Carolina as well. However, we want to set up more joint programs both in the US and worldwide.
KURDISTAN RISING A SPOTLIGHT ON THE REGION

It’s time to explore Kurdistan

The region has ambitions to be the world’s next tourism hotspot for both international visitors and investors.

Tourism in the Kurdistan Regional Governorate (KRG) offers huge potential for visitors wishing to explore the undiscovered and endlessly fascinating region, as well as investors, as the country looks to develop its tourist infrastructure and reshape KRG’s image on the global stage. Over the last two years, visitor numbers have started to boom, says Nawroz Mawlood M. Amin, Minister of Municipalities and Tourism: “In 2016, the region received 1.8 million tourists. That increased to 2.25 million in 2017 and the forecast is 2.5 million for 2018.”

Most visitors are currently from other parts of Iraq and are drawn in by KRG’s “safety, historical sites, rich cultural resources, varied customs and traditions, and beautiful landscapes,” notes Amin. However, with two international airports, travel to the region is surprisingly easy and, given the many attractions, it is predicted that local travelers will soon be joined by people from much farther afield.

Erbil, the region’s capital is home to first-class hotels and the world’s oldest citadel, is an essential port of call for history lovers but there are numerous historical buildings and over 3,500 archaeological sites in the region, many of them yet to be fully explored. Some of the most awe-inspiring include the 4,000-year-old Yazidis temple complex of Lalish, the ancient rock-carved monasteries at Alqosh and Shanidar cave, where nine Neanderthal skeletons have been discovered.

The richest traditional and contemporary cultural resources are found in the city of Sulaimani at museums, galleries, theatres, concerts, literary events and poetry readings. This is just the tip of the iceberg, however, as many different ethnic groups live in KRG, each with their own traditional cultures, dress, festivals, handicrafts and cuisines — and all are welcoming to guests.

KRG’s sites of natural and undeveloped beauty include mountains that offer climbing and fabulous views, rivers, lakes, forests, verdant valleys and caves — the perfect places for adventure or total relaxation. At some of these locations, such as Rawanduz near Erbil where the breathtaking scenery includes snow-topped mountains and green plains, modern tourist facilities have been developed. Further projects are in the pipeline: for example, in July 2018, the local Faruk Holding Company announced plans to build a $1.6 billion tourist city by the stunning Lake Dukan. When complete, it will include hundreds of vacation properties, two cable cars and a purpose-built island, and is expected to attract hundreds of thousands of tourists.

Amin is optimistic that many more tourism projects will soon get underway in all three of KRG’s provinces: “The government considers tourism to be a very important sector and my ministry has worked hard to establish a 10-year tourism master plan that we are following. This aims to increase tourist numbers as well as support private sector investment in tourism areas.” The incentives the ministry is providing are “safety, historical sites, rich cultural resources, varied customs and traditions, and beautiful landscapes,” notes Amin. However, with two international airports, travel to the region is surprisingly easy and, given the many attractions, it is predicted that local travelers will soon be joined by people from much farther afield.

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International trade is growing in the Kurdistan Regional Governorate (KRG). In 2017, for example, KRG spent $16 billion on imports, 20% more than in 2015, mostly on products like food, clothing, cars and medicines.

In the case of pharmaceuticals, “KRG has high standards of quality control — all imported products are retested and have their certificates checked to remove counterfeits,” says Rizkar T. Malaasim, managing director of HRB Group, which is responsible for about 20% of KRG’s pharmaceutical sector. Malaasim set up the group in Baghdad before taking the risk of moving to KRG in 2005. “Because where there is a risk in business there is a large profit,” he says. Initially, the group’s imported from Turkey and neighboring countries, but it has expanded to work with European agencies and it is now one of Iraq’s biggest trading companies, he states: “We are connected to over 8,000 doctors and 4,000 pharmacies.”

Large trading companies also operate in the food sector, which represents about 50% of all KRG imports. Take Bamo Company, for instance, the exclusive distributor of leading Turkish brands Mahmood rice and Altunsa milk, which is headquartered in Sulaimani but employs 1,500 people at bases throughout Iraq supplying wholesale and retail customers.

From imports to exports

While some companies are benefiting from opportunities in imports, others are turning their attention to exports.

One food importer and distributor that has expanded into production is DLBA Dairy Company: “It was the first Iraqi company to partner with a Greek counterpart in 2008. Kri Kri, one of Greece’s largest food companies, still supplies us with yogurt, ice cream and cheese,” says DLBA’s general manager Awara M. Abdulqadir.

The company later set up its own factories in Turkey and, in 2016, opened a plant in KRG, he notes: “We now sell 60 tons of locally made dairy goods across the country every day and intend to increase our range, and start exporting. However, we will continue importing Greek products and, if other international companies want to do business here, we would be more than happy to support them. Food is always needed and this is a market with a big potential.”