

No.	Company's name	50% Budget \$	Expenditures.
17	State Comp. for Geological Survey	750 000	Spent value of 596268 \$ to remove overburden, generating sets & there is a tender to supply Drilling machines for exploration.
18	State Co. for Glass & Ceramic.	575 000	Signed contracts for a value of 483568 \$ & there is tender to supply Soda ash.
19	Southern Cement State Co.	1300 000	Made tenders for a value of 2600 000 \$, some offers are under study.
20	Northern Cement State Co.	1000 000	Have tenders (15) closing date 20/10/03.
21	General Syst. Company.	225 000	Spent 44582 \$ for new computers & tender under study of its offers for 250 000 \$.
22	D.G of Industrial Development.	50 000	It will not be utilized.
23	State Company for Design and Consultation.	125 000	Spent 86000 \$, Tender to maintain cranes (250 000 \$), Design programs (70000 \$).
24	State Comp. for Electric Eng. Ind.	1125 000	Have orders to supply raw material... for total value.
25	Nasir State Co.	1500 000	Have signed orders to supply raw material in total value of 1708696 \$.
26	State Comp. for Cigarettes and Tobacco	1250 000	Ordered Supply materials of the value 336050 \$, studying other offers for value 782083 \$

Operational budget 2003

No.	Company name	Value (\$)	Actions taken
1	State Commission for training & Rehabilitation.	225 000	spent 95168 \$ to rehabilitate the commission building & training center
2	State Co. for ready made wears.	500 000	Made an order at a value of 478500 \$ and made another tender to supply raw materials
3	Iraqi Cement state Company.	1500 000	Announced a number of tenders to supply items necessary to raise production capacity.
4	Al-Faris State Company.	862 500	Ordered raw material & Electromechanical parts at value 199 000 \$ & there is a tender to supply equipments at value 390 000 \$.
5	Drug State Comp. (Samara)	750 000	Ordered raw materials value of which 396925 \$.
6	Ur State Comp.	1350 000	Tenders to supply different raw materials.
7	Information System.	125 000	To spend 116 600 \$ for renting house to be used as office.
8	State Comp. for Textile Industries.	500 000	Ordered raw materials at value of 576000 \$ & made more tenders to supply raw material with total value of 1000 000 \$.
9	State Comp. for Leather Industries.	500 000	Utilized 31651 \$ in October for production requirements.
10	State Comp. for Petrochemical Ind.	1500 000	Contacting suppliers for orders made before the war. There are 7 orders the Company is preparing tenders.
11	State Company for Construction Industries.	250 000	Offers to supply PVE to produce plastic pipes.

list of companies and the money they spent.

all numbers are in 1000*ID				
No.	Name of company	spent money June - September	spent money November	Total
1	State Co. for Vehicles Industries	18239	37453	55692
2	Diala State Company.		290675	
3	Nassir State Company.	588913		
4	Al-Nassir Al-Adheem State Comp.	55530		
5	Al-Furat State Company.	850000	339484	1189484
6	That Al-Sawari state Company.		75921	
7	Al-Mishraq Company for Sulfur	234145	322235	556380
8	Southern Fertilizers Company.	1737697	145427	1883124
9	Northern Fertilizers Company.	35369		
10	State Company for phosphate.	1737697	2037463	3775160
11	state Company for Sugar Industries.	747493	47865	795358
12	Nawnawa State Company for Drugs.	293968	155783	449751
13	State Comp. for Hand Woven Carpets.	276288		
14	State Comp. for Woolen Industries.	281000	151060	432060
15	State Company for Ready Made Clothes.	101980	92978	194958
16	State Company for Cotton Industries.	1231476		
17	State Company for Refractories.	30760	17377	48137
18	Geology Survey and Mining State Comp.	123324		
19	Industrial Development.	10340		
20	Designs and advisory.	50820		
21	Specialized Institute.	887325	1841000	2728325
22	Training & Rehabilitation.	5389	10723	16112

list of companies and their revenues.

No.	Name of company	all numbers are in 1000*ID		
		revenues June - September	revenues November	Total
1	State Co. for Vehicles Industries	400535	108725	509260
2	Diala State Company.		732874	
3	Nassir State Company.	682000		
4	Al-Nassir Al-Adheem State Comp.	100325		
5	Al-Furat State Company.	1140944	443850	1584794
6	That Al-Sawari state Company.		65315	
7	Al-Mishraq Company for Sulfur	2699	10307	13006
8	Southern Fertilizers Company.	2270288	279470	2549758
9	Northern Fertilizers Company.	28369		
10	State Company for phosphate.	2270288	3074263	
11	state Company for Sugar Industries.	197868	15996	213864
12	Nawnawa State Company for Drugs.	3800499	1080976	4881475
13	State Comp. for Hand Woven Carpets.	438260		
14	State Comp. for Woolen Industries.	492000	232100	724100
15	State Company for Ready Made Clothes.	34375	96100	130475
16	State Company for Cotton Industries.	1955246		
17	State Company for Refractories.	30255	8965	39220
18	Geology Survey and Mining State Comp.	274502		
19	Industrial Development.	113970		
20	Designs and Industrial advisory.	94547		
21	Specialized Institute.	2125000	1821000	3946000
22	Training & Rehabilitation.	340597	330456	671053

Ministry of Industry and Minerals
(US \$)

State Owned Enterprises	Cash Inflows				Requesting Expenses										Total Cash Flow (US\$)			
	Subsidy	Revenue	Interest	Total Cash Inflow	Salaries	Other Staff	Capital	Operating	Investment	Research & Dev.	Other	Capital	Operating	Investment	Total Cash Flow (US\$)	Subsidy	Revenue	Total Cash Flow (US\$)
MIM Headquarters	1,480,000				831,500													
Geological Survey	0	0	0	0	1,350,000	1,500,000	25,000	4,000,000	0	2,000,000	5,250,000	4,000,000	(9,250,000)	1,350,000	7,525,000	6,675,000	(7,525,000)	Survey component less mining component
Mishraq Sulfur	\$500,000	0	70,000,000	70,000,000	2,318,400	0	250,000	0	0	0	3,518,400	22,000,000	44,481,800	1,159,200	250,000	1,409,200	909,200	
Training & Rehabilitation (net transfer)	\$450,000	0	0	0	72,800	0	25,000	0	0	400,000	172,800	0	(172,000)	72,000	425,000	497,000	(425,000)	After transfer staff of 40 remains with MIM
General Systems Company	\$445,000	7,000,000	0	7,000,000	788,400	0	10,000	0	1,000,000	0	4,543,400	500,000	1,958,800	0	1,010,000	1,010,000	(221,800)	
Hand Woven Carpets	\$100,000	1,000,000	800,000	1,800,000	1,829,000	0	50,000	0	500,000	0	2,383,000	0	(583,000)	407,250	550,000	957,250	571,750	
Al Furat Chemical Industries	\$1,500,000	3,000,000	0	3,000,000	3,114,000	0	50,000	0	1,000,000	0	4,854,000	3,000,000	(4,854,000)	1,557,000	1,050,000	2,607,000	507,000	
Petrochemical Industries	\$3,000,000	10,000,000	0	10,000,000	8,989,600	0	100,000	0	2,000,000	0	10,344,600	2,200,000	(2,544,600)	3,484,800	2,100,000	5,584,800	1,384,800	
Phosphate	\$5,000,000	8,000,000	1,500,000	7,500,000	5,781,800	0	200,000	0	1,000,000	0	11,208,800	2,400,000	(6,106,600)	2,890,800	1,200,000	4,090,800	1,890,800	
Northern Fertilizer	\$1,000,000	7,500,000	0	7,500,000	2,847,800	0	100,000	0	1,000,000	0	8,897,800	2,000,000	(1,197,800)	1,423,800	1,100,000	2,523,800	323,800	
Southern Fertilizer	\$1,500,000	9,000,000	0	9,000,000	4,849,200	0	100,000	0	1,000,000	0	9,569,200	3,000,000	(3,569,200)	1,212,300	1,100,000	2,312,300	2,536,900	
Northern Cement	\$2,000,000	48,800,000	0	48,800,000	4,140,000	0	200,000	0	7,000,000	0	29,174,000	12,000,000	7,426,000	1,035,000	7,200,000	8,235,000	(4,095,000)	
Iraqi Cement	\$3,000,000	37,800,000	0	37,800,000	5,840,000	0	300,000	0	4,000,000	0	25,872,000	8,000,000	5,828,000	1,485,000	4,300,000	5,785,000	155,000	
Southern Cement	\$2,600,000	70,200,000	0	70,200,000	9,360,000	0	400,000	0	5,000,000	0	44,448,000	15,000,000	10,752,000	2,340,000	5,400,000	7,740,000	1,820,000	
Al Fars	\$1,725,000	1,750,000	0	1,750,000	2,199,800	850,000	100,000	0	1,000,000	0	5,949,800	750,000	(4,846,600)	1,089,800	1,850,000	3,049,800	(850,200)	
Al Qadisia (Dyala) Electrical Industries	\$2,600,000	8,000,000	0	8,000,000	4,088,800	0	100,000	0	2,000,000	0	11,569,800	0	(5,569,800)	3,052,350	2,100,000	5,152,350	(1,082,550)	
Industrial Design & Consultation	\$250,000	1,500,000	0	1,500,000	1,488,800	0	60,000	0	1,000,000	0	2,013,000	0	(513,000)	1,458,000	1,050,000	2,508,000	(1,050,000)	
Li Engineering Industry	\$2,700,000	10,000,000	0	10,000,000	6,033,600	0	100,000	0	2,000,000	0	18,833,600	1,500,000	(8,333,600)	6,033,600	2,150,000	8,183,600	(2,150,000)	
Geological Survey & Mining	\$1,500,000	5,000,000	0	5,000,000	617,200	0	300,000	0	1,000,000	0	2,417,200	2,500,000	82,800	0	1,300,000	1,300,000	(482,800)	Mining activity minus survey activity
Nasir SC for Mechanical Industries	\$3,000,000	7,000,000	0	7,000,000	4,451,400	0	150,000	0	1,000,000	0	9,201,400	1,000,000	(3,201,400)	4,451,400	1,150,000	5,601,400	(1,150,000)	
Drugs & Medical Supplies - Samarra	\$1,500,000	3,000,000	0	3,000,000	4,880,800	0	100,000	0	1,000,000	0	4,980,800	1,000,000	(2,980,800)	1,170,000	1,100,000	2,270,000	2,410,000	
Drugs & Medical Supplies - Nineveh	\$1,200,000	1,000,000	0	1,000,000	1,710,000	0	100,000	0	3,000,000	0	2,010,000	1,000,000	(2,010,000)	427,500	3,100,000	3,527,500	(1,817,500)	
Glass & Ceramics	\$1,150,000	4,000,000	0	4,000,000	4,288,800	0	100,000	0	2,000,000	0	7,058,800	1,000,000	(4,058,800)	2,128,400	2,100,000	4,228,400	29,400	
Information Systems	\$250,000	900,000	0	900,000	297,000	0	10,000	0	0	0	1,087,000	200,000	(387,000)	297,000	10,000	307,000	(10,000)	
Industrial Design & Construction**	\$1,000,000	5,000,000	0	5,000,000	828,000	0	10,000	0	0	0	1,188,000	250,000	3,562,000	0	10,000	10,000	818,000	Transfer from MIM
Woolen Industries SC	\$2,000,000	3,000,000	0	3,000,000	5,781,800	0	250,000	0	1,000,000	0	6,111,800	0	(3,111,800)	5,781,800	1,250,000	7,011,800	(1,250,000)	
Textile Industries - Hilla	\$1,000,000	3,000,000	0	3,000,000	4,881,600	0	75,000	0	1,000,000	0	7,208,600	0	(4,208,600)	4,881,600	1,075,000	5,956,600	(1,075,000)	

State Owned Enterprises	Cash Inflows				Requesting Expenses								Capex	Total Cash Flow (Needs)	2004 Salary Subsidy (Needs)	Operations Subsidy (Needs)	2004 Salary Reduction	Salary Multiplier
	2003 Subsidy	Revenue from 2004 Production	Revenue from Preexisting Inventory	Total Cash Inflows	Salaries	Army Rent Subsidy	Security	Requesting Capex	Outstanding AP	Requesting Operations	Total Operating Expenses							
Vegetable Oils Industry	\$2,000,000	5,000,000	0	5,000,000	6,798,600		300,000	0	3,000,000	0	12,398,600	0	(7,398,600)	5,098,950	3,300,000	8,398,950	(1,600,350)	
Leather Industries	\$1,000,000	3,500,000	0	3,500,000	5,079,600		200,000	0	2,000,000	0	8,679,600	0	(5,179,600)	5,079,600	2,200,000	7,279,600	(2,200,000)	
Battery Industries SC	\$1,000,000	1,500,000	0	1,500,000	3,472,200		150,000	0	2,000,000	0	7,222,200	0	(5,722,200)	868,050	2,150,000	3,018,050	454,150	
Mechanical Industries	\$1,200,000	8,000,000	0	8,000,000	6,969,600		100,000	0	4,000,000	0	22,919,600	0	(14,919,600)	6,969,600	4,100,000	11,069,600	(4,100,000)	
Cotton Industries SC	\$1,000,000	8,500,000	0	8,500,000	12,098,000		100,000	0	3,000,000	0	12,848,000	0	(4,346,000)	12,098,000	3,100,000	15,198,000	(3,100,000)	
Ready Made Wear Industries	\$1,000,000	2,500,000	0	2,500,000	5,812,200		75,000	0	1,000,000	0	8,637,200	0	(6,137,200)	5,812,200	1,075,000	6,887,200	(1,075,000)	
Tobacco & Cigarettes	\$2,500,000	11,250,000	0	11,250,000	4,042,800	1,750,000	75,000	0	4,000,000	0	17,774,818	1,000,000	(7,524,818)	2,021,400	5,825,000	7,846,400	(3,803,600)	
Iron & Steel	\$500,000	0	50,000,000	50,000,000	7,574,400		75,000	0	0	0	8,074,400	20,000,000	21,925,600	7,574,400	75,000	7,649,400	(75,000)	
Electrical Industries SC	\$2,500,000	7,000,000	0	7,000,000	5,684,400		100,000	0	2,000,000	0	9,604,400	0	(2,604,400)	4,263,300	2,100,000	6,363,300	(678,900)	
Tires Industries - Najaf	\$500,000	6,000,000	0	6,000,000	4,320,000		50,000	0	2,000,000	0	8,120,000	1,500,000	(3,620,000)	1,080,000	2,050,000	3,130,000	1,190,000	
Wasit Textile	\$250,000	6,000,000	0	6,000,000	5,970,600		50,000	0	1,000,000	0	9,365,600	0	(3,365,600)	5,970,600	1,050,000	7,020,600	(1,050,000)	
Construction Industries	\$500,000	3,000,000	0	3,000,000	5,783,400		150,000	0	0	0	8,283,400	1,000,000	(6,283,400)	5,783,400	150,000	5,933,400	(150,000)	
Al Sewari Chemical Industries	\$150,000	2,500,000		2,500,000	1,729,800		75,000	0	1,000,000	0	3,479,800	0	(979,800)	1,297,350	1,075,000	2,372,350	(842,550)	
Paper Industry	\$250,000			0	5,675,400		75,000	0	1,000,000	0	5,675,400	0	(5,675,400)	5,675,400	1,075,000	6,750,400	(1,075,000)	
Rubber Industries	\$500,000			0	2,161,800		50,000	0	1,000,000	0	2,161,800	0	(2,161,800)	2,161,800	1,050,000	3,211,800	(1,050,000)	
Industrial Promotion	\$108,000	0	0	0	338,400		25,000	13,000,000	0	6,000,000	7,000,000	13,000,000	(20,000,000)	338,400	19,025,000	19,363,400	(19,025,000)	
Sugar Industry	\$500,000	3,000,000	0	3,000,000	864,000		200,000	0	1,000,000	0	15,864,000	0	(12,864,000)	864,000	1,200,000	2,064,000	(1,200,000)	
Furniture Factory	\$125,000			0	401,400		25,000	0	0	0	401,400	0	(401,400)	401,400	25,000	426,400	(25,000)	
Dairy Products SC	\$500,000			0	2,187,000		100,000	0	1,000,000	0	2,187,000	0	(2,187,000)	2,187,000	1,100,000	3,287,000	(1,100,000)	
Nissan (17)	\$100,000	0	0	0	1,449,000		25,000	0	0	0	1,449,000	0	(1,449,000)	1,449,000	25,000	1,474,000	(25,000)	
Car Manufacturing (Vehicle Industries)	\$225,000	0	0	0	3,900,600	750,000	75,000	0	0	0	4,750,600	0	(4,750,600)	3,900,600	825,000	4,725,600	(825,000)	
Refractories Company	\$200,000	2,500,000	0	2,500,000	1,729,800		25,000	0	1,000,000	0	3,479,800	0	(979,800)	1,729,800	1,025,000	2,754,800	(1,025,000)	
Nasser Al Adeem	0	13,000,000	0	13,000,000	1,990,800		50,000	0	2,000,000	0	9,201,400	0	(3,798,600)	995,400	2,050,000	3,045,400	(1,054,600)	
Ibn Sana	0	1,000,000		1,000,000	1,350,000		50,000	0	1,000,000	0	3,479,800	0	(2,479,800)	1,350,000	1,050,000	2,400,000	(1,050,000)	
Al Zawra	0	1,000,000		1,000,000	1,555,200		50,000	0	1,000,000	0	9,604,400	0	(8,604,400)	1,555,200	1,050,000	2,605,200	(1,050,000)	
Al Samood	0	1,000,000		1,000,000	2,678,600		50,000	0	1,000,000	0	9,201,400	0	(8,201,400)	2,678,600	1,050,000	3,728,600	(1,050,000)	
Al Kharzen Center	0	1,000,000		1,000,000	651,600		50,000	0	1,000,000	0	9,201,400	0	(8,201,400)	325,800	1,050,000	1,375,800	(724,200)	
Al Shaheed	0	1,000,000		1,000,000	2,340,000		50,000	0	1,000,000	0	9,201,400	0	(8,201,400)	2,340,000	1,050,000	3,390,000	(1,050,000)	
Tareq	0	1,000,000		1,000,000	1,612,800		50,000	0	1,000,000	0	9,201,400	0	(8,201,400)	1,612,800	1,050,000	2,662,800	(1,050,000)	

Budget 2004 amendment 152

Agency
reclassification

Y
Tammir

41

State Owned Enterprise	2003 Subsidy	Cash Inflows			Requesting Expenses								Total Cash Flow (Needs)	2004 Salary Subsidy Request	2004 Operation Subsidy Request	2004 Supply Request	Salary Delta
		Revenue from Production	Revenue from Reselling Inventory	Total Cash Inflows	Salaries	Army Rank Subsidy	Security	Requesting Cases	Outstanding APC	Requesting Operator	Total Operating Expenses						
Hammurabi	0	1,000,000		1,000,000	1,144,800		50,000	0	1,000,000	0	9,201,400	0	(8,201,400)	1,144,800	1,050,000	2,194,800	(1,050,000)
Al Tahady	0	1,000,000		1,000,000	718,200		50,000	0	1,000,000	0	9,201,400	0	(8,201,400)	718,200	1,050,000	1,768,200	(1,050,000)
Ibn Al Walid	0	1,000,000		1,000,000	3,056,400		50,000	0	1,000,000	0	9,201,400	0	(8,201,400)	3,056,400	1,050,000	4,106,400	(1,050,000)
Al Khass	0	1,000,000		1,000,000	4,287,600		50,000	0	1,000,000	0	9,201,400	0	(8,201,400)	4,287,600	1,050,000	5,337,600	(1,050,000)
Al Rasheed	0	1,000,000		1,000,000	4,122,000		50,000	0	1,000,000	0	9,201,400	0	(8,201,400)	4,122,000	1,050,000	5,172,000	(1,050,000)
Azahf al Kabir	0	1,000,000		1,000,000	903,600		50,000	0	1,000,000	0	9,201,400	0	(8,201,400)	903,600	1,050,000	1,953,600	(1,050,000)
Al Noorman	0	1,000,000		1,000,000	1,157,400		50,000	0	1,000,000	0	9,201,400	0	(8,201,400)	1,157,400	1,050,000	2,207,400	(1,050,000)
Al Uboor	0	1,000,000		1,000,000	2,237,400		50,000	0	1,000,000	0	9,201,400	0	(8,201,400)	2,237,400	1,050,000	3,287,400	(1,050,000)
Al Mansour	0	1,000,000		1,000,000	1,206,000		50,000	0	1,000,000	0	9,201,400	0	(8,201,400)	1,206,000	1,050,000	2,256,000	(1,050,000)
Al Radhwan	0	1,000,000		1,000,000	1,368,000		50,000	0	1,000,000	0	9,201,400	0	(8,201,400)	1,368,000	1,050,000	2,418,000	(1,050,000)
Al Nidaa	0	1,000,000		1,000,000	2,302,200		50,000	0	1,000,000	0	9,201,400	0	(8,201,400)	2,302,200	1,050,000	3,352,200	(1,050,000)
Al Salam	0	1,000,000		1,000,000	1,353,600		50,000	0	1,000,000	0	9,201,400	0	(8,201,400)	1,353,600	1,050,000	2,403,600	(1,050,000)
Ibn Majed	0	1,000,000		1,000,000	2,966,400		50,000	0	1,000,000	0	9,201,400	0	(8,201,400)	2,966,400	1,050,000	4,016,400	(1,050,000)
Total	57,570,000	353,500,000	122,300,000	475,800,000	223,648,200	4,850,000	6,405,000	17,000,000	90,500,000	8,400,000	594,773,418	117,800,000	(236,773,418)	169,481,250	127,155,000	296,636,250	(72,988,050)

\$196,063,431

127.155
90.500

\$ 36.66 mm

730.

Iraq Budget 2003

July-December

STATE OWNED ENTERPRISES

**CPA
Ministry of Finance**

Summary of SOEs

	No.	Subsidised in 2003	Self-financed	rest	Explanation
Agriculture	10	0	10	0	Companies benefiting from Oil for Food programme
Electricity	11	0	9	2	Restructure of 2 worst performing companies.
Finance	9	1	8	0	Three insurance companies should be spun off in 2004.
Health	1	0	1	0	One company benefiting from Oil for Food programme
Housing and Construction	15	0	15	0	Probably going to 6 in 2004 to conserve capital.
Industry and Minerals	48	36	12	0	Six only subsidised until 30 December 2003.
Irrigation	11	1	10	0	Not subsidised in this budget.
Military Industrial Complex	48	0	32	16	Plan for MIC companies is still being determined.
Oil	19	0	19	0	Three to be restructured in 2004.
Trade	8	0	8	0	Largely self-funding, but many may close with end of 'Food for Oil'.
Transport and Comm	12	11	0	1	Mainly utilities, Iraqi Airways restructured.
Total	192	49	124	19	

DETAILED LIST OF STATE OWNED ENTERPRISES

Ministry	No.	Name
Agriculture	1	state co for agricultural supplies
	2	state co for veterinary service
	3	state co for horticulture and forestry
	4	state co for animal resources services
	5	state co for industrial crops
	6	state co for seeds
	7	mixed - seeds co
	8	mixed - fishery co
	9	mixed - meat co
	10	mixed - agric produce co
Electricity	11	GEEP
	12	Technical directorate
	13	Projects Co.
	14	Baghdad Dist.
	15	North Dist.
	16	South Dist.
	17	Manufacturing Co.
	18	EPC Rehab
	19	Rafadain Co.
	20	Rehabilitation Co.
Finance	21	Planning & Studies Co.
	22	National Insurance Co.
	23	Iraqi Insurance Company
	24	Iraqi Reinsurance Company
	25	Rafadin Bank
	26	Rasheed Bank
	27	Socialist Bank
	28	Agriculture Bank
	29	Industry Bank
	30	Housing Bank.
Health	31	State company for import and sale of medicine
Housing and construction	32	Al Idressy Centre for Consultants
	33	National Centre for Labs
	34	National Centre for Consultants
	35	Al Farouq SCC
	36	Al Mansoor SCC
	37	Al Rasheed SCC
	38	Al Mu'tasim SCC
	39	Hamurabi SCC
	40	Ashur SCC
	41	Al Tahrir
Industry and minerals	42	Al Anfal SCC
	43	Taj Al Ma'arik
	44	Al Yaum Al Adeem SCC
	45	Ramadan Mubarak SCC
	46	Al Jihad
	47	Mishraq Sulfur

Irrigation

- 48 Training & Rehabilitation
- 49 General Systems Company
- 50 Hand Woven Carpets
- 51 Al Furat Chemical Industries
- 52 Petrochemical Industries
- 53 Phosphate
- 54 Northern Fertilizer
- 55 Southern Fertilizer
- 56 Northern Cement
- 57 Iraqi cement
- 58 Southern Cement
- 59 Al Faris
- 60 Al Qadesia Electrical Industries
- 61 Industrial Design & Consultation
- 62 Ur Engineering Industry
- 63 Geological Survey & Mining
- 64 Nassr SC for Mechanical Industries
- 65 Drugs & Medical Supplies - Sammara
- 66 Drugs & Medical Supplies - Ninawa
- 67 Glass & Ceramics
- 68 Information Systems
- 69 Industrial Design & Construction
- 70 Specialized Institute for Engineering Industries
- 71 Woolen Industries SC
- 72 Textile Industries - Hilla
- 73 Vegetable Oils Industry
- 74 Leather Industries
- 75 Battery Industries SC
- 76 Mechanical Industries
- 77 Cotton Industries SC
- 78 Ready Made Wear Industries
- 79 Tobacco & Cigarettes
- 80 Iron & Steel
- 81 Electrical Industries SC
- 82 Tires Industries - Najaf
- 83 Wasit Textile
- 84 Construction Industries
- 85 Al Sawari Chemical Industries
- 86 Paper Industry
- 87 Rubber Industries
- 88 Industrial Development
- 89 Sugar Industry
- 90 Furniture Factory
- 91 Dairy Products SC
- 92 Nissan (17)
- 93 Research & Development
- 94 Car Manufacturing (Vehicle Industries)
- 95 Al-Kadisiah Co.
- 96 Al-Rafedine Co.
- 97 Al-Fow Co.
- 98 Well drilling Co.
- 99 Soil Research Co.

Military Industrial Complex

100	Nasar Co.
101	Al-Hadbaa Co.
102	Al-Mouthana Co.
103	Electric & Mech Co.
104	Fourat Design Co.
105	Dujla Design Co.
106	Al-Ikhaa (Saddam) State Co
107	Al-Noaman State Co
108	Ibn Sena State CO
109	Al-Battany State Co
110	Al-Nasr Al-Ahdeem State Co
111	Al-Mansour State Co
112	Al-Shaheed State CO
113	Al-Fao engineering State Co
114	Saad State Co
115	Al-Majd state co
116	Al-Sumood state co for steel industries
117	Salahadeen State Co
118	Al-Kindy State Co
119	Al-Fat'h state co
120	28 April Research centre
121	Al-Rasheed state co
122	IBN-Firnas State co
123	Al-Salam state co
124	Al-Basil state co
125	Tariq State co
126	Al-Melad state co
127	Al Zawra'a state co
128	Hamoorabi state co
129	Sanhareeb State co
130	Al-Fida state co
131	Al-Tahady state co
132	Al-Rayah state co
133	Ibn-Majid state co
134	Al-Khawarezmi state co
135	Al-Qudis state co
136	Ibn-Rushd state co
137	Al-Zahaf Al-Kabeer state co
138	Ibn-Al-Waled state co
139	Al-Yarmouk state co
140	Al-Nidaa state co
141	Al-Kadisiya state co
142	Al-Qaqa state co
143	Nissan state co
144	Al-Uboor state co
145	Al-Ezz state co
146	Al-Razze state co
147	Um-Almarik state co
148	Al-Radhwam state co
149	Huteem state co
150	Al-Harith state co
151	Jaber Ben Hayan state co

Oil

- 152 Tabooq state co
- 153 Bader state co
- 154 State Oil Marketing
- 155 North Oil
- 156 South Oil
- 157 Projects
- 158 Exploration
- 159 Tankers
- 160 Drilling
- 161 Middle Refinery
- 162 South Refinery
- 163 North Refinery
- 164 Products Distribution
- 165 North Gas
- 166 Pipelines
- 167 Gas Filling
- 168 South Gas
- 169 Research and Development
- 170 Training Institute - Baghdad
- 171 Training Institute - Baji
- 172 Training Institute - Basra

Trade

- 173 Grain Board
- 174 Food Stuffs
- 175 Grain Processing
- 176 Shopping centres
- 177 Construction materials
- 178 Automobile and machinery
- 179 International fairs
- 180 Export and Import

Transport and Communications

- 181 Iraqi Railways
- 182 Land transportation
- 183 Passenger Transportation
- 184 Private Transportation
- 185 Delegates Transportation
- 186 Al-Dilal company
- 187 Iraqi Airways
- 188 Water Transportation
- 189 Port
- 190 Telecommunication and Post
- 191 State Company for Internet service
- 192 'Specialised' construction Company

State Owned Enterprises - Agriculture

\$US1:ID1500

No.	Name	No. of employees	Estimates for remaining 2003 (\$USm)	
			Revenues	Profit (Loss)
1	state co for agricultural supplies		153.9	152.5
2	state co for veterinary service		0.4	-133.5
3	state co for horticulture and forestry		0.2	-0.5
4	state co for animal resources services		0.0	-0.4
5	state co for industrial crops		0.5	-0.1
6	state co for seeds		0.0	-17.6
7	mixed - seeds co		0.0	-0.6
8	mixed - fishery co	n.a	n.a	n.a
9	mixed - meat co	n.a	n.a	n.a
10	mixed - agric produce co	n.a	n.a	n.a
			154.9	-0.2

State Owned Enterprises - Industry & Minerals

	State Owned Enterprise	Operating Expense	Employment	Priority	Cat*
1	Mishraq Sulfur	0.3	1,288	1	1
2	Training & Rehabilitation	0.5	895	2	2
3	General Systems Company	0.5	438	3	2
4	Hand Woven Carpets	0.2	905	4	2
5	Al Furat Chemical Industries	1.1	1,730	5	2
6	Petrochemical Industries	3.3	3,872	6	2
7	Phosphate	5.1	3,212	7	2
8	Northern Fertilizer	0.9	1,936	8	2
9	Southern Fertilizer	0.2	2,340	9	2
10	Northern Cement	2.5	2,293	10	2
11	Iraqi cement	3.1	3,313	11	2
12	Southern Cement	2.7	5,212	12	2
13	Al Faris	1.8	1,334	13	3
14	Al Qadesia Electrical Industries	2.7	2,261	14	3
15	Industrial Design & Consultation	0.2	810	15	3
16	Ur Engineering Industry	3.9	3,352	16	3
17	Geological Survey & Mining	2.1	1,205	17	3
18	Nassr SC for Mechanical Industries	3.8	2,483	18	3
19	Drugs & Medical Supplies - Sammara	1.4	2,603	19	3
20	Drugs & Medical Supplies - Ninawa	1.0	947	20	3
21	Glass & Ceramics	1.2	2,366	21	3
22	Information Systems	0.2	165	22	3
23	Industrial Design & Construction	2.3	581	47	3
24	Specialized Institute for Engineering Indus	0.1	287	23	3
25	Woolen Industries SC	3.1	3,201	25	3
26	Textile Industries - Hilla	1.1	2,712	33	MIM
27	Vegetable Oils Industry	1.1	3,750	35	MIM
28	Leather Industries	1.1	2,822	36	MIM
29	Battery Industries SC	1.1	1,929	43	MIM
30	Mechanical Industries	1.1	3,872	45	MIM
31	Cotton-Industries SC	1.1	6,776	46	MIM
32	Ready Made Wear Industries	1.1	1,515	48	MIM
33	Tobacco & Cigarettes	2.6	2,246	27	4
34	Iron & Steel	1.7	4,208	28	4
35	Electrical Industries SC	1.8	3,158	29	4
36	Tires Industries - Najaf	0.2	2,357	32	4
37	Wasit Textile	3.1	3,317	34	5
38	Construction Industries	2.0	3,201	24	5
39	Al Sawari Chemical Industries	0.8	961	26	5
40	Paper Industry	6.3	3,153	30	5
41	Rubber Industries	1.6	1,201	31	5
42	Industrial Development	0.1	188	37	5
43	Sugar Industry	2.8	480	38	5
44	Furniture Factory	0.4	223	39	5
45	Dairy Products SC	1.3	1,251	40	5
46	Nissan (17)	0.3	805	41	5
47	Research & Development	0.1	1,016	42	5
48	Car Manufacturing (Vehicle Industries)	3.7	2,167	44	5
	Total	0.0	102,337		

State Owned Enterprises - Electricity

Category	Actual 2002	Request	Approved
31 Salaries			
32 Materials/Supplies	13.6	13.6	13.6
33 Services	4.2	4.2	4.2
34 Services and Tenders	0.1	0.1	0.0
35 Purchases for Resale	0.1	0.1	0.1
36 Interest and Land Lease	0.5	0.5	0.1
37 Depreciation	1.2	1.2	0.0
38 Overhead HQ Expense	0.0	0.0	0.0
39 Other Expenses	0.3	0.3	0.3
11 Small Capital	<u>4.4</u>	<u>4.4</u>	<u>4.3</u>
Total	24.3	24.3	22.7
Revenue	0	0	-22
No. of companies	11		

State Owned Enterprises - Finance

\$m

	No. of employees	2002 Actual Expenses	2003 Planned Expenses	<u>Net revenues</u> (ie after expenses)
1 National Insurance Co.				
2 Iraqi Insurance Company				
3 Iraqi Reinsurance Company				
4 Rafadin Bank				
5 Rasheed Bank				
6 Socialist Bank				
7 Agriculture Bank				
8 Industry Bank				
9 Housing Bank				
	0	\$0.0	\$0.0	

State Owned Enterprises - Housing and Construction

\$US1:ID1500

\$US1:ID1500

No. Name	No. of employees	Estimates for remaining 2003 (\$USm)	
		Revenues	Profit (Loss)
1 Al Idressy Centre for Consultants	216	0.2	0.1
2 National Centre for Labs	169	0.2	0.1
3 National Centre for Consultants		1.8	0.7
4 Al Farouq SCC	1,259	5.8	1.9
5 Al Mansoor SCC	973	5.9	0.4
6 Al Rasheed SCC	1,253	5.7	-2.1
7 Al Mu'tasim SCC	1,148	5.0	1.9
8 Hamurabi SCC	693	7.0	1.7
9 Ashur SCC	1584	5.4	0.9
10 Al Tahrir	1227	5.1	1.2
11 Al Anfal SCC	842	9.6	5.8
12 Taj Al Ma'arik	892	3.1	-0.1
13 Al Yaum Al Adeem SCC	280	3.6	1.1
14 Ramadan Mubarak SCC	356	5.8	2.8
15 Al Jihad	489	4.5	1.6
	814	68.6	18.0

State Owned Enterprises - Irrigation

\$m

	No. of employees	Revenues	Profit (Loss)
1 Al-Kadisiah Co.		2.5	0.4
2 Al-Rafedine Co.		2.0	0.3
3 Al-Fow Co.		2.1	0.3
4 Well drilling Co.		0.3	0.5
5 Soil Research Co.		0.2	0.0
6 Nasar Co.		2.0	0.2
7 Al-Hadbaa Co.		3.5	0.2
8 Al-Mouthana Co.		1.9	0.5
9 Electric & Mech Co.		0.9	0.1
10 Fourat Design Co.		0.4	0.1
11 Dujla Design Co.		0.2	0.0
		16.1	2.6

State Owned Enterprises - Oil

\$m

	No. of employees	Revenues	Profit (Loss)
1 State Oil Marketing	156	0.3	(\$0.3)
2 North Oil	9,611	8.2	(\$10.1)
3 South Oil	15,000	11.3	(\$16.8)
4 Projects	2300	4.9	\$0.5
5 Exploration	1334	0.7	(\$2.0)
6 Tankers	1,286	0.9	\$0.2
7 Drilling	4,003	0.3	(\$4.6)
8 Middle Refinery	2923	7.2	\$0.1
9 South Refinery	3040	5.8	(\$3.4)
10 North Refinery	5,283	13.4	(\$2.5)
11 Products Distribution	11,049	162.0	\$38.2
12 North Gas	1,622	2.7	(\$1.3)
13 Pipelines	2,774	3.3	(\$1.5)
14 Gas Filling	3,390	6.0	(\$6.0)
15 South Gas	2,422	3.7	(\$0.2)
16 Research and Developi	212	0.0	(\$0.4)
17 Training Institute - Bagl	408	0.0	(\$3.3)
18 Training Institute - Baji	129	0.0	(\$0.4)
19 Training Institute - Basr	150	0.0	(\$1.1)
	67,092		(\$14.9)

Note:

Excess profits formerly distributed as bonuses to staff will fund recurring (and some additional) capital requirements
 Salaries to be paid by CPA
 Senior Advisor reviewing privatisation of Tankers, Drilling and Pipeline Co.'s for 2004 decision.

State Owned Enterprises - Trade

\$m

	No. of employees	2002 Actual Expenses	2003 Planned Expenses	Net revenues (ie after expenses)
1 Grain Board	8876	162.2	11.2	
2 Food Stuffs	7,607	20.2	21.5	
3 Grain Processing	2,352	38.2	34.0	
4 Shopping centres	3385	47.5	14.6	
5 Construction materials	5880	15.1	12.9	
6 Automobile and machinery	2,606	0.2	0.3	
7 International fairs	261	0.5	0.4	
8 Export and Import	291	0.2	0.3	
	31,258	\$284.1	\$95.3	
				64.4

State Owned Enterprises - Transport and Communication

\$M

Name	No. of employees	Revenue	Profit (Loss)
<u>Transport</u>			
1 Iraqi Railways	12290	8,690,667	7,746,853
2 Land transportation	1596	2,666,667	1,994,620
3 Passenger Transportation	3433	3,200,000	1,989,667
4 Private Transportation	1761	2,333,333	1,571,847
5 Delegates Transportation	206	199,583	136,617
6 Al-Dilal company	785	1,466,667	351,227
7 Iraqi Airways	2329	0	0
8 Water Transportation	1595	2,018,667	1,420,000
9 Port	8652	Unavailable	Unavailable
<u>Communication</u>			
10 Telecommunication and Post	16687	1,666,667	-1,968,333
11 State Company for Internet service	412	900,000	644,980
12 'Specialised' construction Company	884	5,081,743	<u>742,143</u>
	50630		14,629,620

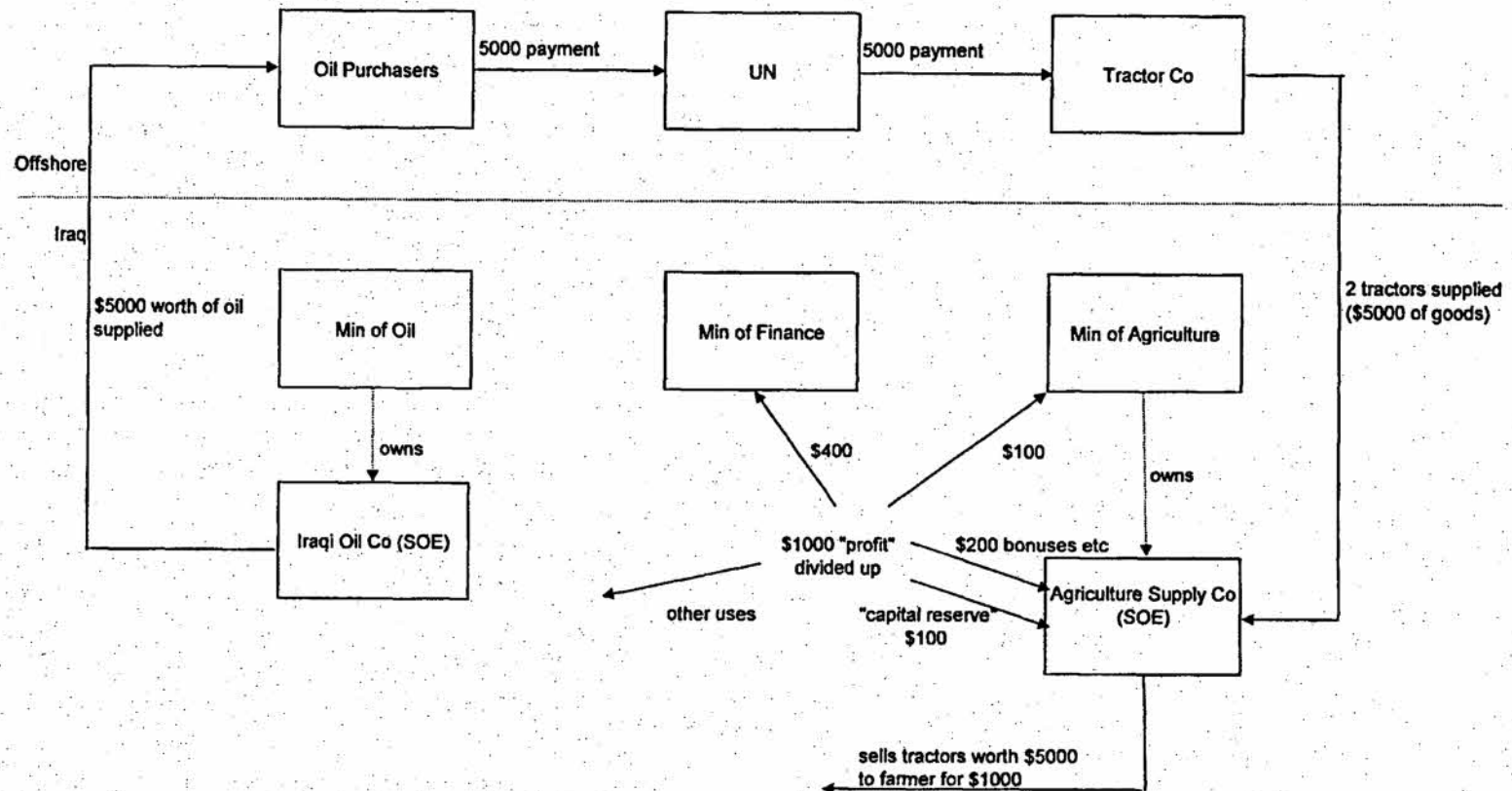
Operation of the UN Oil for Food Program

In broad terms, the Oil for Food Program resulted in concentrated benefits to certain ministries, with accompanying inflated wages, and inefficient uses of budget resources.

Outline of process

1. Oil pumped from Iraqi fields is sold to foreign purchasers, with the sale proceeds deposited in UN accounts.
2. The UN then authorised the import of goods (2 tractors in the example) into Iraq, which are delivered to the state owned enterprise of, for example, the Ministry of Agriculture, Ministry of Trade.
3. The SOE then sells the goods to citizens at heavily subsidised prices (relative to the worth of the goods), but because the SOE received the goods for no consideration, it is able to make a 'profit' on the sales.
4. This profit (\$1000 in the example) is then distributed according to a commonly accepted formula, amongst the employees of the SOE, the Finance Ministry and the Ministry that owns the SOE.
 - The SOE would also retain approximately 10 per cent for 'reserve capital' purposes.
5. The overall outcomes of the arrangement were:
 - Revenues from sale of these goods were not available to fund other Budget expenditures and priorities;
 - Significant inflation/distortion to incomes of Ministry and SOE employees;
 - Heavily subsidised goods sold at below market prices (incentives to resell);
 - Likely value of goods below what Iraq was charged for them; and
 - "hollow logs" of cash and assets stored in SOEs, which permitted SOEs with questionable viability to continue to operate.

OIL FOR FOOD PROGRAM - STYLISED EXAMPLE



The Media Office:

The Main Functions:

- 1- Clarifying to public the Ministry's Policy and its plans for future.
- 2- Covering the Ministry and SOE's activities.
- 3- Following up on claims and suggestions published in the media.
- 4- Supporting the public relations office in preparing for Conferences and ceremonies.

They are looking forward to provide and update the website of the ministry with information.

The training that they received:

- 1- The state of the Ministry and its facilities and employees, the future of state-owned enterprises, privatization.....etc.

The Course was at the Convention center With (b)(6) (CIV) if you know her.

- 2- Photographing Course.
- 3- Know they have a weekly course in Media training at the Convention center.

All their archives are burned and destroyed after the events also all their equipments were looted and now they only have an old camera.

They say that they can't do anything without equipments.

Their needs:

- 1- Digital Video Camera.
- 2- Digital Photograph Camera.
- 3- Some other accessories.

www.iraqiindustry.com

~~SOE~~
SOE Consolidation/Reorganization Order

April 18, 2004

Economic Effect:

No negative economic ^{تأثير} impact identified. All employees will maintain their jobs.

Assessments/Studies

In July/August 2003, a professional business valuation consultant conducted an assessment of information available and visited a number of plants. He identified efficiencies (resource consolidations, production capacity, volume purchasing of raw materials, etc) that would likely occur with a minor reorganization as outlined in this Order.

Currently a study is being conducted by the Department for International Development (DFID) that is reviewing the SOE process as a whole. Preliminary results are in concurrence with the intent of this Order.

Why?

- Improves efficiency
- Better delineation of responsibility and authority
- Puts like sectors together; Ministries aren't competing with each other

Why Agencies?

The SOE will likely never be in a competitive environment nor generate revenue. However, the service that is provided is a legitimate and/or essential governmental service. Initially the Agency will be maintained by the Ministry under which it is conceived.

At fidat

COALITION PROVISIONAL AUTHORITY ORDER NUMBER XX

CONSOLIDATIONS OF STATE-OWNED ENTERPRISES

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Having worked closely with the Governing Council to ensure that economic change occurs in a manner acceptable to the people of Iraq,

Acknowledging the Governing Council's desire to bring about significant change to the Iraqi economic system by promoting economic reconstruction and the conditions for sustainable development in a competitive global marketplace,

Determined to encourage more efficient Iraqi governance by consolidating government functions carried out by certain state-owned enterprises into government agencies,

Further committed to improve the production and economic performance of some Iraqi state-owned enterprises by merging them together,

I hereby promulgate the following:

Section 1 Purpose

This Order provides for the consolidation and reorganization of certain state-owned enterprises into government ministries or agencies. This Order also clarifies the operation of existing procedures with respect to the merger of two state-owned enterprises.

Section 2 Consolidation

- 1) The state-owned enterprises listed in Column 1 of Annex A shall be consolidated into the Iraqi ministries listed opposite those companies in Column 2 and may be reorganized or reclassified as appropriate under the particular economic facts and circumstances so long as such reorganization remains consistent with this Order. The Administrator shall have the authority to add to and remove state-owned enterprises from Annex A. The Governing Council or a minister may propose to the Administrator a state-owned enterprise for consolidation. Generally, state-owned enterprises selected for consolidation will be those that are not a complete business, but which provide a needed and valuable service, the operations and assets of which

CPA/ORD/XX March 2004/XX

can be successfully transferred to a ministry. State-owned enterprises that include any private ownership shall not be consolidated pursuant to this Order.

- 2) Such consolidation shall be effected on approval of the Administrator and executed under the direction of the minister of the ministry into which the state-owned enterprise will be consolidated (the "gaining ministry"). The minister shall have the authority to reorganize the state-owned enterprise or components thereof in a manner that effectively integrates the enterprise into the respective ministry.
- 3) The gaining minister may, with the written approval of the Minister of Planning (or his delegee), in his or her sole discretion, and as provided by law, sell or otherwise dispose of any surplus assets, except real property and cultural property (as defined in the Convention for the Protection of Cultural Property in the Event of Armed Conflict of 1954), of the state-owned enterprise or the ministry that are no longer necessary to the continued functioning of such enterprise or ministry as a result of the consolidation; provided, however, that such sale or disposition is accomplished through a transparent and market-based transaction between two parties with independent interests, operating in good faith and at arms-length, resulting in fair market value compensation to the ministry. The proceeds of any sale or disposition under this Section shall be paid to the Ministry of Finance, which may, in its discretion and with a view toward encouraging the sale of unnecessary surplus assets, pay up to 50% of such proceeds to the gaining ministry, so long as the proceeds are paid through the gaining ministry's existing accounts and reported in line with usual budget and accounting procedures.
- 4) Once the consolidation of a state-owned enterprise is complete, the minister shall submit a completion certificate to the Ministry of Finance, the Governing Council and the Administrator.
- 5) The completion certificate shall contain, at a minimum, the following:
 - a) the name of the consolidated state-owned enterprise;
 - b) the name of the relevant ministry;
 - c) any assets disposed of as part of the consolidation and the amounts received as a result of that disposal;
 - d) the date on which the consolidation was completed;
 - e) the budget for the consolidated state-owned enterprise within the ministry, including a sheet of spent, committed, and remaining budget allocations for the current year; and

- f) a list of employees consolidated into the relevant ministry.
- 6) After submission of the completion certificate and approval of budget allocations for the current year by the Ministry of Finance, paragraph (3) above shall no longer be applicable and Iraqi law shall prevail. The Ministry of Finance shall expedite procedures for reviewing submitted completion certificates, and current year budget allocations shall be deemed approved if not acted upon within two weeks of submission.
- 7) In cases where the state-owned enterprise is consolidated into a ministry that did not supervise or own the state-owned enterprise, the gaining ministry shall agree in writing with the releasing ministry on the terms of the consolidation, including, with respect to the payment and identification of any and all outstanding obligations, disposition of assets and employee-related matters. Such an agreement is not required where the former ministry of the state-owned enterprise has itself been dissolved prior to the consolidation, including all ministries dissolved pursuant to CPA Order No. 2.

Section 3

Contracts, Property and Budgets

- 1) By operation of this Order, the ministry into which the state-owned enterprise is consolidated shall be substituted for the state-owned enterprise as a party in each contract to which the state-owned enterprise is a party. Upon consolidation, the substituting ministry shall be entitled to exercise all of the rights and receive all of the benefits of the enterprise.
- 2) Notwithstanding paragraph (1) above, the substitution of the relevant ministry for the state-owned enterprise in a contract shall not constitute an explicit or implicit waiver of any immunity, including sovereign immunity, to which the relevant ministry is entitled. Nor shall the relevant ministry retain benefits and entitlements concerning revenue generation, such as raising funds by issuing debt, making loans from a bank other than the Central Bank of Iraq, or holding a bank account outside the Central Bank of Iraq.
- 3) Except as set forth in Section 2(3), title to all property owned by the state-owned enterprise being consolidated – whether movable or real, tangible or intangible – shall be transferred to the relevant ministry. The relevant ministry shall accomplish such transfer of property through the means or procedures prescribed by Iraqi law.
- 4) After a completion certificate is delivered to the Governing Council and the Administrator, the Ministry of Finance shall transfer to the relevant ministry the

allocation of the national budget associated with the state-owned enterprise being consolidated.

Section 4

Legal Identity

- 1) Upon the date that the completion certificate is submitted to the Governing Council and the Administrator, the state-owned enterprise shall no longer have a separate legal identity and shall cease to exist.
- 2) Notwithstanding paragraph (1), the authorities granted by law, regulation or rule to the state-owned enterprise being consolidated shall be transferred to the relevant ministry and may be exercised by the relevant ministry as part of its own authorities.

Section 5

Modifications to the State Companies Law

To effectuate the terms of this Order, the State Companies Law shall be modified as follows:

- 1) Article 31, Paragraph First of the State Companies Law, No. 22 of 1997 (the "State Companies Law") shall be amended to read in full: "It is permissible to merge two or more wholly state-owned enterprises into a single state-owned enterprise, provided they engage in a similar or integrated activity. If all of the state-owned enterprises involved are owned by a single ministry, the relevant minister may propose the merger. If each of the state-owned enterprises involved is owned by a different ministry, ministers of all involved ministries must agree in writing to the merger, including with respect to which ministry will ultimately own the state-owned enterprise resulting from the merger (for the purposes of Article 31, 32, 33 and 34, the 'new enterprise')."
- 2) Article 31, Paragraph Second of the State Companies law shall be amended to read in full: "The involved minister or ministries shall prepare a proposal describing the merger and submit it for final approval to the Administrator in consultation with the Governing Council."
- 3) Article 32 of the State Companies Law shall be amended to read in full: "Once the Governing Council has approved the merger pursuant to Article 31, Paragraph Second, the ministry that will ultimately supervise or own the new enterprise shall amend the original contract or draw up a new contract. The board of directors shall amend the basic law or draft a new basic law."

- 4) Article 33 of the State Companies Law shall be amended to read in full: "The ministry that will ultimately own the new enterprise shall inform the Registrar of the amended contract or provide the Registrar with the new contract. The merger shall be considered valid as of the date of the Governing Council's approval, unless otherwise specified by the Governing Council. On the date the merger becomes valid, the corporate status of the enterprise or enterprises being merged into the new enterprise shall expire. The Registrar shall issue a new certification of establishment."
- 5) Article 34, Paragraph First of the State Companies Law shall be amended to read in full: "The Governing Council shall publish notice of its merger decision in the Official Gazette of Iraq and, if available, the bulletin issued by the Registrar."
- 6) Article 34, Paragraph Second of the State Companies Law shall be amended to read in full: "The rights and obligations of the enterprise or enterprises being merged shall revert to the new enterprise."
- 7) Following the transfer of full governmental authority to the Interim Iraqi Government, the duties of the Administrator and the Governing Council under this Order shall be assumed by the body vested with national executive authority.

Section 7 Administrative Instructions

The Administrator may delegate authority to issue Administrative Instructions to clarify and implement this Order.

Section 8 Inconsistent Legislation

Any provision of Iraqi law that is inconsistent with this Order or Annex A is hereby suspended to the extent of such inconsistency.

Section 9 Entry into Force

This Order shall enter into force on the date of signature.

L. Paul Bremer, Administrator
Coalition Provisional Authority

1430
Sunday

Asset
Stripping -
Present plan
for approval

COALITION PROVISIONAL AUTHORITY ORDER NUMBER XX
CONSOLIDATIONS OF STATE-OWNED ENTERPRISES

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Having worked closely with the Governing Council to ensure that economic change occurs in a manner acceptable to the people of Iraq,

Acknowledging the Governing Council's desire to bring about significant change to the Iraqi economic system by promoting economic reconstruction and the conditions for sustainable development in a competitive global marketplace,

Determined to encourage more efficient Iraqi governance by consolidating government functions carried out by certain state-owned enterprises into government agencies,

Further committed to improve the production and economic performance of some Iraqi state-owned enterprises by merging them together,

I hereby promulgate the following:

Propose the opportunity for
Section 1
Purpose

This Order provides for the consolidation and reorganization of certain state-owned enterprises into government ministries or agencies. This Order also clarifies the operation of existing procedures with respect to the merger of state-owned enterprises.

Section 2
Consolidation

- 1) The state-owned enterprises listed in Column 1 of Annex A shall be consolidated into the Iraqi ministries listed opposite those companies in Column 2 and may be reorganized or reclassified as appropriate under the particular economic facts and circumstances, so long as such reorganization remains consistent with this Order. The Administrator may add to and remove state-owned enterprises from Annex A. A minister may propose to the Administrator a state-owned enterprise for consolidation. Generally, state-owned enterprises selected for consolidation will be those that are not a complete business, but that provide a needed and valuable service, the operations and assets of which can be successfully transferred to a ministry. State-owned

CPA/ORD/XX April 2004/XX

- Intro
- Study
- Agency
- Consolidate
- A

- Employees

enterprises that include any private ownership shall not be consolidated pursuant to this Order.

- 2) Such consolidation shall be effected on approval of the Administrator and executed under the direction of the minister of the ministry into which the state-owned enterprise will be consolidated (the "gaining ministry"). The minister shall have the authority to reorganize the state-owned enterprise or components thereof in a manner that effectively integrates the enterprise into the respective ministry.
- 3) The gaining minister may, in his or her sole discretion, and as provided by law, sell or otherwise dispose of any surplus assets, except real property and cultural property (as defined in the Convention for the Protection of Cultural Property in the Event of Armed Conflict of 1954), of the state-owned enterprise or the ministry that are no longer necessary to the continued functioning of such enterprise or ministry as a result of the consolidation; provided, however, that such sale or disposition is accomplished through a transparent and market-based transaction between two parties with independent interests, operating in good faith and at arms-length, resulting in fair market value compensation to the ministry. The proceeds of any sale or disposition under this Section shall be paid to the Ministry of Finance, which may, in its discretion and with a view toward encouraging the sale of unnecessary surplus assets, pay up to 50% of such proceeds to the gaining ministry, so long as the proceeds are paid through the gaining ministry's existing accounts and reported in line with usual budget procedures.
- 4) Once the consolidation of a state-owned enterprise is complete, the gaining minister shall submit a completion certificate to the Ministry of Finance, the Governing Council and the Administrator.
- 5) The completion certificate shall contain, at a minimum, the following:
 - a) the name of the consolidated state-owned enterprise;
 - b) the name of the relevant ministry;
 - c) any assets disposed of as part of the consolidation and the amounts received as a result of that disposal;
 - d) the date on which the consolidation was completed;
 - e) the budget for the consolidated state-owned enterprise within the ministry, including a sheet of spent, committed, and remaining budget allocations for the current year; and

Comment: Revisions in response to comments from UK and IMF.

- f) a list of employees consolidated into the relevant ministry.
- 6) After submission of the completion certificate and approval of budget allocations for the current year by the Ministry of Finance, paragraph (3) above shall no longer be applicable and Iraqi law shall prevail. The Ministry of Finance shall expedite procedures for reviewing submitted completion certificates, and current year budget allocations shall be deemed approved if not acted upon within two weeks of submission.
- 7) In cases where the state-owned enterprise is consolidated into a ministry that did not supervise or own the state-owned enterprise, the gaining ministry shall agree in writing with the releasing ministry on the terms of the consolidation, including, with respect to the payment and identification of any and all outstanding obligations, disposition of assets and employee-related matters. Such an agreement is not required where the former ministry of the state-owned enterprise has itself been dissolved prior to the consolidation, including all ministries dissolved pursuant to CPA Order No. 2. *Min Dnd. Com.*

Section 3 Contracts, Property and Budgets

- 1) By operation of this Order, the ministry into which the state-owned enterprise is consolidated shall be substituted for the state-owned enterprise as a party in each contract to which the state-owned enterprise is a party. Upon consolidation, the substituting ministry shall be entitled to exercise all of the rights and receive all of the benefits of the enterprise.
- 2) Notwithstanding paragraph (1) above, the substitution of the relevant ministry for the state-owned enterprise in a contract shall not constitute an explicit or implicit waiver of any immunity, including sovereign immunity, to which the relevant ministry is entitled. Nor shall the relevant ministry retain benefits and entitlements concerning revenue generation, such as raising funds by issuing debt, making loans from a bank other than the Central Bank of Iraq, or holding a bank account outside the Central Bank of Iraq.
- 3) Except as set forth in Section 2(3), title to all property owned by the state-owned enterprise being consolidated – whether movable or real, tangible or intangible – shall be transferred to the gaining ministry. The gaining ministry shall accomplish such transfer of property through the means or procedures prescribed by Iraqi law.
- 4) After a completion certificate is delivered to the Governing Council and the Administrator, the Ministry of Finance shall transfer to the gaining ministry the

Comment: Addition in response to IMF comments.

allocation of the national budget associated with the state-owned enterprise being consolidated.

Section 4 Legal Identity

- 1) Upon the date that the completion certificate is submitted to the Governing Council and the Administrator, the state-owned enterprise shall no longer have a separate legal identity and shall cease to exist.
- 2) Notwithstanding paragraph (1), the authorities granted by law, regulation or rule to the state-owned enterprise being consolidated shall be transferred to the gaining ministry and may be exercised by the gaining ministry as part of its own authorities.

Section 5 Modifications to the State Companies Law

To effectuate the terms of this Order, the State Companies Law shall be modified as follows:

- 1) Article 31, Paragraph First of the State Companies Law, No. 22 of 1997 (the "State Companies Law") shall be amended to read in full: "It is permissible to merge two or more wholly state-owned enterprises into a single state-owned enterprise, provided they engage in a similar or integrated activity. If all of the state-owned enterprises involved are owned by a single ministry, the relevant minister may propose the merger. If each of the state-owned enterprises involved is owned by a different ministry, ministers of all involved ministries must agree in writing to the merger, including with respect to which ministry will ultimately own the state-owned enterprise resulting from the merger (for the purposes of Article 31, 32, 33 and 34, the 'new enterprise')."
- 2) Article 31, Paragraph Second of the State Companies Law shall be amended to read in full: "The involved minister or ministries shall prepare a proposal describing the merger and submit it for final approval to the Administrator in consultation with the Governing Council."
- 3) Article 32 of the State Companies Law shall be amended to read in full: "Once the Governing Council has approved the merger pursuant to Article 31, Paragraph Second, the ministry that will ultimately supervise or own the new enterprise shall amend the original contract or draw up a new contract. The board of directors shall amend the basic law or draft a new basic law."

- 4) Article 33 of the State Companies Law shall be amended to read in full: "The ministry that will ultimately own the new enterprise shall inform the Registrar of the amended contract or provide the Registrar with the new contract. The merger shall be considered valid as of the date of the Governing Council's approval, unless otherwise specified by the Governing Council. On the date the merger becomes valid, the corporate status of the enterprise or enterprises being merged into the new enterprise shall expire. The Registrar shall issue a new certification of establishment."
- 5) Article 34, Paragraph First of the State Companies Law shall be amended to read in full: "The Governing Council shall publish notice of its merger decision in the Official Gazette of Iraq and, if available, the bulletin issued by the Registrar."
- 6) Article 34, Paragraph Second of the State Companies Law shall be amended to read in full: "The rights and obligations of the enterprise or enterprises being merged shall revert to the new enterprise."
- 7) Following the transfer of full governmental authority to the Iraqi Interim Government, the duties of the Administrator and the Governing Council under this Order shall be assumed by the body vested with national executive authority.

Section 7 Administrative Instructions

The Administrator may delegate authority to issue Administrative Instructions to clarify and implement this Order.

Section 8 Inconsistent Legislation

Any provision of Iraqi law that is inconsistent with this Order or Annex A is hereby suspended to the extent of such inconsistency.

Section 9 Entry into Force

This Order shall enter into force on the date of signature.

L. Paul Bremer, Administrator
Coalition Provisional Authority

ANNEX A

Column 1

Column 2

Transfer of SOEs between Ministries:

- | | | |
|----------------------|---------------------------------------|--------------------------------|
| • Hand Woven Carpets | Ministry of Industry & Minerals (MIM) | Ministry of Culture (MoC) |
| • Dairy Products | MIM | Ministry of Agriculture (MoAG) |

Consolidations of SOEs into Ministries as State Agencies:

- | | | |
|---|-----------------------------------|---------------|
| • Geological Survey and Mining (Geological Survey portion only) | MIM | Agency Status |
| • Spec. Institute for Engineer Industries | MIM | Agency Status |
| • Al Kadisiah (Irrigation & Drainage Networks) | MWR (Ministry of Water Resources) | Agency Status |
| • Al Hadba'a (Development & Maintenance of Reclamation & Irrigation projects) | MWR | Agency Status |
| • Al Muthana (River Dredging) | MWR | Agency Status |
| • Al Fao (Irrigation & Reclamation) | MWR | Agency Status |
| • Fourat Design (Consult for Irrigation, Drainage & Dams) | MWR | Agency Status |
| • Al Nassr | MWR | Agency Status |

- | | | |
|--|------------------------------------|---------------|
| • National Center for Labs (Building & Soil Exams) | Ministry of Housing & Construction | Agency Status |
| • National Center for Consultancy (Engineering designs & services) | Ministry of Housing & Construction | Agency Status |
| • Kimedia (Drug & Medical Supply Purchaser) | Ministry of Health | Agency Status |
| • Animal Resources | Ministry of Agriculture | Agency Status |
| • Horticulture / Forestry | Ministry of Agriculture | Agency Status |
| • Veterinary | Ministry of Agriculture | Agency Status |
| • Meteorology | MoTrans | Agency Status |

Private Company
(operates terminals and licenses companies that provide passenger transportation between terminals)

SOEs to be Merged:

*Need
Procedural
Regulation
for Agency Status*

Deleted: <#> Grain Board . . . Ministry of Trade . . . Agency Status
<#> Food Stuffs . . . Ministry of Trade . . . Agency Status
<#> Grain Processing . . . Ministry of Trade . . . Agency Status
<#> Export and Import . . . Ministry of Trade . . . Agency Status
<#> International Fairs . . . Ministry of Trade . . . Agency Status
†

Ministry of Housing & Construction (MoHC):

- Al Idresi Engineering Center
- Al Youm Al Adeem -Construction Company
- Ramadan Mubarak- Construction Comapny
- Al Taheer- Construction Company
- Taj Al Ma'arik- Construction Company
- Al Jihad- Construction Company
- Al Anfal- Construction Company

Ministry of Industry & Minerals (MIM):

- Design and Industrial Construction
- Design and Consultation

Other Consolidations:

Land Transport

Ministry of Transportation

Partial Agency Status

- (IntraCity Bus Component Only) (MoTrans)

Iraqi Port Authority

MoTrans

Split into Agency and SOE

- Port Operating Authority-Stevedoring and Port Operations (SOE Status)
- Independent Port Authority- Regulatory and Oversight Functions (Agency Status)

Iraqi Water

MoTrans

Split into Agency and SOE

- Transfer regulatory function to Ministry of Transportation (Agency Status)
- Retain operating function as an SOE

Al-Dhilal(passenger/freight transport)

MoTrans

Transfer to 2 separate SOEs

- Transfer freight forwarding services and associated personnel and assets to MoTrans Land Company SOE
- Transfer passenger transport services and associated personnel and assets to MoTrans Passenger Company SOE

(b)(6)

Confirm for me that there is no
current Dragi Law that covers
"Agency"
"State Agencies"
or the like.

Assuming not, then we would have
to say, herein, that implementing
Agency regulations & policies &
procedures will have to be developed
for this order. Surely, they will be
treated different than SOE & no
longer subject to Law #22.

Each Ministry Agency has its own
Law that pertains to it.

(b)(6)

From: (b)(6)**Sent:** Monday, March 15, 2004 5:04 PM**To:** (b)(6)**Subject:** RE: Appendices for CPA draft REALIGNMENT OF MILITARY INDUSTRIAL COMPANIES and CONSOLIDATIONS OF STATE-OWNED ENTERPRISES

(b)(6) As discussed MIC is not mentioned specifically in Order #2, as long as it was considered as part of the MoD not being a ministry, which is not true. As these structures were separate entities it seems to be a lack of Order #2, not to make direct call to it. Any how all were considering it dissolved and starting May was under the coordination of the Defense Office, (b)(6) was the coordinator. The MoST was not an existing ministry before. It was established in August in order to control the R&D specialists involved in defense structures and atomic and nuclear researches. It consists of the last mentioned structures and 14 R&D entities from MIC. The remaining SOEs from former MIC were under the coordination of Private Sector Development having in mind the privatization to follow but the Privatization law (Ownership change) is still on hold as you know. As concerning (b)(6) try to prove the MIC dissolve it is not a question of time, he failed.

(b)(6)

-----Original Message-----

From: (b)(6)**Sent:** Monday, March 15, 2004 8:49 AM**To:** (b)(6)**Subject:** FW: Appendices for CPA draft REALIGNMENT OF MILITARY INDUSTRIAL COMPANIES and CONSOLIDATIONS OF STATE-OWNED ENTERPRISES

-----Original Message-----

From: (b)(6)**Sent:** Wednesday, March 10, 2004 6:26 PM**To:** (b)(6)**Subject:** RE: Appendices for CPA draft REALIGNMENT OF MILITARY INDUSTRIAL COMPANIES and CONSOLIDATIONS OF STATE-OWNED ENTERPRISES

Order #2 does not explicitly state that MIC is dissolved. (b)(6) was going to confirm that MIC was in fact dissolved, but did not have time to do so.

I believe that MoST existed under the former regime and was dissolved by the Coalition and was then reformed. Washington was asking questions with regard to the extent to which MoST was affected by the draft Orders.

-----Original Message-----

From: (b)(6)**Sent:** Wednesday, March 10, 2004 2:32 PM**To:** (b)(6)**Subject:** RE: Appendices for CPA draft REALIGNMENT OF MILITARY INDUSTRIAL COMPANIES and CONSOLIDATIONS OF STATE-OWNED ENTERPRISES

No, not quite. MoST was formed by CPA Order # 24 in Sept 2003. There has been recent talk about it going away but that is not the subject of this Order. MIC was dissolved as a part of Order #2 I believe dealing with all the former regimes war machine. It was sorta like a Mega-Ministry/ However, the SOEs init still exist and that's the subject of the one Order so they can be split up and sent to appropriate other ministries.

L

3/16/2004

-----Original Message-----

From: (b)(6)
Sent: Tuesday, March 09, 2004 11:50 PM
To: (b)(6)
Subject: FW: Appendices for CPA draft REALIGNMENT OF MILITARY INDUSTRIAL COMPANIES and CONSOLIDATIONS OF STATE-OWNED ENTERPRISES

Ma'am:
 Please confirm.

Thanks

(b)(6)

-----Original Message-----

From: (b)(6)
Sent: Tuesday, March 09, 2004 10:19 PM
To: (b)(6)
Subject: RE: Appendices for CPA draft REALIGNMENT OF MILITARY INDUSTRIAL COMPANIES and CONSOLIDATIONS OF STATE-OWNED ENTERPRISES

MoST was dissolved and then reformed. MoST is not the subject of this Order. While the Ministry has not responded to your specific question, my understanding from prior conversations with the Ministry is that Most and its entities are being considered separately from the entities listed in this Order.

The appendices sent out Monday supercede the Appendices sent out Friday.

Thanks.

-----Original Message-----

From: (b)(6)
Sent: Tuesday, March 09, 2004 9:54 PM
To: (b)(6)
Cc: (b)(6)

(b)(6)

Subject: FW: Appendices for CPA draft REALIGNMENT OF MILITARY INDUSTRIAL COMPANIES and CONSOLIDATIONS OF STATE-OWNED ENTERPRISES

Any advice? The deadline was Noon. We just received one comment concurring as drafted from Dean Popps, CPA Washington.

Thanks.

(b)(6)

-----Original Message-----

From: (b)(6)
Sent: Tuesday, March 09, 2004 09:17
To: (b)(6)
Cc: (b)(6)

(b)(6)

Subject: RE: Appendices for CPA draft REALIGNMENT OF MILITARY INDUSTRIAL COMPANIES and CONSOLIDATIONS OF STATE-OWNED ENTERPRISES

3/16/2004

(b)(6)

Believe the answer to the second part is what you are already putting together based on our email exchange yesterday. But the first part of his email, I believe, is addressed by the Appendices you sent out Monday morning. Correct?

Please advise on these two as well as the deadline (Noon today).

Thanks,

(b)(6)

-----Original Message-----

From: (b)(6)

Sent: Monday, March 08, 2004 16:32

To: (b)(6)

Subject: FW: Appendices for CPA draft REALIGNMENT OF MILITARY INDUSTRIAL COMPANIES and CONSOLIDATIONS OF STATE-OWNED ENTERPRISES

Please see below. I believe the answer to his first...question...is that the appendices sent out this morning are the "controlling appendices." Regarding his second question - transfer from MoST - can someone give him a response?

The appendix which was dropped off which he refers to was the file called "mic soe's list.txt" which went out Friday. That was the file which was corrupted. Not sure if it was merged into the appendices which went out this morning, or it was deemed unnecessary, or it was overlooked.

v/r

(b)(6)

(b)(6)

-----Original Message-----

From: (b)(6)

Sent: Monday, March 08, 2004 3:21 PM

To: (b)(6)

Cc:

Subject: RE: Appendices for CPA draft REALIGNMENT OF MILITARY INDUSTRIAL COMPANIES and CONSOLIDATIONS OF STATE-OWNED ENTERPRISES

(b)(6) not only corrupted but one of the appendices in a previous transmission doesn't appear here...I'm having difficulty understanding what is the controlling set of appendices....ALSO the apenndices DO NOT MAKE CLEAR if certain companies are being transferred from MoST. Please have your POC advise.
Thanks,

3/16/2004

(b)(6)

-----Original Message-----

From: (b)(6)

Sent: Monday, March 08, 2004 10:47 AM

To: (b)(6)

(b)(6)

(b)(6)

OF MILITARY
INDUSTRIAL COMPANIES and CONSOLIDATIONS OF STATE-OWNED
ENTERPRISES

All,

Attached are appendices for the review of CPA draft
orders: REALIGNMENT OF MILITARY INDUSTRIAL
COMPANIES, and CONSOLIDATIONS OF STATE-OWNED
ENTERPRISES. Some of this material was corrupted on the
earlier distribution Friday.

Apologize for this error.

v/r

(b)(6)

3/16/2004

(b)(6)

From: (b)(6)
 Sent: Saturday, March 13, 2004 11:32 PM
 To: (b)(6)
 Cc:
 Subject: SOE consolidation
 Importance: High

(b)(6)

OGC would like to finalize these orders ASAP. We have received comments from the interagency/intercapital group. Listed below are the issues that have arisen along with a proposed solution or brief follow-up tasker.

- 1) London and the IMF are concerned that the scope of Section 2(3) – which allows the gaining ministry to sell or dispose of the assets of consolidated SOEs – is too broad and may allow for pre-transition privatization. While the privatization point is a stretch, there is a sound critique here, because the draft allows for disposal of a wide array of assets with proceeds paid to the gaining ministry; the appropriate recipient, of course, is MoF, which must approve the gaining ministry's changed budget allocations.

Solution: The amended draft clarifies the scope of assets subject to disposal and directs the proceeds through MoF, with discretion to incentivize efficiency gain by directing up to 50% of proceeds to the gaining ministry. These amendments appear at Section 2(3) and should close a loophole while still allowing all necessary room for SOE consolidation.

- 2) Treasury and the IMF are concerned that ministry assumption of SOE "rights and entitlements" in Section 3(2) may allow ministries to raise funds independently of MoF – through loans or debt offerings, for example. This is another sound critique, because financial flows should go through MoF with centralization through the Central Bank of Iraq.

Solution: Section 3(2) has been revised to make clear that any entitlement to independent revenue generation does not follow the consolidated SOE.

- 3) The IMF notes that remaining budget allocations for the current year should not only be submitted to, but also approved by, MoF before a consolidation takes effect. We are inclined to agree, because after a merger or consolidation, general budget allocations may no longer be valid in light of efficiency gains or reassignment of assets. The problem here is unnecessary delay, but this can be overcome in the drafting.

Solution: Amend Section 2(6) to [1] require MoF approval of current year budget allocations and [2] provide for automatic approval of such allocations if MoF fails to review a completion certificate within two weeks of submission.

- 4) Treasury has requested background information to sort out three practical questions. These questions are listed below, with proposed responses italicized:

- i) Is the commercially distributed output of a reorganized SOE effectively considered output of the Iraqi government? *Yes. The SOE, whether pre- or post-consolidation, is a state entity and any commercial output is effectively the output of the Iraqi government. The fact that SOEs may cease to exist in the consolidation process does not change this conclusion. Also, the question appears to assume that SOEs are revenue-producing entities, which is not the case.*
- ii) How can an arm of the government be treated the same as a private firm if the gaining ministry has regulatory authority over the same commercial area of the SOE (agriculture,

3/14/2004

industry, etc.). *This not a substantial concern; it's simply a by-product of where we are in light of the urgent need for consolidation and the inability to privatize prior to transferring sovereignty. Also, SOEs are not market-driven -- they exist in most cases to provide a public service -- so the comparison to private firms is not apt. Where necessary, proper government functions will be separated out from the SOE and transferred into the ministry, but the order does not anticipate that the ministry of agriculture itself will be producing grain. [We need more detail on this point.]*

- iii) How do rights, benefits, and obligations of private firms stack up to those of a ministry-owned enterprise? Are they subject to the same laws, requirements, etc.? *Rights, benefits, and obligations are essentially the same other than the immunities attributable to all state-owned entities and other exceptions set forth in the order.*

Please confirm that these answers are sound, or suggest how they could be improved upon.

Very respectfully,

(b)(6)

3/14/2004

the output of the Iraqi government. The fact that SOEs may cease to exist in the consolidation process does not change this conclusion. Also, the question appears to assume that SOEs are revenue-producing entities, which is not the case.

- ii) How can an arm of the government be treated the same as a private firm if the gaining ministry has regulatory authority over the same commercial area of the SOE (agriculture, industry, etc.). *This not a substantial concern; it's simply a by-product of where we are in light of the urgent need for consolidation and the inability to privatize prior to transferring sovereignty. Also, SOEs are not market-driven -- they exist in most cases to provide a public service -- so the comparison to private firms is not apt. Where necessary, proper government functions will be separated out from the SOE and transferred into the ministry, but the order does not anticipate that the ministry of agriculture itself will be producing grain. [We need more detail on this point.]*

- iii) How do rights, benefits, and obligations of private firms stack up to those of a ministry-owned enterprise? Are they subject to the same laws, requirements, etc.? *Rights, benefits, and obligations are essentially the same other than the immunities attributable to all state-owned entities and other exceptions set forth in the order.*

Please confirm that these answers are sound, or suggest how they could be improved upon.

Very respectfully,

(b)(6)

Working Draft

COALITION PROVISIONAL AUTHORITY ORDER NUMBER XX

CONSOLIDATIONS OF STATE-OWNED ENTERPRISES

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Having worked closely with the Governing Council to ensure that economic change occurs in a manner acceptable to the people of Iraq,

Acknowledging the Governing Council's desire to bring about significant change to the Iraqi economic system by promoting economic reconstruction and the conditions for sustainable development in a competitive global marketplace,

Determined to encourage more efficient Iraqi governance by consolidating government functions carried out by certain state-owned enterprises into government agencies,

Further committed to improve the production and economic performance of some Iraqi state-owned enterprises by merging them together,

I hereby promulgate the following:

**Section 1
Purpose**

This Order provides for the consolidation and reorganization of certain state-owned enterprises into government ministries or agencies. This Order also clarifies the operation of existing procedures with respect to the merger of two state-owned enterprises.

**Section 2
Consolidation**

- 1) The state-owned enterprises listed in Column 1 of Annex A shall be consolidated into the Iraqi ministries listed opposite those companies in Column 2 and may be reorganized or reclassified as appropriate under the particular economic facts and circumstances so long as such reorganization remains consistent with this Order. The Administrator shall have the authority to add to and remove state-owned enterprises from Annex A. The Governing Council or a minister may propose to the Administrator a state-owned enterprise for consolidation. Generally, state-owned enterprises selected for consolidation will be those that are not a complete business, but which provide a needed and valuable service, the operations and assets of which

CPA/ORD/XX XXXX 2004/XX

can be successfully transferred to a ministry. State-owned enterprises that include any private ownership shall not be consolidated pursuant to this Order.

- 2) Such consolidation shall be effected under the direction of the minister of the ministry into which the state-owned enterprise will be consolidated (the "gaining ministry"). The minister shall have the authority to reorganize the state-owned enterprise or components thereof in a manner that effectively integrates the enterprise into the respective ministry.
- 3) The minister may, in his or her sole discretion, and as provided by law, sell or otherwise dispose of any surplus assets, except real property and cultural property (as defined in the Convention for the Protection of Cultural Property in the Event of Armed Conflict of 1954), of the state-owned enterprise or the ministry that are no longer necessary to the continued functioning of such enterprise or ministry as a result of the consolidation; provided, however, that such sale or disposition is accomplished through a transparent and market-based transaction between two parties with independent interests, operating in good faith and at arms-length, resulting in fair market value compensation to the ministry. The proceeds of any sale or disposition under this Section shall be paid to the Ministry of Finance, which may, in its discretion and with a view toward encouraging the sale of unnecessary surplus assets, pay up to 50% of such proceeds to the gaining ministry, so long as the proceeds are paid through the gaining ministry's existing accounts and reported in line with usual budget procedures.
- 4) Once the consolidation of a state-owned enterprise is complete, the minister shall submit a completion certificate to the Ministry of Finance, the Governing Council and the Administrator.
- 5) The completion certificate shall contain, at a minimum, the following:
- a) the name of the consolidated state-owned enterprise;
 - b) the name of the relevant ministry;
 - c) any assets disposed of as part of the consolidation and the amounts received as a result of that disposal;
 - d) the date on which the consolidation was completed;
 - e) the budget for the consolidated state-owned enterprise within the ministry, including a sheet of spent, committed, and remaining budget allocations for the current year; and

Comment: Revisions in response to comments from UK and IMF.

f) a list of employees consolidated into the relevant ministry.

- OK
- 6) After submission of the completion certificate and approval of budget allocations for the current year by the Ministry of Finance, paragraph (3) above shall no longer be applicable and Iraqi law shall prevail. The Ministry of Finance shall expedite procedures for reviewing submitted completion certificates, and current year budget allocations shall be deemed approved if not acted upon within two weeks of submission.

Deleted: .

- 7) In cases where the state-owned enterprise is consolidated into a ministry that did not supervise or own the state-owned enterprise, the gaining ministry shall agree in writing with the releasing ministry on the terms of the consolidation, including, with respect to the payment and identification of any and all outstanding obligations, disposition of assets and employee-related matters. Such an agreement is not required where the former ministry of the state-owned enterprise has itself been dissolved prior to the consolidation, including all ministries dissolved pursuant to CPA Order No. 2.

Section 3 Contracts, Property and Budgets

- OK
- 1) By operation of this Order, the ministry into which the state-owned enterprise is consolidated shall be substituted for the state-owned enterprise as a party in each contract to which the state-owned enterprise is a party. Upon consolidation, the substituting ministry shall be entitled to exercise all of the rights and receive all of the benefits of the enterprise. Similarly, unless otherwise prohibited by law, the ministry shall be required to fulfill all of the duties and obligations of the state-owned enterprise under such contract.
- 2) Notwithstanding paragraph (1) above, the substitution of the relevant ministry for the state-owned enterprise in a contract shall not constitute an explicit or implicit waiver of any immunity, including sovereign immunity, to which the relevant ministry is entitled. Nor shall the relevant ministry retain benefits and entitlements concerning revenue generation, such as raising funds by issuing debt, making loans from a bank, or holding a bank account outside the Central Bank of Iraq.
- 3) Except as set forth in Section 2(3), title to all property owned by the state-owned enterprise being consolidated – whether movable or real, tangible or intangible – shall be transferred to the relevant ministry. The relevant ministry shall accomplish such transfer of property through the means or procedures prescribed by Iraqi law.

Comment: Addition in response to IMF comments.

- 4) After a completion certificate is delivered to the Governing Council, the Ministry of Finance shall transfer to the relevant ministry the allocation of the national budget associated with the state-owned enterprise being consolidated.

Section 4 Legal Identity

- 1) Upon the date that the completion certificate is submitted to the Governing Council and the Administrator, the state-owned enterprise shall no longer have a separate legal identity and shall cease to exist.
- 2) Notwithstanding paragraph (1), the authorities granted by law, regulation or rule to the state-owned enterprise being consolidated shall be transferred to the relevant ministry and may be exercised by the relevant ministry as part of its own authorities.

Section 5 Modifications to the State Companies Law

To effectuate the terms of this Order, the State Companies Law shall be modified as follows:

- 1) Article 31, Paragraph First of the State Companies Law, No. 22 of 1997 (the "Companies Law") shall be amended to read in full: "It is permissible to merge two or more wholly state-owned enterprises into a single state-owned enterprise, provided they engage in a similar or integrated activity. If all of the state-owned enterprises involved are owned by a single ministry, the relevant minister may propose the merger. If each of the state-owned enterprises involved is owned by a different ministry, ministers of all involved ministries must agree in writing to the merger, including with respect to which ministry will ultimately own the state-owned enterprise resulting from the merger (for the purposes of Article 31, 32, 33 and 34, the "new enterprise")."
- 2) Article 31, Paragraph Second of the Companies law shall be amended to read in full: "The involved minister or ministries shall prepare a proposal describing the merger and submit it to the Governing Council for final approval. If the Governing Council votes to approve the proposed merger, or takes no action on the proposal within 14 calendar days, the merger shall immediately take effect and the relevant minister or ministers may authorize the appropriate actions to implement and complete it."
- 3) Article 32 of the Companies Law shall be amended to read in full: "Once the Governing Council has approved the merger pursuant to Article 31, Paragraph Second, the ministry that will ultimately supervise or own the new enterprise shall

amend the original contract or draw up a new contract. The board of directors shall amend the basic law or draft a new basic law."

- 4) Article 33 of the Companies Law shall be amended to read in full: "The ministry that will ultimately own the new enterprise shall inform the Registrar of the amended contract or provide the Registrar with the new contract. The merger shall be considered valid as of the date of the Governing Council's approval, unless otherwise specified by the Governing Council. On the date the merger becomes valid, the corporate status of the enterprise or enterprises being merged into the new enterprise shall expire. The Registrar shall issue a new certification of establishment."
- 5) Article 34, Paragraph First of the Companies Law shall be amended to read in full: "The Governing Council shall publish notice of its merger decision in the Official Gazette of Iraq and, if available, the bulletin issued by the Registrar."
- 6) Article 34, Paragraph Second of the Companies Law shall be amended to read in full: "The rights and obligations of the enterprise or enterprises being merged shall revert to the new enterprise."

Section 7 Administrative Instructions

The Administrator may delegate authority to issue Administrative Instructions to clarify and implement this Order.

Section 8 Existing Law

In the event of a conflict between this Order and any Iraqi law or regulation in force prior to the entry into of this Order, this Order shall prevail.

Section 9 Entry into Force

This Order shall enter into force on the date of signature.

L. Paul Bremer, Administrator
Coalition Provisional Authority

ANNEX A

Column 1

Column 2

1

CPA/ORD/XX XXXXX 2004/XX

6

**COALITION PROVISIONAL AUTHORITY
MEMORANDUM NUMBER 8**

**EXPORTATION OF SCRAP METAL
UNDER
ORDER NUMBER 12, TRADE LIBERALIZATION POLICY
(CPA/ORD/7 June 2003/12)**

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council Resolutions, including Resolutions 1483 and 1511 (2003),

Acknowledging the central role of international trade in Iraq's recovery and its development of a free market economy,

Noting that the export of certain items, including certain metal products, is currently prohibited,

Recognizing that the legitimate export of scrap metal is a potentially important source of income for Iraqi businesses,

Emphasizing the need to control black-market activities while promoting opportunities for legitimate businesses,

I hereby promulgate the following:

**Section 1
Purpose and Definition**

- 1) This Memorandum provides rules for the export of scrap under CPA Order Number 12.
- 2) "Scrap" is defined to mean material that has been finished and put to use as a product or part of a product, but has lost its intended usefulness as a result of obsolescence, damage or destruction.

**Section 2
Exclusion of Scrap as Prohibited Export**

The manufactured goods that are prohibited from export under the Annex to CPA Order Number 12 (CPA/ORDANNEX/7 June 2003/12) shall not include scrap ceramics or scrap metal, excluding copper and lead. Scrap copper and lead are prohibited exports.

CPA/MEM/25 January 2004/08

Section 3
Licenses

Effective February 1, 2004, metal, including scrap metal, shall not be exported without authorization from the Ministry of Trade. Prior to February 1, 2004, scrap metal, excluding copper and lead, may be exported without a license.

Section 4
Entry into Force

This Memorandum shall enter into force on the date of signature.

L. Paul Bremer 1/25/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

(b)(6)



Foreign Language

Ameed • Basim Muhammed Salih Jasim Foreign Language

Brig Sadiq Jasim Abu-Luh Foreign Language

" Sabah Niama Faraj

ii Qasim Salih Ali Khamel

" Muthhir Ahmad Muhammad Salih Foreign Language

Ameed • COL Sikhadin Abdul Mahdi Foreign Language

COL Haitham Kanaan Zeki

COL Mendi Ali Abdul Hussien

Foreign Language



04210

Foreign Language

Ameed.
Brig Basim Muhamed Salih Jasim
Brig Sndlg Jasim Abu-Luh
" Sabah Niama Faraj
" Gasim Salih Ali Khamees
" Muthhir Ahmed Muhammed Salih
Ameed. COL Srikhadin Abdul Mahdi
COL Haitham Kanaan Zeki
COL Mendi Ali Abatul Hussien

Foreign Language

Foreign Language

Foreign Language

Foreign Language

Foreign Language

Foreign Language





COALITION PROVISIONAL AUTHORITY
BAGHDAD

April 13, 2004

MEMORANDUM FOR Regional Operations

SUBJECT: Detainment of IRDC Member

This report is provided as a follow up to what I hope was a reported incident by IRDC member, Faisal Darweesh.

Mr Darweesh works at the Ministry of Industry & Minerals. He is a Citizen of Great Britain. He speaks fluent Arabic and is Kurdish.

While returning via vehicular transport from Jordon (he had been on R&R to London and parts thereof) he encountered some check points, the subject of this Memorandum. The undersigned briefly interviewed Mr. Darweesh in order to preserve in formation. Following is that information. The undersigned does not guarantee its veracity and recommends that Mr. Darweesh be interviewed by professionals if it is deemed appropriate.

On or about 1100 on April 11, 2004, Mr. Darweesh and driver were headed to Baghdad from Amman, Jordon on the only highway available for that route. This highway runs through Fallujah. He encountered three different checkpoints within the Fallujah area, all within about 15 minutes of each other. The checkpoints were on both sides of the road, not just in the direction heading to Baghdad. It was a flat stretch of highway, no hills or anything that cold be used by the guards as terrain cover or concealment. Each had a machine gun nest that was manned. The Iraqi flag was flying at each location. They were stopping every car on the road in both directions. At one of the checkpoints, he was detained for at least a half hour

Mr. Darweesh believes these were definitely Pro-Saddam forces. They were wearing the colors of the former regime forces, moved with the same precision as the former regime forces and held their respective weapons in the manner of the former regime forces. They were a well organized militia- approximately 10-15 people that he could see at each checkpoint on this main highway; there was an obvious chain of command, neat. He noted that the guards that held him were very young (16/17); they held grenades in their hands and had; loaded Kalishnikoff rifles. Except for the interviewer and a few "officer types" in the distance, all were masked.

Mr. Darweesh's driver had heard on the street that there might be checkpoints so he had astutely gotten all of Mr. Darweesh's identification (passport, papers, etc) and hid them under the dash board in the car. When Mr. Darweesh was detained, he feigned the loss of his passport. He was asked about his background including religion, who he worked for, where was he going, coming from, etc. He was "extremely scared" as the weapons kept being waived at him. He was

UNCLASSIFIED

specifically asked about the Coalition and American forces, whether he was cooperating with them, etc. Based on the questions that he was asked, he believed the interrogators to be Sunni. He, of course, denied any and all involvement with the Coalition. They frisked him, the driver and inspected the car inside and out. They finally allowed him to leave.

Mr. Darweesh advised me of this matter yesterday morning (April 12th) and told me that as soon as he got to CPA that he would report same.

(b)(6)

Senior Advisor
Ministry of Industry & Minerals

**DISTRIBUTION OF THE REMAINING VALUE OF 2003 Budget
(\$ 2.7 million)**

- The number of state owned companies is 53 companies + MIM's headquarter.
 - 2- Total value allocated by CPA for 2003 Budget is 59.42 million dollars.
 - 3- Received 30.0 million dollars in 2003 ~~€~~ allocated to be spent during the first half of 2004 is 26.7 million dollars.
 - 4- Remaining 2.7 million dollars not allocated yet and highly needed to cover the following expenditures:-
 - a) Training programs for each company \$19000, total = \$1026000. (in process of execution)
 - b) Supply computers, Internets and necessary auxiliaries for each company \$14500. Total = \$783000. (in process of execution)
 - c) Cost of the specialists and accounting bureaus who prepared the Business Profile of all 53 companies (total) = \$392000. (Executed)
 - d) Cost of the advisors from Merchant Bridge who participated in the evaluation of the bids to lease MIM's factories = \$500000. (Being executed) -
- Total expenditures = \$ 2.7 million.**

Sami Al Raji

May 8, 2003

Minister of Finance
Accounts Department
Budget Department

With regard to the remaining funds held in the 2003 Budget for the Ministry of Industry & Minerals, the undersigned hereby requests that all remaining installments be paid by the Ministry of Finance for the capital requirements of MIM.

These funds include the 2.7 USD withheld pending clarification and the two installments totaling approximately 16.0 USD.

Accompanying this request is a recently executed document from CPA Ministry of Finance office.

Thank you,



**COALITION PROVISIONAL AUTHORITY
BAGHDAD**

3 May 2004

**To: Accounts Department, Ministry of Finance
Budget Department, Ministry of Finance**

From: (b)(6) Advisor, CPA-Ministry of Finance

A handwritten signature in black ink, appearing to be "A. B.", is written over the text "Advisor, CPA-Ministry of Finance".

Subject: Roll over of remaining Industry and Minerals 2003 budget

Roll over of the remaining Industry and Minerals budget allocation for 2003 is authorized for the purpose of satisfying outstanding contracts and the provision of computers systems and training programs for the Ministry of Industry and Minerals Headquarters and State Owned Enterprises. In order for these funds to be disbursed, contracts and invoices for these purpose must first be presented to the Ministry of Finance- Budget Department.

Attachments: Distribution of the Remaining Value of 2003 Budget request

2003 Budget Allocation:

60 USD

- 30.6⁷ (Aug 03)

29.4
~~2.7~~
26.7

(3) 26.7
Installments
1) ~~Jan 04~~ 13,000
2) ? Need
3) ? Need

2.7M
Wanted/got
Accountability - - - to be
added
back in!

Request in weekly!

Terms

Who?

MIM!

(b)(6)

I sent
you an
email

(b)(6)

59.3
30.4
28.7
13 -
15.7

UNCLASSIFIED

COALITION PROVISIONAL AUTHORITY

BAGHDAD

February 3, 2004

FOR: CPA MINISTRY OF FINANCE

FROM: (b)(6) Deputy Senior Advisor, Ministry of Industry & Minerals (MIM)

SUBJECT: 2nd half of 2003 budget allocation for MIM

The Iraqi MIM believes it was shortchanged on the allocation of the second half of the 2003 budget. It is not clear if this is a result of a miscalculation or because the MIM did not demonstrate properly the need and plans to spend the allocation. Following is a calculation of the original budget and the difference between what was expected and what was paid.

Original Budget in USD	\$59,400,000
Official Exchange Rate	1,500
Budget in ID (000)	89,100,000
 Budget Used to Calculate First Allocation in ID (000)	 90,000,000
First Allocation in ID (000) - Paid	45,000,000
Remainder Owed in ID (000)	44,100,000
 Budget Used by MOF to Calculate Second Allocation in ID (000)	 85,000,000
MOF Calculation of Second Allocation Owed in ID (000)	40,000,000
 MOF Shortchange in ID (000)	 4,100,000
Shortchange in USD at Official Exchange Rate	\$2,733,333

Request MOF:

1. Clarifies how much money MIM has received to date (chart above is not confirmed).
2. Provides reason MIM did not receive the full allocation.
3. Provides MIM with requirements to receive full payment.

UNCLASSIFIED

(b)(6)

From: (b)(6)
Sent: Sunday, March 07, 2004 3:51 PM
To: (b)(6)
Subject: Republic of Ira3

Republic of Iraq
Ministry of Finance
Balance Directorate
Balance Movement Dept.
Ref.: 404
Date: 1/25/2004

Order No. (13)
To/ Accountancy Directorate

In virtue of the approval of CPA dated on 1/9/2004.

1. It has been approved to allocate forty billion dinars from the balance allocations of 2003 ,section 6, article 8 relating to granting the organizations that suffer shortage in funding, chapter /23, Ministry of Industry and Minerals, section/1 Ministry 's centre, to the balance allocations of 2004 within chapter 5 Ministry of Finance section 1 Ministry's centre.
2. We hope to do what is required to calculate the advance amount which is 3750 million dinars, you allocated in behalf of the State Company for Phosphate, from the amount above mentioned. With regards.

Attachments:

- 1- a memo copy

On behalf of Minister of Finance
Najeh Nama Hassan
Acting Director of Balance Directorate
1/25/2004

A copy to/
1- CPA- Baghdad
2- Ministry of Industry and Minerals- Accounts Dept.
3- Accountancy Directorate

3/7/2004

Ministry of Industry and Minerals
(1,000 ID)

State Owned Enterprise	2003 Subsidy	Cash Inflows			Cash Expenses						
		Revenue from 2004 Production	Revenue from Preexisting Inventory	Total Cash Inflows	SOE Employee Salaries	SOE Contract Salaries	TOTAL SOE Salaries	Operating Expenses (Except for Salaries)	Operating Cash Flow	Security	Outstanding A/P
<i>Mechanical Industries</i>	1,200,000	8,000,000	-	8,000,000	6,969,600	260,000	7,229,600	22,919,600	(22,149,200)	100,000	4,000,000
Cotton Industries SC	1,000,000	8,500,000	-	8,500,000	12,096,000	604,800	12,700,800	12,846,000	(17,046,800)	100,000	3,000,000
<i>Vegetable Oils Industry</i>	2,000,000	5,000,000	-	5,000,000	6,798,600	339,930	7,138,530	12,398,600	(14,537,130)	300,000	3,000,000
Tobacco & Cigarettes	2,500,000	11,250,000	-	11,250,000	4,042,800	70,800	4,113,600	17,774,618	(10,638,218)	75,000	4,000,000
<i>Ur Engineering Industry</i>	2,700,000	10,000,000	-	10,000,000	6,033,600	301,680	6,335,280	16,833,600	(13,168,880)	150,000	2,000,000
<i>Sugar Industry</i>	500,000	3,000,000	-	3,000,000	864,000	43,200	907,200	15,864,000	(13,771,200)	200,000	1,000,000
Al Ikhaa	-	1,000,000	-	1,000,000	4,287,600	214,380	4,501,980	9,201,400	(12,703,380)	50,000	1,000,000
Al Rasheed	-	1,000,000	-	1,000,000	4,122,000	206,100	4,328,100	9,201,400	(12,529,500)	50,000	1,000,000
Ready Made Wear Industries	1,000,000	2,500,000	-	2,500,000	5,812,200	290,610	6,102,810	8,637,200	(12,240,010)	75,000	1,000,000
Leather Industries	1,000,000	3,500,000	-	3,500,000	5,079,600	253,980	5,333,580	8,679,600	(10,513,180)	200,000	2,000,000
Paper Industry	250,000	-	-	-	5,675,400	47,040	5,722,440	5,675,400	(11,397,840)	75,000	1,000,000
Ibn Al Walid	-	1,000,000	-	1,000,000	3,056,400	152,820	3,209,220	9,201,400	(11,410,620)	50,000	1,000,000
Ibn Majed	-	1,000,000	-	1,000,000	2,966,400	148,320	3,114,720	9,201,400	(11,316,120)	50,000	1,000,000
Al Samood	-	1,000,000	-	1,000,000	2,676,600	133,830	2,810,430	9,201,400	(11,011,830)	50,000	1,000,000
<i>Al Qadesia (Dyala) Electrical Industries</i>	2,600,000	6,000,000	-	6,000,000	4,069,800	203,490	4,273,290	11,569,800	(9,843,090)	100,000	2,000,000
Al Shaheed	-	1,000,000	-	1,000,000	2,340,000	117,000	2,457,000	9,201,400	(10,658,400)	50,000	1,000,000
Al Nidaa	-	1,000,000	-	1,000,000	2,302,200	115,110	2,417,310	9,201,400	(10,618,710)	50,000	1,000,000
Al Uboor	-	1,000,000	-	1,000,000	2,237,400	111,870	2,349,270	9,201,400	(10,550,670)	50,000	1,000,000
Construction Industries	500,000	3,000,000	-	3,000,000	5,783,400	289,170	6,072,570	8,283,400	(11,355,970)	150,000	-
<i>Battery Industries SC</i>	1,000,000	1,500,000	-	1,500,000	3,472,200	6,400	3,478,600	7,222,200	(9,200,800)	150,000	2,000,000
Al Zawra	-	1,000,000	-	1,000,000	1,555,200	77,760	1,632,960	9,604,400	(10,237,360)	50,000	1,000,000
Tareq	-	1,000,000	-	1,000,000	1,612,800	80,640	1,693,440	9,201,400	(9,894,840)	50,000	1,000,000
Al Radhwan	-	1,000,000	-	1,000,000	1,368,000	68,400	1,436,400	9,201,400	(9,637,800)	50,000	1,000,000
Wasit Textile	250,000	6,000,000	-	6,000,000	5,970,600	298,530	6,269,130	9,365,600	(9,634,730)	50,000	1,000,000
Al Salam	-	1,000,000	-	1,000,000	1,353,600	67,680	1,421,280	9,201,400	(9,622,680)	50,000	1,000,000
Al Mansour	-	1,000,000	-	1,000,000	1,206,000	60,300	1,266,300	9,201,400	(9,467,700)	50,000	1,000,000
Al Noaman	-	1,000,000	-	1,000,000	1,157,400	57,870	1,215,270	9,201,400	(9,416,670)	50,000	1,000,000
Hammurabi	-	1,000,000	-	1,000,000	1,144,800	57,240	1,202,040	9,201,400	(9,403,440)	50,000	1,000,000

Electrical Industries SC	2,500,000	7,000,000	-	7,000,000	5,684,400	48,000	5,732,400	9,604,400	(8,336,800)	100,000	2,000,000
Woolen Industries SC	2,000,000	3,000,000	-	3,000,000	5,761,800	288,090	6,049,890	6,111,800	(9,161,690)	250,000	1,000,000
Textile Industries - Hilla	1,000,000	3,000,000	-	3,000,000	4,881,600	244,080	5,125,680	7,206,600	(9,332,280)	75,000	1,000,000
Azahf al Kabir	-	1,000,000	-	1,000,000	903,600	45,180	948,780	9,201,400	(9,150,180)	50,000	1,000,000
Al Tahady	-	1,000,000	-	1,000,000	718,200	35,910	754,110	9,201,400	(8,955,510)	50,000	1,000,000
Al Kharzen Center	-	1,000,000	-	1,000,000	651,600	32,580	684,180	9,201,400	(8,885,580)	50,000	1,000,000
Car Manufacturing (Vehicle Industries)	225,000	-	-	-	3,900,600	195,030	4,095,630	4,750,600	(8,846,230)	75,000	-
Glass & Ceramics	1,150,000	4,000,000	-	4,000,000	4,258,800	212,940	4,471,740	7,058,800	(7,530,540)	100,000	2,000,000
Tires Industries - Najaf	500,000	6,000,000	-	6,000,000	4,320,000	216,000	4,536,000	8,120,000	(6,656,000)	50,000	2,000,000
Nassr SC for Mechanical Industries	3,000,000	7,000,000	-	7,000,000	4,451,400	222,570	4,673,970	9,201,400	(6,875,370)	150,000	1,000,000
Drugs & Medical Supplies - Sammara	1,500,000	3,000,000	-	3,000,000	4,680,000	234,000	4,914,000	4,980,000	(6,894,000)	100,000	1,000,000
Drugs & Medical Supplies - Ninawa	1,200,000	1,000,000	-	1,000,000	1,710,000	85,500	1,795,500	2,010,000	(2,805,500)	100,000	3,000,000
Dairy Products SC	500,000	-	-	-	2,187,000	109,350	2,296,350	2,187,000	(4,483,350)	100,000	1,000,000
Rubber Industries	500,000	-	-	-	2,161,800	108,090	2,269,890	2,161,800	(4,431,690)	50,000	1,000,000
Industrial Design & Consultation	250,000	1,500,000	-	1,500,000	1,458,000	72,900	1,530,900	2,013,000	(2,043,900)	50,000	1,000,000
Ibn Sena	-	1,000,000	-	1,000,000	1,350,000	8,000	1,358,000	3,479,800	(3,837,800)	50,000	1,000,000
Al Sawari Chemical Industries	150,000	2,500,000	-	2,500,000	1,729,800	86,490	1,816,290	3,479,800	(2,796,090)	75,000	1,000,000
Refractories Company	200,000	2,500,000	-	2,500,000	1,729,800	86,490	1,816,290	3,479,800	(2,796,090)	25,000	1,000,000
Nissan (17)	100,000	-	-	-	1,449,000	72,450	1,521,450	1,449,000	(2,970,450)	25,000	-
Specialized Institute for Engineering Industries	250,000	2,000,000	-	2,000,000	1,458,000	72,900	1,530,900	2,118,000	(1,648,900)	50,000	-
Hand Woven Carpets	100,000	1,500,000	800,000	2,300,000	1,629,000	24,800	1,653,800	1,500,000	(853,800)	50,000	500,000
Furniture Factory	125,000	-	-	-	401,400	47,040	448,440	401,400	(849,840)	25,000	-
Information Systems	250,000	900,000	-	900,000	297,000	14,850	311,850	1,087,000	(498,850)	10,000	-
Iron & Steel	500,000	-	50,000,000	50,000,000	7,574,400	378,720	7,953,120	8,074,400	33,972,480	75,000	-
Nasser Al Adeem	-	13,000,000	-	13,000,000	1,990,800	99,540	2,090,340	9,201,400	1,708,260	50,000	2,000,000
Dog SOEs	32,500,000	145,150,000	50,800,000	195,950,000	#####	7,720,450	181,112,650	423,773,818	(408,936,468)	4,260,000	65,500,000
Al Furat Chemical Industries	1,500,000	3,000,000	-	3,000,000	3,114,000	29,084	3,143,084	4,854,000	(4,997,084)	50,000	2,000,000

Al Faris	1,725,000	1,750,000	-	1,750,000	2,199,600	109,980	2,309,580	5,949,600	(6,509,180)	100,000	1,000,000
Petrochemical Industries	3,000,000	30,000,000	-	10,000,000	6,969,600	542,480	7,512,080	10,344,000	(17,831,920)	100,000	2,000,000
Southern Fertilizer	1,500,000	3,000,000	-	9,000,000	4,849,200	242,460	5,091,660	9,599,200	(5,497,540)	100,000	1,000,000
Beneficial SOEs	13,725,000	37,250,000	1,500,000	38,750,000	25,761,600	1,355,384	27,116,984	48,651,600	(37,018,584)	650,000	12,000,000
Geological Survey & Mining	1,500,000	5,000,000	-	5,000,000	817,200	40,860	858,060	2,417,200	1,724,740	300,000	1,000,000
General Systems Company	445,000	7,000,000	-	7,000,000	788,400	79,460	867,860	4,543,400	1,588,740	10,000	1,000,000
Iraqi Cement	3,000,000	37,800,000	-	37,800,000	5,940,000	297,000	6,237,000	25,872,000	5,691,000	300,000	4,000,000
Industrial Design & Construction	1,000,000	5,000,000	-	5,000,000	828,000	41,400	869,400	1,188,000	2,942,600	25,000	-
Northern Cement	2,000,000	48,600,000	-	48,600,000	4,140,000	207,000	4,347,000	29,174,000	15,079,000	200,000	7,000,000
Southern Cement	2,600,000	70,200,000	-	70,200,000	9,360,000	212,160	9,572,160	44,448,000	16,179,840	400,000	5,000,000
Mishraq Sulfur	500,000	-	70,000,000	70,000,000	2,318,400	115,920	2,434,320	3,518,400	64,047,280	600,000	2,000,000
Profitable SOEs	11,045,000	173,600,000	70,000,000	243,600,000	24,192,000	993,800	25,185,800	111,161,000	107,253,200	1,835,000	20,000,000

Ministry	550,000	-	-	-	3,299,400	159,250	3,458,650	15,225,000	(18,683,650)	75,000	-
----------	---------	---	---	---	-----------	---------	-----------	------------	--------------	--------	---

Minimum Requested by MIM							237,743,484	15,225,000		6,830,000	97,500,000
Minimum Requested Total \$							236,874,084	63,876,600	300,750,684	6,820,000	12,000,000

Capex	Misc. Cash Expense	Total Cash Flow (Needs)
-	-	(26,249,200)
-	-	(20,146,800)
-	-	(17,837,130)
-	1,750,000	(16,463,218)
-	-	(15,318,880)
-	-	(14,971,200)
-	-	(13,753,380)
-	-	(13,579,500)
-	-	(13,315,010)
-	-	(12,713,180)
-	-	(12,472,840)
-	-	(12,460,620)
-	-	(12,366,120)
-	-	(12,061,830)

- - (11,943,090)

-	-	(11,708,400)
-	-	(11,668,710)
-	-	(11,600,670)
-	-	(11,505,970)
-	-	(11,350,800)
-	-	(11,287,360)
-	-	(10,944,840)
-	-	(10,687,800)
-	-	(10,684,730)
-	-	(10,672,680)
-	-	(10,517,700)
-	-	(10,466,670)
-	-	(10,453,440)

-	-	(10,436,800)
-	-	(10,411,690)
-	-	(10,407,280)
-	-	(10,200,180)
-	-	(10,005,510)
-	-	(9,935,580)

- 750,000 (9,671,230)

-	-	(9,630,540)
-	-	(8,706,000)
-	-	(8,025,370)

- - (7,994,000)

-	-	(5,905,500)
---	---	-------------

- - (5,583,350)

-	-	(5,481,690)
-	2,000,000	(5,093,900)

- - (4,887,800)

-	-	(3,871,090)
-	-	(3,821,090)
-	-	(2,995,450)
-	-	(1,698,900)
-	-	(1,403,800)

- - (874,840)

-	-	(508,850)
-	-	33,897,480
-	-	(341,740)
-	4,500,000	(483,196,468)

-	-	(7,047,084)
---	---	-------------

-	850,000	(8,459,180)
-	-	-
-	850,000	(50,518,584)
-	-	-
-	-	424,740
-	-	578,740
-	-	1,391,000
-	-	2,917,600
-	-	7,879,000
-	-	10,779,840
-	-	61,447,280
-	-	85,418,200

22,000,000	1,500,000	(42,258,650)
------------	-----------	--------------

22,000,000	6,850,000	386,148,484
22,000,000	2,350,000	343,920,684



COALITION PROVISIONAL AUTHORITY
BAGHDAD

ACTION MEMO

9 January 2004

FOR: Minister Kamil Mubdir al-Gailani, Ministry of Finance

ATTN: DG of Budget Department, Ministry of Finance

FROM: (b)(6)
CPA-Office of Management and Budget

SUBJECT: Ministry of Industry and Minerals Capital Expenditure for 2003

The Ministry of Industry and Minerals has satisfied the criteria stated in the End of Year Budget Considerations (Ref.# 297 and Dated: December 14, 2003) for the funding of 2003 Capital Expenditures in 2004. Please instruct Ministry of Finance staff to review their submission, and if in order, release of the remaining 2003 Capital expenditure of ID 90,000,000,000 for which the Ministry of Industry and Minerals has demonstrated need in their trial balance.

In addition, please expedite the addition of ID 3,750,000,000 to the Ministry of Industry and Minerals Capital budget to ensure the smooth completion of vital repairs at the State Company for Phosphate in Al-Anbar. Funds should be released to Al-Anbar representatives for whom CPA will provide transportation.

CC:
DG of Accounts Department, Ministry of Finance
(b)(6) Senior Advisor, Ministry of Industry and Minerals

UNCLASSIFIED



COALITION PROVISIONAL AUTHORITY
BAGHDAD

5 January 2004

FOR: Minister Kamil Mubdir al-Gailani, Ministry of Finance

FROM: (b)(6)
CPA-Office of Management and Budget

SUBJECT: Ministry of Industry and Minerals Capital Expenditure for 2003

The Ministry of Industry and Minerals has satisfied the criteria stated in the End of Year Budget Considerations (Ref. # 297 and Dated: December 14, 2003) for the funding of 2003 Capital Expenditures in 2004. I, therefore, authorize the release of the remaining 2003 Capital expenditure for which the Ministry of Industry and Minerals has demonstrated need in their trial balance.

CC:

(h)(6) Senior Advisor, Ministry of Industry and Minerals
(b)(6) Co-Director, OMB

Attachments:

Request for Transfer and Disbursements of 2003 Funds in 2004 Letter
Trial Balances



Ref No. 297

Date: December 14, 2003

FOR: Iraqi Ministers
FROM: Mr. Kamil Mubdir al-Gailani, Minister of Finance
SUBJECT: End of the year budget considerations

Dear Colleague,

Under the current budget laws, the Iraqi budget operates on a cash basis. Spending approval for amounts allocated for a budget year are not automatically transferred to the next year if not spent by December 31. Unspent balances will remain in your Ministry's bank account and can be drawn down without interruption, but the law requires that these balances be deducted from your 2004 allocations.

One exception provided by existing budget law is made under the accruals basis amendment. This allows a Ministry to accrue budget balances for capital projects on which work has been completed but paperwork processing remains unfinished at year's end. Evidence of this project status, which will be reviewed by the Board of Supreme Audit, will be required so that these capital balances are exempt from deduction from the 2004 allocation.

The law also allows me in certain circumstances to provide additional allocations in the next year's budget where a Ministry was unable to spend it all in the budget year.

In a normal year, such exceptions would be limited, however, we all know that 2003 has been an extraordinary year. In this context, I plan to approve most requests to increase funding in 2004 that is unspent in 2003.

To do this in accordance with the law, I require your assistance. In particular, I would be grateful if your Ministry's finance department could prepare an initial trial balance and statement accounting for 2003 budget expenditures and forecast of remaining balances, as well as a brief statement on why it was not expended in 2003. I have directed my staff to help their counterparts in your Ministry in any way they can to accomplish this task.

With close cooperation we can ensure that the rebuilding of Iraq continues uninterrupted.

Sincerely,

Mr. Kamil Mubdir al-Gailani
P.P. Minister of Finance

F.J. Rabia

14-12-2003

A. Al-Jaffar
A. Al-Jaffar
14-12-2003

312

December 29, 2003

FOR: Iraqi Ministers

FROM: Mr. Kamil Mubdir al-Gailani, Minister of Finance

SUBJECT: STATE OWNED ENTERPRISE SALARIES IN 2004

The purpose of this memorandum is to clarify the situation in relation to State Owned Enterprise (SOE) salaries. (SOEs are off-budget entities, which are 100 per cent owned by the government.)

In 2003, salaries of SOEs employees were centrally financed and paid by the Ministry of Finance.

In 2004 the mechanism by which SOE salaries are paid will change. From 1 January 2004, salaries of SOEs employees will be paid directly by SOEs with financial support provided by the Ministry of Finance. To this end, funding is provided in the 2004 Budget for support of SOEs in paying salaries, and under special and limited circumstances, the provision of other necessary support.

The Ministry of Finance understands that many of you are concerned that this will mean that there will not be sufficient funds to pay SOE salaries on 1 January 2004.

This is not the case.

The Ministry of Finance will provide SOEs with at least the financial support needed to ensure that employee salaries can continue to be paid. However, where it is clear that an SOE has sufficient revenues to cover its expenses (including salaries) then financial support will not be provided unless specifically agreed in advance.

Please note that this only applies to the actual number and grade of employees approved by the Ministry of Finance as of 31 December 2003 for payment of salaries.

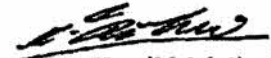
The main change in the short term will be the accounting treatment – salaries of employees will show up as expenses of the SOE, while support provided from the Budget should be recognized as income of the SOE.

To continue receiving financial support, SOEs should prepare projected financial statements - profit and loss, cash flow statements, and balance sheets - as required by the

2004 Budget instructions. This statement should accompany the letter of request and be provided to the Ministry of Finance's DG of Accounts by 28 February 2004.

" So, in practical terms, there will be little or no effect on 1 January 2004. However moving forward this approach will allow greater transparency needed to ensure we are using scarce public funds most effectively in rebuilding our country.

Sincerely,



Mr. Kamil Mubdir al-Gailani
Minister of Finance

(b)(6)

From: (b)(6)

Sent: Monday, March 08, 2004 8:24 AM

To: (b)(6)

Subject: Rollover Budget

(b)(6)

Sorry for not getting back to you sooner. I am not sure if anyone has contacted you about this but when I inquired about your rollover, I was informed that the MIM received 48,000,000,000 ID thus far. O was also told that they may have used it inappropriately. Do you know what the total amount of the rollover is meant to be?

We also found out at the MoF today that the majority of the rollovers have been salaries and operating budgets which they were not meant to be. Any assistance you can give would be greatly appreciated.

Thanks,

(b)(6)

Advisor
Ministry of Finance
CPA/ Baghdad

(b)(6)

3/8/2004

**Ministry of Industry and Minerals
2003 Budget Submission**

State Owned Enterprise	Cat*	Old Operational Budget	New Operational Budget	Operational Cumulative Totals	Rider	Company Total	Cumulative Totals	Employ ment	Cost per Employee	Remarks
MIM Headquarters	0	\$1,500,000	\$1,500,000	\$1,500,000	\$1,000,000	\$2,500,000	\$2,500,000	621	\$4,026	
Mishraq Sulfur	1	\$200,000	\$200,000	\$1,700,000	\$50,000	\$250,000	\$2,750,000	1,288	\$194	Largest deposit of sulphur in world
Training & Rehabilitation	2	\$450,000	\$450,000	\$2,150,000	\$50,000	\$500,000	\$3,250,000	895	\$559	Should do well in CPA retraining and social system advocacy
General Systems Company	2	\$445,000	\$445,000	\$2,595,000	\$50,000	\$495,000	\$3,745,000	438	\$1,130	Approx \$11M in contracts existing or pending
Hand Woven Carpets	2	\$100,000	\$100,000	\$2,695,000	\$50,000	\$150,000	\$3,895,000	905	\$166	All female employer
Al Furat Chemical Industries	2	\$1,025,000	\$1,250,000	\$3,945,000	\$50,000	\$1,300,000	\$5,195,000	1,730	\$751	Critical for municipal water systems and electrical commission
Petrochemical Industries	2	\$3,200,000	\$3,000,000	\$6,945,000	\$50,000	\$3,050,000	\$8,245,000	3,872	\$788	Strong competitive advantage
Phosphate	2	\$5,000,000	\$6,000,000	\$12,945,000	\$50,000	\$6,050,000	\$14,295,000	3,212	\$1,884	Strong competitive advantage
Northern Fertilizer	2	\$800,000	\$500,000	\$13,445,000	\$50,000	\$550,000	\$14,845,000	1,936	\$284	Strong competitive advantage
Southern Fertilizer	2	\$150,000	\$1,050,000	\$14,495,000	\$50,000	\$1,100,000	\$15,945,000	2,340	\$470	Strong competitive advantage
Northern Cement	2	\$2,400,000	\$2,000,000	\$16,495,000	\$50,000	\$2,050,000	\$17,995,000	2,293	\$894	Strong competitive advantage
Iraqi cement	2	\$3,000,000	\$3,000,000	\$19,495,000	\$50,000	\$3,050,000	\$21,045,000	3,313	\$921	Strong competitive advantage
Southern Cement	2	\$2,600,000	\$2,600,000	\$22,095,000	\$50,000	\$2,650,000	\$23,695,000	5,212	\$508	Strong competitive advantage
Al Faris	3	\$1,725,000	\$1,725,000	\$23,820,000	\$50,000	\$1,775,000	\$25,470,000	1,334	\$1,331	Metal fabricator for oil, electrical and municipal water sector
Al Qadesia Electrical Industries	3	\$2,600,000	\$2,600,000	\$26,420,000	\$50,000	\$2,650,000	\$28,120,000	2,261	\$1,172	Manufactures electrical transformers for electrical industry Electricity Commission Interest
Industrial Design & Consultation	3	\$130,000	\$250,000	\$26,670,000	\$50,000	\$300,000	\$28,420,000	810	\$370	
Ur Engineering Industry	3	\$3,800,000	\$3,000,000	\$29,670,000	\$50,000	\$3,050,000	\$31,470,000	3,352	\$910	Critical componets for electricity and telecommunications industry
Geological Survey & Mining	3	\$2,000,000	\$1,500,000	\$31,170,000	\$50,000	\$1,550,000	\$33,020,000	1,205	\$1,286	refines IZ natural resources
Nassr SC for Mechanical Industries	3	\$3,700,000	\$3,000,000	\$34,170,000	\$50,000	\$3,050,000	\$36,070,000	2,483	\$1,228	Metal fabricator for oil sector and construction sector
Drugs & Medical Supplies - Sammara	3	\$1,300,000	\$1,300,000	\$35,470,000	\$50,000	\$1,350,000	\$37,420,000	2,603	\$519	
Drugs & Medical Supplies - Ninawa	3	\$900,000	\$900,000	\$36,370,000	\$50,000	\$950,000	\$38,370,000	947	\$1,003	
Glass & Ceramics	3	\$1,150,000	\$1,500,000	\$37,870,000	\$50,000	\$1,550,000	\$39,920,000	2,366	\$655	Potential demand for products in IZ construction boom

State Owned Enterprise	Cat*	Old Operational Budget	New Operational Budget	Operational Cumulative Totals	Rider	Company Total	Cumulative Totals	Employment	Cost per Employee	Remarks
Information Systems	3	\$170,000	\$250,000	\$38,120,000	\$50,000	\$300,000	\$40,220,000	165	\$1,818	ready customer base in need of new IT solutions
Industrial Design & Construction	3	\$2,250,000	\$1,000,000	\$39,120,000	\$50,000	\$1,050,000	\$41,270,000	581	\$1,807	
Specialized Institute for Engineering Indus	3	\$35,000	\$250,000	\$39,370,000	\$50,000	\$300,000	\$41,570,000	287	\$1,045	
Woolen Industries SC	3	\$3,000,000	\$2,000,000	\$41,370,000	\$50,000	\$2,050,000	\$43,620,000	3,201	\$640	
Textile Industries - Hilla	MIM	\$1,000,000	\$1,000,000	\$42,370,000	\$50,000	\$1,050,000	\$44,670,000	2,712	\$387	
Vegetable Oils Industry	MIM	\$1,000,000	\$2,000,000	\$44,370,000	\$50,000	\$2,050,000	\$46,720,000	3,750	\$547	Potential is good but requires substantial operational and capital funds
Leather Industries	MIM	\$1,000,000	\$1,000,000	\$45,370,000	\$50,000	\$1,050,000	\$47,770,000	2,822	\$372	
Battery Industries SC	MIM	\$1,000,000	\$1,000,000	\$46,370,000	\$50,000	\$1,050,000	\$48,820,000	1,929	\$544	
Mechanical Industries	MIM	\$1,000,000	\$1,200,000	\$47,570,000	\$50,000	\$1,250,000	\$50,070,000	3,872	\$323	
Cotton Industries SC	MIM	\$1,000,000	\$1,000,000	\$48,570,000	\$50,000	\$1,050,000	\$51,120,000	6,776	\$155	
Ready Made Wear Industries	MIM	\$1,000,000	\$1,000,000	\$49,570,000	\$50,000	\$1,050,000	\$52,170,000	1,515	\$693	
Tobacco & Cigarettes	4	\$2,500,000	\$2,500,000	\$52,070,000	\$50,000	\$2,550,000	\$54,720,000	2,246	\$1,135	Strong interest by IZ
Iron & Steel	4	\$1,650,000	\$500,000	\$52,570,000	\$50,000	\$550,000	\$55,270,000	4,208	\$131	Metals industry for oil industry
Electrical Industries SC	4	\$1,750,000	\$2,500,000	\$55,070,000	\$50,000	\$2,550,000	\$57,820,000	3,158	\$807	subfractional electrical motors. Claim a competitive advantage in AC units. Westinghouse contract
Tires Industries - Najaf	4	\$150,000	\$500,000	\$55,570,000	\$50,000	\$550,000	\$58,370,000	2,357	\$233	
Wasit Textile	5	\$3,100,000	\$0	\$55,570,000		\$0	\$58,370,000	3,317	\$0	
Construction Industries	5	\$2,000,000	\$1,000,000	\$56,570,000	\$50,000	\$1,050,000	\$59,420,000	3,201	\$328	
Al Sawari Chemical Industries	5	\$775,000	\$0	\$56,570,000		\$0	\$59,420,000	961	\$0	
Paper Industry	5	\$6,250,000	\$0	\$56,570,000		\$0	\$59,420,000	3,153	\$0	
Rubber Industries	5	\$1,590,000	\$0	\$56,570,000		\$0	\$59,420,000	1,201	\$0	
Industrial Development	5	\$130,000	\$0	\$56,570,000		\$0	\$59,420,000	188	\$0	This SOE should consolidate with MIM
Sugar Industry	5	\$2,750,000	\$0	\$56,570,000		\$0	\$59,420,000	480	\$0	
Furniture Factory	5	\$400,000	\$0	\$56,570,000		\$0	\$59,420,000	223	\$0	
Dairy Products SC	5	\$1,340,000	\$0	\$56,570,000		\$0	\$59,420,000	1,251	\$0	
Nissan (17)	5	\$265,000	\$0	\$56,570,000		\$0	\$59,420,000	805	\$0	
Research & Development	5	\$130,000	\$0	\$56,570,000		\$0	\$59,420,000	1,016	\$0	Consolidate R&D efforts within the firms
Car Manufacturing (Vehicle Industries)	5	\$3,690,000	\$0	\$56,570,000		\$0	\$59,420,000	2,167	\$0	Have contracts with Turkey and SAAB
Total				\$56,570,000	\$2,850,000		\$59,420,000	102,958	\$577	

Cat* identifies strength of company ("MIM" identifies it as a good co. according to Iraqi Ministry, but questioned by CPA. Standard process was determined by the following criteria

1. Existing inventory is high or cost of inventory acceptable
2. Investment per employee
3. Long term viability/potential to earn profit
4. Importance to other IZ industries

**DISTRIBUTION OF THE REMAINING VALUE OF 2003 Budget
(\$ 2.7 million)**

- 1- The number of state owned companies is 53 companies + MIM's headquarter.
- 2- Total value allocated by CPA for 2003 Budget is 59.42 million dollars.
- 3- Received 30.0 million dollars in 2003 ~~is~~ allocated to be spent during the first half of 2004 is 26.7 million dollars.
- 4- Remaining 2.7 million dollars not allocated yet and highly needed to cover the following expenditures:-
 - a) Training programs for each company \$19000, total = \$1026000. (in process of execution)
 - b) Supply computers, Internets and necessary auxiliaries for each company \$14500. Total= \$783000. (in process of execution)
 - c) Cost of the specialists and accounting bureaus who prepared the Business Profile of all 53 companies (total) = \$392000. (Executed.)
 - d) Cost of the advisors from Merchant Bridge who participated in the evaluation of the bids to lease MIM's factories = \$500000. (Being executed) •

Total expenditures = \$ 2.7 million.

Sami Al Raji

(b)(6)

From: (b)(6)

Sent: Sunday, March 07, 2004 3:51 PM

To: (b)(6)

Subject: Republic of Ira3

Republic of Iraq
Ministry of Finance
Balance Directorate
Balance Movement Dept.
Ref.: 404
Date: 1/25/2004

Order No. (13)

To/ Accountancy Directorate

In virtue of the approval of CPA dated on 1/9/2004.

1. It has been approved to allocate forty billion dinars from the balance allocations of 2003 ,section 6, article 8 relating to granting the organizations that suffer shortage in funding, chapter /23, Ministry of Industry and Minerals, section/1 Ministry 's centre, to the balance allocations of 2004 within chapter 5 Ministry of Finance section 1 Ministry's centre.
2. We hope to do what is required to calculate the advance amount which is 3750 million dinars, you allocated in behalf of the State Company for Phosphate, from the amount above mentioned. With regards.

Will give
in 3
installments
Got 1st
One 2nd + 3rd

Attachments:

- 1- a memo copy

On behalf of Minister of Finance
Najeh Nama Hassan
Acting Director of Balance Directorate
1/25/2004

A copy to/

- 1- CPA- Baghdad
- 2- Ministry of Industry and Minerals- Accounts Dept.
- 3- Accountancy Directorate

Still 2.7 million
remaining!

Sir, this document
is for you
from Dr. Sami

Regards/Final

3/7/2004

11
00

60 million = 2003/operating SOE

about 43 \$

Aug 03 = rec'd 30 M USD

N/D/S = Provided report (# of lines) to Cor Bell
get 30 M

Back - forth

= Δ to 26.1 ^K, not 29.4

= No accountability for 2.7 Δ

- 3 Distalents
w/ reports
(1) Feb 04 (mis letter)
(2) _____
(3) _____
(didn't w/ funds)

what received is requested by
company -
Shawnd - pm fm



**COALITION PROVISIONAL AUTHORITY
BAGHDAD**

5 January 2004

FOR: Minister Kamil Mubdir al-Gailari, Ministry of Finance

FROM: (b)(6) and (b)(6)
CPA-Office of Management and Budget

SUBJECT: Ministry of Industry and Minerals Capital Expenditure for 2003

The Ministry of Industry and Minerals has satisfied the criteria stated in the End of Year Budget Considerations (Ref. # 297 and Dated: December 14, 2003) for the funding of 2003 Capital Expenditures in 2004. I, therefore, authorize the release of the remaining 2003 Capital expenditure for which the Ministry of Industry and Minerals has demonstrated need in their trial balance.

CC:
(b)(6) Senior Advisor, Ministry of Industry and Minerals
(b)(6) Co-Director, OMB

Attachments:
Request for Transfer and Disbursements of 2003 Funds in 2004 Letter
Trial Balances



COALITION PROVISIONAL AUTHORITY
BAGHDAD

ACTION MEMO

9 January 2004

FOR: Minister Kamil Mubdir al-Gailani, Ministry of Finance

ATTN: DG of Budget Department, Ministry of Finance

FROM: (b)(6)
CPA-Office of Management and Budget

SUBJECT: Ministry of Industry and Minerals Capital Expenditure for 2003

The Ministry of Industry and Minerals has satisfied the criteria stated in the End of Year Budget Considerations (Ref.# 297 and Dated: December 14, 2003) for the funding of 2003 Capital Expenditures in 2004. Please instruct Ministry of Finance staff to review their submission, and if in order, release of the remaining 2003 Capital expenditure of ID 90,000,000,000 for which the Ministry of Industry and Minerals has demonstrated need in their trial balance. 40 000 000 000

In addition, please expedite the addition of ID 3,750,000,000 to the Ministry of Industry and Minerals Capital budget to ensure the smooth completion of vital repairs at the State Company for Phosphate in Al-Anbar. Funds should be released to Al-Anbar representatives for whom CPA will provide transportation. John Henley

CC:

DG of Accounts Department, Ministry of Finance
(b)(6) Senior Advisor, Ministry of Industry and Minerals

UNCLASSIFIED

Revisions to Ministry Budgets

\$US M

Ministry	Operations			Investment			Revenues			Support for SOEs			Total Net Change
	1-Jul	Agreed		1-Jul	Agreed		1-Jul	Agreed		1-Jul	Agreed		
Agriculture	9.4	3.5	-5.9	10.0	10.0	0.0	144.2	100.0	-44.2	0.2	0.2	0.0	38.3
Baghdad Mayoralty	12.1	17.4	5.3	4.3	16.3	12.0	5.0	4.0	-1.0	0.0	0.0	0.0	18.3
Supreme Audit	0.5	0.3	-0.2	0.0	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Standards	0.0	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Culture	1.2	1.2	0.0	61.6	24.4	-37.2	0.0	4.0	4.0	0.0	0.0	0.0	-41.2
Security Affairs	45.0	45.0	0.0	120.0	120.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Education	9.7	9.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Electricity	24.0	24.0	0.0	77.6	97.8	20.2	0.0	0.0	0.0	0.7	0.7	0.0	20.2
Foreign Affairs	23.5	17.5	-6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-6.0
Finance	175.3	180.7	5.4	1.2	3.8	2.6	0.0	0.0	0.0	24.0	24.0	0.0	8.0
Health	210.6	210.6	0.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Higher Education	32.8	32.8	0.0	4.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Housing and Construction	6.0	6.0	0.0	32.6	17.6	-15.0	0.0	0.0	0.0	0.0	15.0	15.0	0.0
Industry and Minerals	2.2	2.2	0.0	0.3	0.3	0.0	150.0	0.0	-150.0	206.7	56.7	-150.0	0.0
Interior	2.4	122.4	120.0	20.5	16.5	-4.0	0.0	0.0	0.0	0.0	0.0	0.0	116.0
Irrigation	2.7	3.9	1.2	30.5	30.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2
Labor and Social Affairs	6.4	10.0	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.6
Justice	5.8	3.7	-2.1	25.7	13.2	-12.5	0.0	0.0	0.0	0.0	0.0	0.0	-14.6
Justice - Prisons	6.3	6.3	0.0	21.9	10.0	-11.9	0.0	0.0	0.0	0.0	0.0	0.0	-11.9
Oil	0.0	45.3	45.3	0.0	256.0	256.0	0.0	1.3	1.3	0.0	0.0	0.0	300.0
Planning	4.6	4.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public Works/Muni	20.8	14.2	-6.6	52.0	52.0	0.0	6.6	0.0	-6.6	0.0	0.0	0.0	0.0
Endowments and Religious	0.7	0.7	0.0	3.2	3.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Science and Technology	11.8	10.3	-1.5	1.6	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.5
Trade	4.0	4.0	0.0	0.0	6.0	6.0	64.4	81.0	16.6	0.0	0.0	0.0	-10.6
Transport and Comm	10.8	10.8	0.0	138.7	138.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Youth	2.6	2.6	0.0	2.7	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	631.1	789.8		609.6	826.0		370.2	190.3		231.5	96.5		420.0
changes		158.6			216.4			-179.9			-135.0		

(b)(6)

From: (b)(6)
Sent: Tuesday, February 03, 2004 1:06 PM
To: (b)(6)
Subject: RE: MIM budget shortfall

Dear (b)(6)

Have the MIM provide you with a copy of the spreadsheet that they gave to the Ministry of Finance for receiving the 2nd half allocation in 2003. The MIM will have to identify both where the short fall occurs and where they intended to use these funds with in the 2003 budget. As I told Rick, the fact that the Ministry had a budget allocation of 59.1 Million does not mean that they are allowed to retain unused funds.

As a result of the events in 2003, Ministries were given the opportunity to demonstrate ongoing projects, delayed projects or expenditures for which they needed to carry over funding to 2004 that was not spent by Dec 31. They have already submitted a trial balance and been given the second allotment. If they did not demonstrate the need for the entire amount than they will only receive that amount for which they demonstrated need. This is not an opportunity for them to re-demonstrate need, but to correct an error if one was made between what they demonstrated need for and what they received.

If they failed to appropriately demonstrate need they will have learned the need to do a better accounting in the future. They will not be allowed to go back and try again.

Sincerely,

(b)(6)
Advisor, CPA-Ministry of Finance (S210)
US Commercial (b)(6)
(b)(6)

-----Original Message-----

From: (b)(6)
Sent: Tuesday, February 03, 2004 12:20 PM
To: (b)(6)
Subject: FW: MIM budget shortfall

Thanks for the follow up... I'll get back with the MIM...

Could you please reply to this e-mail identifying next steps.. thanks

(b)(6)

-----Original Message-----

From: (b)(6)
Sent: Tuesday, February 03, 2004 11:49 AM
To: (b)(6)
Subject: MIM budget shortfall

MOF letter attached.

2/3/2004

Usage of the Donations						2003 Trial Balance Request			
Seq	Company	Donation Amounts		Spent Money & Signed Contracts	Contracts to be Signed/ Under Consideration	Total Obligated	Allocation Requested	Allocation Remaining	Difference
		Total Amounts	Allocated Amount						
1	Geological Survey & Mining	\$ 1,500,000	\$ 750,000	\$ 750,000	\$ 657,440	\$ 1,407,440	\$ 657,440	\$ 750,000	\$ 92,560
2	Northern Cement	\$ 2,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,248,844	\$ 2,248,844	\$ 1,248,844	\$ 1,000,000	\$ (248,844)
3	Iraqi Cement	\$ 3,000,000	\$ 1,500,000	\$ 263,880	\$ 1,797,741	\$ 2,061,621	\$ 561,621	\$ 1,500,000	\$ 938,379
4	Southern Cement	\$ 2,800,000	\$ 1,300,000	\$ 1,281,300	\$ 1,198,000	\$ 2,479,300	\$ 1,179,300	\$ 1,300,000	\$ 120,700
5	Construction Industry	\$ 500,000	\$ 250,000	\$ 234,335		\$ 234,335	\$ (15,665)	\$ 250,000	\$ 265,665
6	Glass & Ceramic	\$ 1,150,000	\$ 575,000	\$ 575,000	\$ 516,668	\$ 1,091,668	\$ 516,668	\$ 575,000	\$ 58,332
7	Refractory Industry	\$ 200,000	\$ 100,000	\$ 66,046	\$ 200,000	\$ 266,046	\$ 166,046	\$ 100,000	\$ (66,046)
8	Baghdad Factory Furnitures	\$ 125,000	\$ 62,500	\$ 76,231	\$ 45,500	\$ 121,731	\$ 59,231	\$ 62,500	\$ 3,269
9	Woolen Industry	\$ 2,000,000	\$ 1,000,000	\$ 1,000,000	\$ 75,463	\$ 1,075,463	\$ 75,463	\$ 1,000,000	\$ 924,537
10	Handmade Carpets	\$ 100,000	\$ 50,000	\$ 51,960	-	\$ 51,960	\$ 1,960	\$ 50,000	\$ 48,040
11	Wasit Textiles Industry	\$ 250,000	\$ 125,000	\$ 78	-	\$ 78	\$ (124,922)	\$ 125,000	\$ 249,922
12	Textile Industry, Hilla	\$ 1,000,000	\$ 500,000	\$ 500,000	\$ 407,461	\$ 907,461	\$ 407,461	\$ 500,000	\$ 92,539
13	Cotton Industry	\$ 1,000,000	\$ 500,000	\$ 500,000	\$ 224,651	\$ 724,651	\$ 224,651	\$ 500,000	\$ 275,349
14	Ready Made Wares	\$ 1,000,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 1,000,000	\$ 500,000	\$ 500,000	\$ -
15	Leather Industry	\$ 1,000,000	\$ 500,000	\$ 191,399	\$ 1,134,998	\$ 1,326,397	\$ 826,397	\$ 500,000	\$ (326,397)
16	Dairy Products	\$ 500,000	\$ 250,000	\$ 250,000	\$ 207,130	\$ 457,130	\$ 207,130	\$ 250,000	\$ 42,870
17	Vegetable Oils	\$ 2,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 2,000,000	\$ 1,000,000	\$ 1,000,000	\$ -
18	Sugar Industry	\$ 500,000	\$ 250,000	\$ 236,415	\$ 2,100,000	\$ 2,336,415	\$ 2,086,415	\$ 250,000	\$ (1,836,415)
19	Tobacco & Cigarettes	\$ 2,500,000	\$ 1,250,000	\$ 1,208,533	-	\$ 1,208,533	\$ (41,467)	\$ 1,250,000	\$ 1,291,467
20	Drugs-Samarra	\$ 1,500,000	\$ 750,000	\$ 196,925	\$ 2,850,000	\$ 3,046,925	\$ 2,296,925	\$ 750,000	\$ (1,546,925)
21	Drugs-Ninewa	\$ 1,200,000	\$ 600,000	\$ 597,003	-	\$ 597,003	\$ (2,997)	\$ 600,000	\$ 602,997
22	Batteries Industry	\$ 1,000,000	\$ 500,000	\$ 500,000	\$ 414,058	\$ 914,058	\$ 414,058	\$ 500,000	\$ 85,942
23	Mishreq Sulphur	\$ 500,000	\$ 250,000	\$ 250,000	\$ 436,000	\$ 686,000	\$ 436,000	\$ 250,000	\$ (186,000)
24	That Al-Sewary	\$ 150,000	\$ 75,000	\$ 68,061	\$ 81,939	\$ 150,000	\$ 75,000	\$ 75,000	\$ -
25	Phosphate	\$ 5,000,000	\$ 2,500,000	\$ 2,081,904	\$ 1,195,548	\$ 3,277,452	\$ 777,452	\$ 2,500,000	\$ 1,722,548
26	Paper Industry	\$ 250,000	\$ 125,000	\$ 97,047	\$ 200,000	\$ 297,047	\$ 172,047	\$ 125,000	\$ (47,047)
27	Petrochemical Industry	\$ 3,000,000	\$ 1,500,000	\$ 336,026	-	\$ 336,026	\$ (1,163,974)	\$ 1,500,000	\$ 2,663,974
28	Southern Fertilizer	\$ 1,500,000	\$ 750,000	\$ 750,000	\$ 860,000	\$ 1,610,000	\$ 860,000	\$ 750,000	\$ (110,000)
29	Northern Fertilizer	\$ 1,000,000	\$ 500,000	\$ 20,284	\$ 503,273	\$ 523,557	\$ 23,557	\$ 500,000	\$ 476,443
30	Rubber Industry	\$ 500,000	\$ 250,000	\$ 250,000	\$ 90,572	\$ 340,572	\$ 90,572	\$ 250,000	\$ 159,428
31	Tyre Industry	\$ 500,000	\$ 250,000	\$ 210,400	-	\$ 210,400	\$ (39,600)	\$ 250,000	\$ 289,600
32	Furat	\$ 1,500,000	\$ 750,000	\$ 750,000	\$ 737,000	\$ 1,487,000	\$ 737,000	\$ 750,000	\$ 13,000
33	Vehicle Industry	\$ 225,000	\$ 112,500	\$ 80,065	\$ 119,830	\$ 199,695	\$ 87,195	\$ 112,500	\$ 25,305

34	Diyala Electric Industry	\$ 2,600,000	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ 2,600,000	\$ 1,300,000	\$ 1,300,000	\$ -
35	Iron & Steel	\$ 500,000	\$ 250,000	\$ 228,480	-	\$ 228,480	\$ (21,520)	\$ 250,000	\$ 271,520
36	Mechanical Industry	\$ 1,200,000	\$ 600,000	\$ 255,487	\$ 956,359	\$ 1,211,846	\$ 611,846	\$ 600,000	\$ (11,846)
37	17th April	\$ 100,000	\$ 50,000	\$ 3,441	-	\$ 3,441	\$ (46,559)	\$ 50,000	\$ 96,559
38	Electrical Industry	\$ 2,500,000	\$ 1,250,000	\$ 1,250,000	-	\$ 1,250,000	\$ -	\$ 1,250,000	\$ 1,250,000
39	Al-Faris	\$ 1,725,000	\$ 862,500	\$ 862,000	-	\$ 862,000	\$ (500)	\$ 862,500	\$ 863,000
40	Ur Engineering Industries	\$ 2,700,000	\$ 1,350,000	\$ 1,350,000	\$ 726,049	\$ 2,076,049	\$ 726,049	\$ 1,350,000	\$ 623,951
41	Nassir	\$ 3,000,000	\$ 1,500,000	\$ 1,500,000	\$ 200,000	\$ 1,700,000	\$ 200,000	\$ 1,500,000	\$ 1,300,000
42	Designs and Constructions In	\$ 1,000,000	\$ 500,000	\$ 498,491	-	\$ 498,491	\$ (1,509)	\$ 500,000	\$ 501,509
43	Designs and Constructions C	\$ 250,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 250,000	\$ 125,000	\$ 125,000	\$ -
44	General Committee of Indust	\$ 100,000	\$ 50,000	\$ 13,200	-	\$ 13,200	\$ (36,800)	\$ 50,000	\$ 86,800
45	Information Systems	\$ 250,000	\$ 125,000	\$ 111,943	-	\$ 111,943	\$ (13,057)	\$ 125,000	\$ 138,057
46	Electronic Systems	\$ 445,000	\$ 222,500	\$ 222,500	-	\$ 222,500	\$ -	\$ 222,500	\$ 222,500
47	General Committee for Traini	\$ 450,000	\$ 225,000	\$ 225,000	-	\$ 225,000	\$ -	\$ 225,000	\$ 225,000
48	General Directorate for Indus	\$ 100,000	\$ 50,000	-	-	\$ -	\$ (50,000)	\$ 50,000	\$ 100,000
49	Specialized Institute for Engin	\$ 250,000	\$ 125,000	\$ 125,000	-	\$ 125,000	\$ -	\$ 125,000	\$ 125,000
50	Ministry Bureau	\$ 1,500,000	\$ 750,000	\$ 750,000	-	\$ 750,000	\$ -	\$ 750,000	\$ 750,000
		\$ 59,420,000	\$ 29,710,000	\$ 24,693,434	\$ 22,109,324	\$ 46,802,758	\$ 17,092,758	\$ 29,710,000	\$ 12,617,242

(b)(6)

From: (b)(6)
Sent: Saturday, January 17, 2004 10:16 PM
To: (b)(6)
Subject: Re: RE: Computers, automation, cell phones, and other related equipment turn-in.



Card for

(b)(6)

Sir,

Thank you for your email. You did turn in your computer equipment to me.

(b)(6)

----- Original Message -----

From: (b)(6)
Date: Saturday, January 17, 2004 8:02 am
Subject: RE: Computers, automation, cell phones, and other related equipment turn-in.

> The automation equipment I was signed for I turned into Hettich in
> April (recall it was the lap top that got fried)...

> (b)(6)

> -----Original Message-----

> From: (b)(6)
> (b)(6)
> Sent: Friday, January 16, 2004 11:01 PM
> To: (b)(6)
> Cc: (b)(6)
> (b)(6)
> Subject: Computers, automation, cell phones, and other related
> equipment turn-in.

> ALCON:

>
> In preparation for redeployment it will be necessary to turn in all
> 308th Civil Affairs Brigade G-6/automation related equipment to
> include computers, NIPR/SIPR hard drives, thumbdrives, Kuwaiti cell
> phones, MCI cell phones, Thuraya phones, Iridium phones, and any
> other related equipment. All equipment will be turned into the G4 and
> G6 NLT 1000 hours 24 February 2004. We will coordinate a location at
> CPA to meet in
> order to clear all hand receipts. Anyone wishing to turn in equipment
> earlier can coordinate with the Brigade G4 and G6 to expedite
> this. This
> allows us to coordinate for turn in of all of this equipment to higher
> headquarters in a timely manner. All computers must be 'wiped',
> physically clean, and contain all issued items i.e. power supplies,
> books, etc. Please email me back with the items you have to include
> serial numbers so that we may verify all hand receipts ahead of time.
> The point of contact for this information is Major Paul J. Hettich at
> DNV 558-1

> (b)(6) My email address's are:

> (b)(6)

> (b)(6) Thank you for your cooperation in this
> matter.

> (b)(6)

> G-6/Movement Officer
> 308 Civil Affairs Brigade

(b)(6)

I made a mistake in stating the cost of the following 2 weeks. The amount should read USD 8500 per course per instructor per week and not 10500.

I do apologize for any inconvenience caused.

Thank you

Omar

----- Forwarded by Omar Z.A. Malhas/FRTI/HO/HBK on 11/01/2004 10:28 -----

Omar Z.A. Malhas/FRTI/HO/HBK

08/01/2004 18:19

(b)(6)

Subject: Training Assistance / proposal

(b)(6)

The bank is ready to conduct training sessions in micro-lending and small enterprise lending techniques to the nominated Iraqi banks as outlined in your below message as follows:

- Our estimate considers training of about 135 persons.
- Arranging for secured lodging, cost of lodging, cost of meals, cost of transportation within training areas in Iraq and security and protection arrangement will be born completely by your side.
- You will provide the adequate place to conduct the training and you will have to provide all needed equipment for the participants which include PCs with MS office applications and LCD projectors.
- Pricing assume that we will send 3 instructors at once, each will conduct 3 one week courses over a 3 week period - a week is defined as 6 working days - . In this case the cost of the very basic and simple spreadsheet-based loan accounting system with an English/Arabic interface and up to eight hours of instruction in its use in both English and Arabic is embedded.

Cost of first week of training will be USD 16500 per course per instructor . Each course will have a maximum of 15 participants and one instructor.

Cost of the following 2 weeks will be USD 10500 per course per instructor per week.
[correction: the amount should read USD 8500 per course per instructor

(b)(6)

From: (b)(6)

Sent: Sunday, March 07, 2004 3:51 PM

To: (b)(6)

Subject: Republic of Ira3

Republic of Iraq
Ministry of Finance
Balance Directorate
Balance Movement Dept.
Ref.: 404
Date: 1/25/2004

Order No. (13)

To/ Accountancy Directorate

In virtue of the approval of CPA dated on 1/9/2004.

1. It has been approved to allocate forty billion dinars from the balance allocations of 2003 ,section 6, article 8 relating to granting the organizations that suffer shortage in funding, chapter /23, Ministry of Industry and Minerals, section/1 Ministry 's centre, to the balance allocations of 2004 within chapter 5 Ministry of Finance section 1 Ministry's centre.
2. We hope to do what is required to calculate the advance amount which is 3750 million dinars, you allocated in behalf of the State Company for Phosphate, from the amount above mentioned. With regards.

Attachments:

- 1- a memo copy

On behalf of Minister of Finance
Najeh Nama Hassan
Acting Director of Balance Directorate
1/25/2004

A copy to/

- 1- CPA- Baghdad
- 2- Ministry of Industry and Minerals- Accounts Dept.
- 3- Accountancy Directorate

3/7/2004

2003-2004 ANNUAL BUDGET (approved at the August Exec/Board Meetings)
MONTHLY BUDGET SPREADS

PLAN

ACCOUNT NAME	BUDGET 9/03 - 8/04	SEPT 2003	OCT 2003	NOV 2003	DEC 2003	JAN 2004	FEB 2004	MAR 2004	APR 2004	MAY 2004	JUN 2004	JUL 2004	AUG 2004
INCOME													
CAPITAL FUND DRIVE	0	0	0	0	0	0	0	0	0	0	0	0	0
ADVERTISING - CHAMBER CONNECTION					250	250							
CITY BEAUTIFUL GUIDEBOOK					100	100							
MAILING LABELS					250	250							
MAP SALES		0	0		0	0		0	0		0	0	
MEMBERSHIP DRIVE DONATIONS		0	0	0	0	0	0	0		0	0	0	0
MISCELLANEOUS					100	100							
WEB ENHANCEMENTS		0	0	0	0	10,000	0	0		0	0		0
INTEREST					667	667							
SUBTOTAL - GENERAL INCOME	0				4,367	41,367							
BUSINESS		0	0	0	0	0	0	0	0	0	0	0	0
ASSOC / RESIDENTIAL / NON-PROFIT		0	0	0	0	0	0	0	0	0	0	0	0
CORPORATE		0	0	0	0	0	0	0	0	0	0	0	0
TRUSTEE		0	0	0	0	0	0	0	0	0	0	0	0
VOLUNTARY DUES INCREASES		0	0	0	0	0	0	0	0	0	0	0	0
DOUBTFUL ACCOUNT EXPENSE		0	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL - RENEWAL MEMBERS	0	0	0	0	0	0	0	0	0	0	0	0	0
BUSINESS		0	0	0	0	0	0	0	0	0	0	0	0
ASSOC / RESIDENTIAL / NON-PROFIT		0	0	0	0	0	0	0	0	0	0	0	0
CORPORATE		0	0	0	0	0	0	0	0	0	0	0	0
TRUSTEE		0	0	0	0	0	0	0	0	0	0	0	0
MEMBERSHIP DRIVE INCENTIVES	0												
MEMBERSHIP SALES COMMISSIONS		0	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL - NEW MEMBERS	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL GENERAL FUND INCOME		0	0	0									
NET DEFERRED MEMBERSHIP ADJ. NON DUES REVENUE - (CC & SE)	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL COMBINED INCOME	0	0	0	0									

2003-2004 ANNUAL BUDGET (approved at the August Exec/Board Meetings)
MONTHLY BUDGET SPREADS

ACCOUNT NAME	BUDGET 9/03 - 8/04	SEPT 2003	OCT 2003	NOV 2003	DEC 2003	JAN 2004	FEB 2004	MAR 2004	APR 2004	MAY 2004	JUN 2004	JUL 2004	AUG 2004
EXPENSES		0	0	0	0	0	0	0	0	0	0	0	0
SALARY		00	00	00	00	00	00	00	00	00	00	00	00
INSURANCE		00	00	00	00	00	00	00	00	00	00	00	00
PAYROLL TAXES		0	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL - SALARIES & BENEFITS		0	0	0	0	0	0	0	0	0	0	0	0
AUTO LEASING		0	0	0	0	0	0	0	0	0	0	0	0
AUTO INSURANCE		00	00	00	00	00	00	00	00	00	00	00	00
AUTO OPERATIONS		00	00	00	00	00	00	00	00	00	00	00	00
BANK CHARGES & CREDIT CARD FEES		00	00	00	00	00	00	00	00	00	00	00	00
BOARD OF DIRECTORS		00	00	00	00	00	00	00	00	00	00	00	00
BOOKKEEPING		00	00	00	00	00	00	00	00	00	00	00	00
CHAMBER RELATIONS		00	00	00	00	00	00	00	00	00	00	00	00
COMPUTER CONSULTANT		00	00	00	00	00	00	00	00	00	00	00	00
COMPUTER SUPPLIES		00	00	00	00	00	00	00	00	00	00	00	00
DUES / SUBSCRIPTIONS		00	00	00	00	00	00	00	00	00	00	00	00
ECONOMIC DEVELOPMENT		00	00	00	00	00	00	00	00	00	00	00	00
EDUCATION / TRAINING		00	00	00	00	00	00	00	00	00	00	00	00
ELECTIONS/MAIL BALLOT		00	00	00	00	00	00	00	00	00	00	00	00
INSURANCE - BOND		00	00	00	00	00	00	00	00	00	00	00	00
INSURANCE - D&O		00	00	00	00	00	00	00	00	00	00	00	00
INSURANCE - GENERAL LIABILITY		00	00	00	00	00	00	00	00	00	00	00	00
INSURANCE - WORKERS COMP.		00	00	00	00	00	00	00	00	00	00	00	00
INTEREST EXPENSE		00	00	00	00	00	00	00	00	00	00	00	00
LEGAL & PROFESSIONAL FEES		00	00	00	00	00	00	00	00	00	00	00	00
LICENSES		00	00	00	00	00	00	00	00	00	00	00	00
MEMBER BENEFITS		00	00	00	00	00	00	00	00	00	00	00	00
MEMBER PLAQUES		00	00	00	00	00	00	00	00	00	00	00	00
MEMBERSHIP PLAQUES		00	00	00	00	00	00	00	00	00	00	00	00
MILEAGE		00	00	00	00	00	00	00	00	00	00	00	00
MISCELLANEOUS - GENERAL		00	00	00	00	00	00	00	00	00	00	00	00
MOVING / NEW OFFICE SPACE		00	00	00	00	00	00	00	00	00	00	00	00
NEWSLETTER - MAILING		00	00	00	00	00	00	00	00	00	00	00	00
NEWSLETTER - POSTAGE		00	00	00	00	00	00	00	00	00	00	00	00
NEWSLETTER - PRINTING		00	00	00	00	00	00	00	00	00	00	00	00
OFFICE EQUIPMENT - MAINTENANCE		00	00	00	00	00	00	00	00	00	00	00	00
OFFICE SUPPLIES		00	00	00	00	00	00	00	00	00	00	00	00
PARKING		00	00	00	00	00	00	00	00	00	00	00	00
PAYROLL SERVICE		00	00	00	00	00	00	00	00	00	00	00	00
PHOTOGRAPHY		00	00	00	00	00	00	00	00	00	00	00	00
POSTAGE		00	00	00	00	00	00	00	00	00	00	00	00
PRESIDENT'S CLUB		00	00	00	00	00	00	00	00	00	00	00	00
PRINTING		00	00	00	00	00	00	00	00	00	00	00	00
PROGRAM BKLT/MARKETING BROCH.		00	00	00	00	00	00	00	00	00	00	00	00
RENT		00	00	00	00	00	00	00	00	00	00	00	00
REVIEW / TAX PREPARATION		00	00	00	00	00	00	00	00	00	00	00	00
STATIONARY		00	00	00	00	00	00	00	00	00	00	00	00
TELEPHONE		00	00	00	00	00	00	00	00	00	00	00	00
TEMPORARY HELP		00	00	00	00	00	00	00	00	00	00	00	00
TRAVEL		00	00	00	00	00	00	00	00	00	00	00	00

2003-2004 ANNUAL BUDGET (approved at the August Exec/Board Meetings)
MONTHLY BUDGET SPREADS

ACCOUNT NAME	BUDGET 9/03 - 8/04	SEPT 2003	OCT 2003	NOV 2003	DEC 2003	JAN 2004	FEB 2004	MAR 2004	APR 2004	MAY 2004	JUN 2004	JUL 2004	AUG 2004
UTILITIES		0	0	0	0	0	0	0	0	0	0	0	0
WEB SITE		0	0	0	0	0	0	0	0	0	0	0	0
CONTINGENCY - ADMINISTRATION		0	0	0	0	0	0	0	0	0	0	0	0
COMPUTER EQUIP/SOFTWARE		0	0	0	0	0	0	0	0	0	0	0	0
TOTAL ADMINISTRATIVE EXPENSES		0	0	0	0	0	0	0	0	0	0	0	0
AIR CONDITIONING SERVICE		0	0	0	0	0	0	0	0	0	0	0	0
BUILDING MAINTENANCE		0	0	0	0	0	0	0	0	0	0	0	0
BUILDING SECURITY		0	0	0	0	0	0	0	0	0	0	0	0
DEPRECIATION		0	0	0	0	0	0	0	0	0	0	0	0
ELECTRICITY		0	0	0	0	0	0	0	0	0	0	0	0
JANITOR & WINDOW CLEANING		0	0	0	0	0	0	0	0	0	0	0	0
PROPERTY TAXES		0	0	0	0	0	0	0	0	0	0	0	0
WASTE MANAGEMENT		0	0	0	0	0	0	0	0	0	0	0	0
WATER & SEWER		0	0	0	0	0	0	0	0	0	0	0	0
CONTINGENCY - FACILITIES		0	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL FACILITY EXPENSES		0	0	0	0	0	0	0	0	0	0	0	0
TOTAL COMBINED EXPENSES		0	0	0	0	0	0	0	0	0	0	0	0
NET INCREASE / (DECREASE)		0	0	0									

2003-2004 ANNUAL BUDGET (approved at the August Exec/Board Meetings)
MONTHLY BUDGET SPREADS

ACCOUNT NAME	BUDGET 9/03 - 8/04	SEPT 2003	OCT 2003	NOV 2003	DEC 2003	JAN 2004	FEB 2004	MAR 2004	APR 2004	MAY 2004	JUN 2004	JUL 2004	AUG 2004
COMMITTEE COUNCIL / SPECIAL EVENTS													
BUSINESS WOMAN OF THE YEAR		0	0	0	0	0	0		0	0	0	0	0
CHAIRMAN'S RECEPTION		0		0	0	0	0	0	0	0	0	0	0
DIAMOND AWARDS		0		0	0	0	0	0	0	0	0	0	0
ELEMENTARY SCHOOL BREAKFAST		0	0	0	0	0	0	0	0		0	0	0
5K RUN		0	0	0	0	0	0	0	0		0	0	0
GABLES OUTLOOK		0	0	0	0	0	0	0	0	0	0	0	0
GOALS CONFERENCE		0	0	0	0	0	0	0	0	0	0		0
GOLF TOURNAMENT		0	0	0	0	0	0	0	0		0	0	0
GOOD MORNING CORAL GABLES		0	0	0	0	0	0	0	0	0	0	0	0
HOLIDAY PARTY		0	0	0		0	0	0	0	0	0	0	0
IMPACT - BREAKFAST		0	0	0	0	0	0	0	0	0	0	0	0
INSTALLATION DINNER		0	0	0	0	0	0	0	0	0	0	0	0
JUNIOR ACHIEVEMENT LUNCHEON		0	0	0	0	0	0	0	0		0	0	0
INTERNATIONAL FIESTA		0	0	0	0	0	0		0	0	0	0	0
BUSINESS CARD EXCHANGE		0	0	0	0	0	0	0	0	0	0	0	0
SENIOR ACHIEVEMENT LUNCHEON		0	0	0	0	0	0	0		0	0	0	0
SPRING FLING		0	0	0	0	0	0	0	0	0	0	0	0
TRUSTEE LUNCHEON / IB GRANT													800
WOMAN'S BUSINESS NETWORK		0	0	0	0	0	0	0	0	0	0	0	0
CONTINGENCY - SPECIAL ACTIVITIES		0	0	0	0	0	0	0	0	0	0	0	0
TOTAL		0			0	0							

CORAL GABLES CHAMBER OF COM
2002/2003 SALARIES BUDGETS
2003/2004 PROPOSED SALARIE

<u>Employee</u>	<u>Position</u>	<u>08/31/03 Salary</u>	<u>5% Increase</u>	<u>SUBTOTAL</u>	<u>5% 01/04 Bonus</u>	<u>03/04 Wages (Col D + E)</u>	<u>02/03 Budget</u>
	President/CEO 4/1/02		0	0			0
	Vice President 7/1/02		0	0			
	Director of Membership		0	0	0		0
	Director of Special Events		0	0	0		0
	Communications specialist		0	0	0		0
	Committee Coordinator		0	0	0		0
	Membership Account Exec.		0	0	0		0
	Admin Asst/Receptionist		0	0	0		0
	Reserve		-	-	-		-
	Bookkeeper		0	0	0		0
		0	0	0	0		0
				0			
				0			
				0		0	

IMERCE
: &
ES

prepared:
08:03 AM
04/28/04

03/04 Budget (Col E+F) * 6%	02/03 TAXES @ .09	03/04 TAXES @ .09
0	0	0
	0	0
		0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0		
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0

CORAL GABLES CHAMBER OF COM
2002/2003 SALARIES BUDGETS
2003/2004 PROPOSED SALARIE

<u>Employee</u>	<u>Position</u>	<u>08/31/03 Salary</u>	<u>5% Increase</u>	<u>SUBTOTAL</u>	<u>5% 01/04 Bonus</u>	<u>03/04 Wages (Col D + E)</u>	<u>02/03 Budget</u>
	President/CEO 4/1/02		0	0			0
	Vice President 7/1/02		0	0			
	Director of Membership		0	0	0		0
	Director of Special Events		0	0	0		0
	Communications specialist		0	0	0		0
	Committee Coordinator		0	0	0		0
	Membership Account Exec.		0	0	0		0
	Admin Asst/Receptionist		0	0	0		0
	Reserve	-	-	-	-		-
	Bookkeeper		0	0	0		0
		0	0	0	0		0
				0			
				0			
				0			0

IMERCE
I &
ES

prepared:
08:03 AM
04/28/04

03/04 Budget (Col E+F) * 5%	02/03 TAXES @ .09	03/04 TAXES @ .09
0	0	0
	0	0
		0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	-	-
0	0	0
0	0	0
0	0	
0	0	0

(b)(6)

From: Moore, John B. (Civ)**Sent:** Thursday, April 22, 2004 12:06 PM**To:**

(b)(6)

(b)(6)

B. Jr. (AD00) (b)(6)

Arshi, Lesya (SES) (b)(6)

Lyons, John

(b)(6)

(b)(6)

Webster, Douglas W. (AD00); Theriot, Edwin A. (SES-2) (b)(6)

(b)(6)

Cc: OMB.Mail**Subject:** AGENDA Weekly FINANCE Meeting 5PM in S-111 Sr Advisor's Conf Rm

See you at 1700 today in S-111. Agenda to include:

1. Urgent Business?
2. FPS - (b)(6) *Being transitioned
last try to work
done by 1 May*
3. 2005 Iraqi BUDGET - Non-Recurring costs not needed in 2005 - Budget Formulation Team
4. 2004 Iraqi BUDGET - Pre-June 30 Spending Plans; Contracts & Letters of Credit - Budget Execution Team
5. Other

2005 BUDGET. Key for this session will be a discussion of each Ministry's 2004 Capital Projects budget. Our objective is to identify capital projects that will be completed in 2004 and will not need to be included in the 2005 budget. For example, projects to rehabilitate Ministry Headquarters buildings that have been completed in 2004 should not require additional funding for reconstruction again in 2005. Please be prepared to discuss the progress/status of your 2004 capital projects. In addition, it would be helpful to obtain an estimate regarding the annual recurring maintenance/support costs for projects funded in 2004. These discussions will continue on a ministry by ministry basis through Friday.

CONTRACTS and LETTERS of CREDIT - There will be a number of contracts to be awarded between now and June 30. Many of these will involve Letters of Credit. Funding a large number of letters of credit between now and June 30 could contribute to cash flow issues. Therefore, in order to ensure sufficient funds availability, we request any information you can provide us about your contract-related spending plans between now and June 30. We also would like to know if the contracts and letters of credit will be denominated in DOLLARS or DINAR. Please bring any information you have along to this afternoon's meeting.

For your convenience, here is the link to the US\$\$ version of the Revised 2004 Iraqi budget on the CPA INTRANET Web site:

<http://intranet.orha.centcom.mil/Ministries/Finance/forms/2004Apr10%20Revised%20Ministries%20Budget%20USD%20Eng%20&%20Arabic.pdf>

Click the link to be taken to the budget, or copy the link into the URL address line of your browser.

IG Costs

4/22/2004

2004 - Revised FPS Resource Planning

2004 Revised FPS Budget
(All amounts in New Iraqi Dinar)

		2004 Estimates :: Base Line - December 2003				2004 Revised Estimates - March 2004					
Ministries	Point of Contact	# of Guards	Base Salary	Hazard Pay	Total Pay	Proposed Budget	Balance	Avg # of Guards	Base Salary	Hazard Pay	Total Pay
Agriculture	Peter King	1,169	1,377,970,440	1,348,688,000	2,724,658,440	1,169	-				
Communications	Mike Rumberger	2,900	3,418,404,000	3,340,800,000	6,759,204,000	2,900	-				
Culture	Mario Osio	2,242	2,642,779,920	2,582,784,000	5,225,563,920	2,240	2	2,240	2,341,248,000	2,580,480,000	4,921,728,000
Displacement and Migration	Rui Nozes	30	35,362,800	34,560,000	69,922,800	147	(117)	147	150,936,000	169,152,000	320,088,000
Education	Todd (Chelton) Gh	2,378	2,800,733,760	2,737,152,000	5,537,885,760	3,822	(1,446)	3,822	4,505,172,000	4,402,944,000	8,908,116,000
Electricity	Nick Home	8,151	9,608,072,760	9,389,952,000	18,998,024,760	4,180	3,971	4,180	4,262,268,000	4,815,360,000	9,077,628,000
Environment	Tim Krawczel	13	15,323,880	14,976,000	30,299,880	180	(147)	180	180,544,000	183,840,000	364,384,000
Finance	Brendan Lund	2,797	3,296,991,720	3,222,144,000	6,372,125,400	2,797	-				
Foreign Affairs	Julie Gardner	200	-	230,400,000	230,400,000	200	-				
Health	John Walker	3,964	4,672,604,640	4,568,528,000	9,239,132,640	9,659	(5,695)	9,659	10,752,608,000	11,127,168,000	21,879,776,000
Higher Education	Prospero Castelluc	3,988	4,898,537,360	4,591,872,000	9,290,409,360	3,988	-	3,988	4,675,464,000	4,591,872,000	9,267,336,000
Housing & Construction	Paul Byars	7,400	8,722,824,000	8,524,800,000	17,247,624,000	5,062	2,338	5,062	5,589,144,000	5,831,424,000	11,420,568,000
Human Rights	Will Merrill	50	58,983,000	57,800,000	116,583,000	50	-				
Industry & Minerals	Michael Keller	2,255	2,658,103,800	2,597,760,000	5,255,863,800	6,380	(4,125)	6,380	4,781,856,000	7,349,760,000	12,131,616,000
Interior	Ed Eversman	8,206	9,672,904,560	9,453,312,000	19,126,216,560	1,022	7,164	1,022	1,167,876,000	1,177,344,000	2,345,220,000
Justice	John O'Hara	4,290	4,841,228,000	4,942,080,000	9,583,308,000	2,106	2,184	2,106	2,334,810,000	2,425,536,000	4,760,346,000
Labor & Social Affairs	Chris Chopper	500	589,380,000	576,000,000	1,165,380,000	532	(32)	532	547,860,000	612,864,000	1,160,724,000
Municipalities and Public Works	Walter Davis	2,237	2,636,886,120	2,577,024,000	5,213,910,120	2,237	-	2,237	2,636,886,120	2,577,024,000	5,213,910,120
Oil	Arpad Szoboszlay	3,339	3,835,879,640	3,846,528,000	7,782,407,640	-	3,339	-	-	-	-
Planning & Development	Michael Elliot	14	16,502,640	16,128,000	32,630,640	14	-				
Science & Technology	Steven Komatz	926	1,091,531,760	1,086,752,000	2,158,283,760	926	-	956	1,127,840,000	1,101,312,000	2,229,152,000
Trade/Standards	Cynthia Ramsey	3,600	4,243,536,000	4,147,200,000	8,390,736,000	6,314	(2,714)	6,314	6,582,236,000	7,273,728,000	13,855,964,000
Transportation	Doug Webster	3,714	4,377,914,640	4,278,528,000	8,656,442,640	3,714	-	3,713	4,375,974,000	4,278,800,000	8,654,774,000
Water Resources	Catherine Bamhart	5,703	6,722,468,280	6,589,856,000	13,282,324,280	4,865	818	4,865	5,153,588,000	5,627,808,000	10,781,396,000
Youth & Sports	Lyn Brown	1,075	1,267,187,000	1,238,400,000	2,505,587,000	765	310	765	808,110,000	681,280,000	1,489,390,000
Other Offices											
Baghdad Amanat	Alan Rosenbaum	4,500	5,304,420,000	5,184,000,000	10,488,420,000	4,510	(10)	4,510	5,328,900,000	5,195,520,000	10,524,420,000
Iraqi media Network	Dorrence Smith	800	943,008,000	921,600,000	1,864,608,000	800	-				
Olympic Committee	Lyn Brown	-	-	-	-	233	(233)	233	243,690,000	268,800,000	512,490,000
Religious Affairs	Miss Asif Shafaf	189	222,785,640	217,728,000	440,513,640	456	(267)	456	472,320,000	525,312,000	997,632,000
Security Affairs	Cornel Dima	773	911,181,480	890,496,000	1,801,677,480	773	-				
Ministries Reporting	70%	77,399	90,583,485,840	89,163,648,000	179,600,123,520	72,039		63,364	67,999,330,120	72,995,328,000	140,994,658,120
CPA Approved Revisions	100%										

5,360

Available balance based on CPA approved budgets

72,039

Total Guards based on CPA approved budgets

Remaining budget 38,605,465,400 ID

25,736,977 USD

Memorandum Items

# Employees	2003	2004	2005	2006
Tier 1		18	18	18
Tier 2		118	118	118
Tier 3		255	255	255
Tier 4		193	193	193
total number of employees		584	584	584
Total Salary Cost		1.3	1.3	1.3
Operating Expenses	2003	2004	2005	2006
Normal Ministry Operating Expenses	3.3	9.0	9.0	9.0
Transition Management Assistance	-	3.0	-	-
Sub-total Operating Expenses	3.3	12.0	9.0	9.0

Budget Funded Capital Projects (including reconstruction)

this ministry has no capital projects

MIM's Headquarter Budget for 2004

#	Item	Iraqi Dinar
1	employees expenditures	1,200,000,000
1.1	salaries	1,200,000,000
2	service requirements	8,100,000,000
2.1	Travel allocations	300,000,000
2.2	delegations allocations	300,000,000
2.3	media & publishing	260,000,000
2.4		200,000,000
2.5	post	50,000,000
2.6	telegraph & phones	450,000,000
2.7	renting lands & buildings	500,000,000
2.8	renting machines, equipments and vehicles	200,000,000
2.9		100,000,000
2.10		120,000,000
2.11	general relations and ministry visiting delegations	150,000,000
2.12	Conferences	250,000,000
2.13		100,000,000
2.14		80,000,000
2.15		20,000,000
2.16	different	200,000,000
2.17	training courses	80,000,000
2.18	cleaning of departments	40,000,000
2.19	experts & consultants expenditures	1,000,000,000
2.20	loading and unloading equipments.	360,000,000
2.21		1,000,000,000
#	Item	Iraqi Dinar
3	consuming requirements	200,000,000
3.1	Office supplies	50,000,000
3.2	water	10,000,000
3.3	electricity	10,000,000
3.4		75,000,000
3.5	clothes /	10,000,000
3.6	Food	10,000,000
3.7	Drugs	10,000,000
		5,000,000
		20,000,000
4	assets maintenance	800,000,000
4.1	Furniture maintenance	100,000,000
4.2	Buildings maintenance	120,000,000
4.3	Sanitary & electrical works	100,000,000
4.4	Machines & equipments maintenance.	80,000,000
4.5	vehicles & transportation Maintenance	150,000,000
4.6	Parks & gardens	50,000,000
5	capital expenditures	900,000,000
5.1	Furniture	650,000,000
5.2	Cars	100,000,000
5.3	Other transportation Vehicles	30,000,000
5.4	Machines & equipments	100,000,000
5.5	books	8,000,000
5.6	weapons	12,000,000
6	other	300,000,000
6.1	Bonuses	300,000,000
	Total	12,000,000,000

Industry and Minerals

Summary

	2003 bn NID	2004 bn NID	2005 bn NID	2006 bn NID
Expenditure				
Operating Expenditure	3.3	12.0	9.0	9.0
Capital Projects	0.5	-	1.5	1.5
Total	3.8	12.0	10.5	10.5

Ministry Expenditure

	2003 bn NID	2004 bn NID	2005 bn NID	2006 bn NID
<i>Ministry Capital Projects</i>	0.5	-	1.5	1.5
Staff Expenditures		1.3	1.3	1.3
Service Requirements	1.5	6.1	6.1	6.1
Goods Requirements	1.5	0.2	0.2	0.2
Asset Maintenance	-	0.6	0.6	0.6
Capital Expenditures	0.3	0.9	0.9	0.9
Transferred Expenditures	-	3.0	-	-
Foreign Obligations				
Salaries & Retirement rewards				
<i>Ministry Operating Expenditure</i>	3.3	12.0	9.0	9.0
Total Ministry Expenditure	3.8	12.0	10.5	10.5

Travel Expenditures / Exp.
IG

Security / FPS, etc

Fuel

Formula / Equipment

Med. Clinic in

Revenue

MoF

Was the practice 1-3% for
incentives to distribute
to employees

? What about a service fee?



COALITION PROVISIONAL AUTHORITY
BAGHDAD

ACTION MEMO

10 February 2004

FOR: THE DEPUTY ADMINISTRATOR
FROM: (b)(6) Director Civil Affairs
SUBJECT: State Owned Enterprises – 2004 Budgets

We need to resolve an issue around the allocation of budgets to each of the State Owned Enterprises attached to the various Ministries. The 2004 Iraqi budget contains a global allocation of about \$1bn for SOEs. The Finance Ministry is co-ordinating the payment of salaries through Ministries. This is likely to cost about \$560m, and the remainder is available for working capital and other needs. We have still not received bids from the majority of Ministries and we are now well into the financial year. The absence of agreed operating budgets means that even the potentially productive SOEs are moribund. At yesterday's Senior Advisers' meeting I was asked to see if you would be willing to chair a meeting to stimulate progress.

In preparation for such a meeting, a working group from Private Sector Development, Banking and Finance would develop some criteria for allocation. Once agreed, we would use them to determine which SOEs had a future, what resources they should receive and what we might do with the others – including the question of staff lay offs, or transfers to other roles. The existence of criteria might also allow us to make some allocations to those Ministries which have submitted requests for operating budgets.

RECOMMENDATION: You agree to take a meeting. Further delays will prevent these bodies making any contribution to the Iraqi economy

Approve: _____ Disapprove: _____ Approve with modification: _____

ATTACHMENTS: NONE

CO-ORDINATION: Finance, (b)(6) - ok

CC Private Sector Development, Tom Foley
Economic Policy, (b)(6)
Senior Advisers to Ministries

COALITION PROVISIONAL AUTHORITY
BAGHDAD

SUBJECT: Iraqi 2004 State Owned Enterprise Budget
Summary Points of Feb. 24, 2004 Meeting

FROM: (b)(6)
Private Sector Development Directorate

DATE: February 24, 2004

The following is a summary of points addressed in the Feb. 24, 2004 04 SOE Budget meeting. The summary below also includes recommended 04 budget policies

Salary Subsidies:

- To promote social stability, all SOE employees in 2004 will continue to receive salaries from their respective ministries according to the 4 tier pay scale
- Each ministry will be allocated a salary budget according to the new 11 tier pay scale (40% raise)
- In order to be able to provide some sort of incentive pay program, the ministries with input from SOE management can pay select SOE employees according to the new 11 tier pay scale
- Any salary budget funds at the ministry level that are not used to pay salaries can be allocated by the respective ministry to select, performing SOEs. These funds could address outstanding accounts payable, fund capital expenditures or provide working capital
- For the employees of SOEs that are to be reclassified as state agencies (becoming ministry employees) and for individual SOE employees transferred to a ministry (most likely some SOE employees from the Military Industry Commission – MIC), their salaries based on the 11 tier scale will be allocated from the SOE budget. In 2005, any transferred SOE employees should be paid under ministry budgets
- SOEs that are generating cash flow should be allowed to build cash reserves for working capital and capital expenditure. An annual review based on an audit by the MoFinance with the respective ministry would determine if any SOE profits are to be returned to the MoFinance
- For SOEs that generate sufficient cash, the MoFinance will review with the respective ministry on a quarterly basis to determine if any further salary subsidies are needed.
 - By 3Q04, SOEs in the cement, petrochemical and fertilizer sectors are expected to be profitable due to the availability of reliable electricity
 - DFI funds are being used to purchase generators for these SOEs
 - The MoFinance should expect that the SOEs that will soon receive sufficient electricity will not need further salary subsidies by the start of 4Q04. This will provide some relieve to the 04 SOE budget

Accounting:

- In order to encourage SOEs to manage themselves as profit and loss companies and to develop financial statements that truly reflect the economic status of each SOE, salary and other subsidies should be booked as liabilities, not as revenue. The subsidies can be a 2 year interest free liability due to the MoFinance. It would be up to the new Iraqi government to decide if these liabilities will be called
- The MoFinance should require each SOE to submit quarterly financial statements in accordance to International Accounting Standards and the Board of Supreme Audit should conduct annual reviews of each SOE

Remaining Balance of 04 SOE Budget:

- SOEs that are to be reclassified such as vocational schools and inspection agencies will need an operating budget (other than salaries) that will transfer to the respective ministry. The Private Sector Development Directorate will provide a proposed operating budget for the few, relevant SOEs
- The remaining balance of funds will be held in reserve to fund programs that are approved by the Program Review Board. Seeking funds to upgrade the electrical power infrastructure for critical SOEs (cement and fertilizer) is a very high priority. The lack of power remains the primary obstacle to standing up many critical SOEs and this office expects to request PRB approval for additional electrical upgrade projects

Other

- For SOEs that do not play a critical role in Iraq's economic reconstruction, the capital expenditure loan program through the SOE banks should remain open. Senior advisors can assist the SOEs that make an effort to develop budgets and apply for loans

Republic of Iraq

**REVISIONS TO
2004 BUDGET**

Ministry of Finance
Ministry of Planning and Development

March 2004

April 10, 2004

(a) The following definitions are used in this Budget Revisions paper:

"Budget year" refers to 2004.

"One billion" is equal to one thousand million.

(b) Figures in tables and generally in the text have been rounded. Discrepancies in tables between totals and sums of components are due to rounding.

(c) Estimates are in billions of new Iraqi Dinar (ID).

1. REVISIONS TO BUDGET 2004

This document sets out the revisions to the Iraqi national budget for 2004, updating the fiscal framework to take into account changes that have occurred since the original 2004 budget was published in October 2003.

Increased resources and their use

The fiscal circumstances for Iraq have changed significantly since the publication of the original 2004 Budget in October of 2003. Greater than expected capital inflows resulted in a higher than expected opening financial capital at the beginning of 2004. A lower-than expected need for central bank reserves and some transfers of assets from abroad have increased net capital inflows.

Buoyant prices and greater output have greatly increased oil revenues over expectations, more than compensating for a reduction in expected tax revenues. These combined increases in resources have all been allocated to increased expenditures and to a prudent increase in the forecast closing financial capital.

Table 1. Use of increased resources	Change
<i>Increased resources</i>	
Increased opening financial capital (1 Jan 2004)	+ 6,602.4
Increased revenues	+ 2,470.3
Increased capital inflows	+ 750.0
<i>Sub-total</i>	+ 9,822.7
 <i>less Increased use of resources</i>	
Increase in expenditure	+ 9,744.7
Change in closing financial capital (31 Dec 2004)	+ 78.0
<i>Sub-total</i>	+ 9,822.7
UNALLOCATED RESOURCES (Difference)	0

The remainder of this document sets out the specific changes in resources and expenditures. Annex A shows the changes in Budget forecasts for 2003 and 2004, tracking the changes by date of publication.

2. INCREASED RESOURCES

Projected resources available for 2004 are expected to be ID 9822.7 bn greater than was projected in October last year. This increase consists of changes in opening financial capital, net capital inflows plus increased revenues (primarily oil).

Table 2.1 Total expenditures (ID bn)	Original	Revised	Change
Opening financial capital (1 Jan 2004)	1,513.8	8,116.2	+ 6,602.4
<i>plus</i> Net Capital Inflows	-450.0	300.0	+ 750.0
<i>plus</i> Revenues	19,258.8	21,729.1	+ 2,470.3
TOTAL RESOURCES	20,322.6	30,145.31	+ 9,822.7

This increase has been incorporated into the revised Budget 2004 as the baseline and has therefore already been allocated. These allocations are reflected in the expenditures listed in the revised Budget.

Opening Balance

On December 31st 2003 there was ID 8116.2 bn remaining of uncommitted funds in the DFI account. Uncommitted funds are those that have not been earmarked to pay for money released under Budget 2003 or to pay for outstanding bills. Compared to the projection made in October 2003 this reflects an increase of ID 6602.4 bn. This reflects greater than expected capital inflows in 2003.

Increase in projected net capital inflows for 2004

Projected net capital inflows have increased by ID 750 bn over the projections made in October. These increases come from a lower than expected need for central bank reserves, which has substantial reserves of over ID 2,250 bn and given the appreciation of the Iraqi Dinar no requirement is foreseen. There has also been an ID 300 bn transfer of Iraqi assets from Jordan. However, the projected refunds from the Oil-for-Food programme (OFF) materialised in 2003.

Table 2.2 Capital inflows (ID bn)	Original	Revised	Change
<i>Capital Flows in</i>			
Transfer of Iraqi assets from abroad	0.0	300.0	+ 300.0
Oil for Food Programme Refunds	900.0	0.0	- 900.0
<i>Less Capital Outflows</i>			
Transfer to Central Bank	1,350.0	0.0	- 1,350.0
TOTAL NET CAPITAL INFLOWS	-450.0	300.0	+ 750.0

**Columns will not add because only changed lines are shown above.*

Increase in projected revenues in 2004

Projected revenues for 2004 have increased by ID 2470.3 bn over the projection made in October. These projections come from increases in oil revenues and a proposed Civil Service Pension Contribution. However, expected revenues from state-owned enterprises (SOEs) are not expected to materialise in 2004.

Oil revenues are estimated using a prudent assumption of a gradual fall in net oil price received to US\$ 21 per barrel (ID 31,500) in June. Oil exports are assumed to reach 1.9 million barrels per day by the end of the year. If oil prices rise significantly or exports are greater than expected then there could be a very notable increase in net revenues - but for budgeting purposes a more cautious approach is needed.

Tax revenues are expected to fall. The late implementation of the Reconstruction Levy will reduce the expected revenue from this tax and revenues for other taxes have also been revised downwards.

Table 2.3: Revenues (ID bn)	Original	Revised	Change
Oil Revenues	18,000.0	21,262.9	+ 3,262.9
Reconstruction Levy	450.0	172.5	- 277.5
Personal Income Tax	15.0	7.5	- 7.5
Civil Service Pension Contribution	0.0	101.4	+ 101.4
Corporate Income Tax	30.0	0.0	- 30.0
Transfers from State Owned Enterprises	562.5	0.0	- 562.5
Excise Tax	15.0	3.0	- 12.0
Land Tax	15.0	10.5	- 4.5
TOTAL REVENUES*	19,258.8	21,729.1	+ 2,470.3

**Columns will not add because only changed lines are shown above.*

3. INCREASED EXPENDITURES

Expenditures in 2004 are projected to rise by ID 9756.3 bn.

Table 3.1 Total expenditures (ID bn)	Original	Revised	Change
Total Staff Expenditure	3,159.0	3,879.5	+ 720.5
Total Operating Expenditure	1,959.7	2,961.7	+ 1,002.1
Total Ministry Capital Projects	1,118.4	3,797.5	+ 2,679.1
Total Transferred Expenditures	11,921.3	15,882.7	+ 3,961.4
Total Foreign Obligations	925.2	2,172.8	+ 1,247.7
Total Salaries and Retirement Rewards	1,050.0	1,195.5	+ 145.5
TOTAL EXPENDITURES	20,133.5	29,889.8	+ 9,756.3

Increase in Staff Expenditures in 2004

The move from the 4-tier to the 11-tier scale plus the Facility Protection Service and the introduction of Hazardous Duty Pay has increased projected staff expenditures by ID 720.5 bn.

Table 3.2 Staff expenditures (ID bn)	Original	Revised	Change
Ministry Salaries (including reserve for new salary scale)	2,461.5	2,800.7	+ 339.2
Hazardous Duty Pay	0.0	225.0	+ 225.0
Facility Protection Service Guards	0.0	90.6	+ 90.6
Iraqi Civil Defence Force Pay	0.0	65.7	+ 65.7
TOTAL STAFF EXPENDITURES*	3,159.0	3,879.5	+ 720.5

*Columns will not add because only changed lines are shown above.

Increase in non-staff Operating Expenditures in 2004

Projected spending on non-staff operating expenses in 2004 has risen by ID 1002.1 bn. Most of the change results from increases in Ministry operating costs, including ID 129 bn for increased Ministry of Interior security operations. Funding for consultancies was removed from the Budget. Spending on pharmaceuticals has dropped by ID 63 bn, but this simply reflects a shift in resources from pharmaceuticals towards other health spending, under normal ministry operating expenditure.

Table 3.3 Operating costs (ID bn)	Original	Revised	Change
Normal Ministry Operating Expenditure	1,384.6	1,850.0	+ 465.5
Pharmaceuticals	930.0	867.0	- 63.0
Oil for Food Audit	0.0	4.5	+ 4.5
IMN Operating Contract	0.0	144.0	+ 144.0
Consultancies	75.0	0.0	- 75.0
TOTAL OPERATING COSTS*	1,959.7	2,961.74	+ 1,002.1

*Columns will not add because only changed lines are shown above.

Increase in Ministry Capital Projects in 2004

Spending on capital projects by ministries is now projected to be almost three times larger than was originally projected – an increase of ID 2679.1 bn.

Table 3.4 Ministry capital projects	Original	Revised	Change
Ministry capital projects	1,118.4	3,797.5	+ 2,679.1

Increase in Transferred Expenditures in 2004

Projected transferred expenditures are ID 5202.7 bn higher than estimated in October 2003.

Expenditures that were previously allocated to service Ministry of Finance domestic debt obligations underestimated these costs. At present, the Ministry of Finance has ID 4,600 bn in outstanding Treasury bills. The revised figure of ID 75 bn reflects expected debt servicing costs in 2004, including a need to convert a Ministry of Finance overdraft with the Central Bank to domestic securities that will also result in additional interest costs.

Table 3.5 Transferred expenditures	Original	Revised	Change
Debt Negotiations Costs	0.0	75.0	+ 50.0
Reconciliation of External Debt	0.0	6.0	+ 4.0
Fuel Imports	0.0	3,150.0	+ 3,150.0
Interest on Treasury Notes	210.0	319.5	+ 109.5
Public Distribution System	5,250.0	3,600.0	- 1,650.0
Transfer Payments (was Contingency Fund)	1,125.0	2,506.1	+ 1,381.1
Transfer Capital	0.0	300.0	+ 300.0
Salary Reserve	0.0	19.2	+ 19.2
Local/Regional Government Grants	1,117.5	1,246.2	+ 128.7
KRG Normal Operating Costs	0.0	1,200.0	+ 1,200.0
KRG Ongoing Projects	0.0	900.0	+ 900.0
Municipal Services Directorate Support	0.0	46.5	+ 46.5
Water Directorate Support	0.0	44.7	+ 44.7
Sewerage Directorate Support	0.0	12.5	+ 12.5
Baghdad Amanat Salaries	0.0	27.3	+ 27.3
Baghdad Amanat Support	0.0	57.3	+ 57.3
Baghdad Amanat Capital Projects	0.0	30.0	+ 30.0
Dewan support	0.0	9.4	+ 9.4
Regional Development Projects	1,116.0	0.0	- 1,116.0
Commanders Emergency Response Programme (CERP)	0.0	105.0	+ 105.0
Rapid Regional Response Programme Funds	0.0	337.6	+ 337.6
State-Owned-Enterprise Support	750.0	1,330.2	+ 580.2
Economic Restructuring Programs	750.0	0.0	- 750.0
125,000 Jobs Programme	0.0	187.5	+ 187.5
Employment Centers	0.0	13.5	+ 13.5

Additional Security Spending	0.0	750.0	+ 750.0
Oil Export Production Fee	109.5	127.8	+ 18.3
Oil for Food Contracts	0.0	404.3	+ 404.3
Iraqi Property Claims Commission	0.0	52.5	+ 52.5
Commission on Public Integrity	0.0	30.0	+ 30.0
Militia Reintegration	0.0	3.6	+ 3.6
Nation Building	937.5	856.8	- 80.7
TOTAL TRANSFERRED EXP.*	11,921.3	17,124.0	+ 5,202.7

*Columns will not add because only changed lines are shown above.

Nation building measures are broken down in more detail in Annex B.

Increase in Foreign Obligations in 2004

Higher than projected oil revenues mean that Kuwaiti War Reparations are higher, as these are 5% of gross revenues. Oil for Food Contracts have risen also, combining to increase projected spending for 2004 by ID 843.1 bn.

Table 3.6 Foreign obligations (ID bn)	Original	Revised	Change
Kuwaiti War Reparations	900.0	1,063.1	+ 163.1
International Monetary Fund and World Bank Arrears	0.0	680.0	+ 680.0
TOTAL FOREIGN OBLIGATIONS*	925.2	1,768.3	+ 843.1

*Columns will not add because only changed lines are shown above.

Increase in Salaries and Retirement Rewards in 2004

Quarterly public sector pensions have been increased for every pensioner by ID 25,000 from 1st April, increasing costs by ID 145.5 billion in 2004. This will be financed by the new Civil Service Pension Contributions of ID 101.4 bn, the remainder of which will go to financing existing pension obligations.

Table 3.7 Salary & retirement rewards	Original	Revised	Change
Pensions and other transfer payments	675.0	820.5	+ 145.5
TOTAL SALARIES & RETIREMENT*	1,050.0	1,195.5	+ 145.5

*Columns will not add because only changed lines are shown above.

Annex A. CHANGES IN BUDGET ESTIMATES

This annex sets out the different estimates that have been made for budget financing for financial years 2003 and 2004. There are three publications that have set out budget estimates:

1. (May 2003) *Budget Revenues and Expenses 2003*. Sets out initial estimates for financial year 2003 only.
2. (Oct 2003) *2004 Budget*. Sets out revised estimates for 2003 and initial estimates for 2004.
3. (March 2004) *Revisions to 2004 Budget*. This document, with estimated out-turn for 2003 and revised estimates for 2004.

Table A. Published budget estimates (ID bn)	Date of Publication of Estimate		
	May 2003	October 2003	March 2004
Financial year 2003	<i>(estimate)</i>	<i>(estimate)</i>	<i>(provisional)</i>
Opening financial capital (1 July)	8,104.5	3,675.0	3,675.0
plus Net Capital Inflows	-3,150.0	2,475.0	7,886.8
plus Revenues	5,831.6	4,596.0	5,589.4
less Expenditures	9,149.4	9,232.2	9,035.0
Closing balance 31 Dec 04	1,636.7	1,513.8	8,116.2
Financial year 2004		<i>(estimate)</i>	<i>(estimate)</i>
Opening financial capital (1 July)		1,513.8	8,116.2
plus Net Capital Inflows		-450.0	300.0
plus Revenues		19,258.8	21,729.1
less Expenditures		20,145.1	29,890.9
Closing balance 31 Dec 04		177.5	254.4

Annex B. NATION BUILDING AND OTHER PROJECTS

The tables below break down the totals given in table 3.5 for Nation Building Projects and R3P projects (Rapid Regional Response Programmes).

Table 3.1 Nation Building (ID bn)	Original	Revised	Change
Mortgage Bank	0.0	45.0	+ 45.0
Elections Assistance	75.0	390.0	+ 315.0
Elite Athlete / Olympic Team Support	0.0	15.0	+ 15.0
Olympic Stadium Refurbishment	0.0	4.5	+ 4.5
Armoured Cars (Money Movement)	0.0	15.0	+ 15.0
New Commissions and Organization	0.0	15.0	+ 15.0
National Assembly Building Renovation	0.0	19.8	+ 19.8
Constitutional Development	45.0	0.0	- 45.0
Civil Society and Community Development	30.0	0.0	- 30.0
Other Projects	435.0	0.0	- 435.0
TOTAL NATION BUILDING*	937.5	856.8	- 80.7

*Columns will not add because only changed lines are shown above.

Table 3.2 R3P Funds (ID bn)	Original	Revised	Change
Rapid Regional Response Programme	0.0	256.5	+ 256.5
Local Governance Funds	0.0	72.0	+ 72.0
Samarra	0.0	6.0	+ 6.0
Nasiriyah	0.0	3.0	+ 3.0
TOTAL R3P Funds	0.0	337.6	+ 337.6

(b)(6)

From: (b)(6) on behalf of Executive Secretary
Sent: Saturday, April 17, 2004 12:54 AM
To: CPA Ministries
Cc: Executive Secretary; (b)(6)
(b)(6)
Subject: Transition and your Ministry's money
Importance: High

*par Sami - Al
met 4/21/04
w/ MoF reps*

Dear Senior Advisors,

Our CPA Finance colleagues have asked us to inform you about the upcoming transition of the Ministry of Finance, and what that entails for other Ministries.

With transition to Iraqi sovereignty fast approaching, the CPA Ministry of Finance staff is transitioning more of the day-to-day responsibility for execution of the 2004 budget to the Iraqi Ministry of Finance. We encourage all CPA Ministries to aggressively transition ongoing budget-related activities to their Iraqi counterparts between now and May 15. Our goal is to have all routine financial issues transitioned to the respective Iraqi Ministry staff before 01 June. Specifically, each CPA Ministry should:

- Before May 1 - Meet with representatives from their respective Iraqi Ministries to specifically identify and review any outstanding budget-related questions and issues.
- By May 1 - Ensure that line Ministries' finance departments have met with the Iraqi Ministry of Finance to finalize their spending plans nationwide for the remainder of 2004. Any Ministries that have had their budgets adjusted in the recently published revised budget must incorporate these changes into their spending plans and report to the Ministry of Finance in order to ensure that this money is available for expenditure.
- May 1 - Note and bring forward (with recommendations for resolution) any budget issues requiring CPA action.
- May 1 - Iraqi Ministry staffs must communicate Ministry expenditure requests to the Iraqi Ministry of Finance. CPA/Finance will help arrange meetings at MoF and expedite the release of money where needed, but mostly in the context of a meeting at the Iraqi Ministry of Finance.
- CPA Ministries' financial points of contact are encouraged to bring questions and issues to weekly finance meetings held each Thursday at 1700 in the Senior Advisors' Conference Room, S-111. In a case where the issue is too complex for a brief discussion at the weekly general meeting, we will schedule a follow-on session. We look forward to working with you to ensure a smooth transition to Iraqi

4/17/2004

sovereignty.

Please make note of these timelines. The point of contact if you have questions is Matt Mulhern on the CC line above.

Regards.

(b)(6)

Deputy, CPA Executive Secretariat

(b)(6)

For a more expeditious response, please reply to Executive Secretary and not to me individually. Thank you.

4/17/2004

Ministry of Industry
Att: H.E Ministry of Industry

JOINT VENTURE
Ref: Lease of a Cement Factory(s)

We are a group of investors (Iraqis), who are interested in a joint venture for leasing one or two cement factories in southern Iraq. We have an excellent management and technical know how associated with our group of investors. We are looking at a medium and long term lease; with factory rehabilitation to take place. The proposal is to join Southern Cement Company in a joint venture .

Investors	: Iraqis
Associated Company providing management technical know how	: ACC India (Currently owns and run 70 cement factories in India. ACC been Involved in Iraq providing management. Technical know how.
Factories Targeted for leasing	: - Al Muthana - Kufa
Lease Period	: To be negotiated
Lease Terms	: To be negotiated
Production Level	: Is to be increased to Max. Level as conditions permit.
Human Resources	: To be maintained to a level sustained economically (Subject to negotiation).
Experience	: I have been involved in cement Industry for the last 12 years.
Representation And Business Dealings	: Represented fuller Int'l. dome technology, fuller bulk handling, koch carbon. Ammund
Projects (References)	: - Bag filter systems for 1- Gulf cement Co. (1994) Ras Al- Khimah. 2- Al Ain cement Co. (1998) Al- Ain, Abu Dhabi. 3- White cement Co. (2000)

Ras Al- Khimah.

- **Micro Mills system for gulf
Gulf cement Co.
4 micro mills (No.1(93))
(No.2 (95)), (No. 3 + 4 (2000))**
- **Loading / Unloading Terminal for Saudi
cement Co. (1999) Including 2 dome Silos
(30000 Tons x 2)**
- **Clinker Dome Silo (120,000 Ton) for Gulf
cement Co. (1997)**

DFID IRAQ

TERMS OF REFERENCE

STATE OWNED ENTERPRISES REFORM: MITIGATION OF SOCIAL IMPACTS - PROGRAMME DESIGN ADVISER

PRIVATE SECTOR DEVELOPMENT TEAM COALITION PROVISIONAL AUTHORITY

Background

Like other centrally planned countries Iraq's economy is heavily dependent on the state. Basic food items are provided directly to families through the Public Distribution System. Other goods, including fuel, power and water, are provided at heavily subsidised prices or for free. A significant proportion of the country's production and employment is through largely inefficient state owned enterprises. Reform to address these inefficiencies is a necessary first step in Iraq's economic rehabilitation.

But reform will be politically difficult. Many vulnerable people depend upon the current systems. There is already widespread poverty, and unemployment may be as high as 60%. Great care must be taken to ensure that any adverse impacts are mitigated. This will require a co-ordinated approach across several Government Ministries.

DFID has now completed its Country Assistance Plan for Iraq, setting out its priorities for the next 18 months. A key pillar in this plan is assisting the CPA, and subsequently the Iraqi authority, in addressing these issues of transition. To do this we will provide a range of experts, four of whom will, in the first instance, each design a programme for DFID support to a different aspect of transition.

In total there will be five experts. Two of these experts will be attached to the Ministry of Industry and Minerals, based initially within the CPA, but gradually working increasingly closely with the Iraqi Ministry. They will advise on the design of programmes of support to reform of State Owned Enterprises. The first will be responsible for designing a programme for DFID support to tackle the financial, commercial and transactional issues associated with SOE reform. The second will be responsible for designing a programme for DFID support addressing the social impacts of SOE reform, including, if appropriate, designing a social safety net for retrenched workers. **These TORs refer to this post.** While they will be initially attached to the Ministry of Industry and Minerals they will seek opportunities to work with other ministries on these issues. Of the remaining three, one will be responsible for designing a programme for DFID financing in support of the monetisation of the food basket, within the Ministry of Trade. A second, located within the Ministry of Finance, will be responsible for designing a programme for DFID support for policies to remove subsidies on fuel, and other non-food items, and the fiscal effects of this. The fifth member of the team, who will not initially be engaged specifically on designing a programme for DFID support, will also be based within the Ministry of Finance, and will be responsible for advising on the overall financial implications of reforms, to ensure that overall transition policies are consistent and achievable within the budgetary framework.

DFID has undertaken to make the recommendations, findings and achievements of all five experts available to other donor organisations, principally the World Bank, UN and IMF. DFID may also organise specific briefings for these organisations.

Purpose

The purpose of the assignment is to design a programme, suitable for DFID financing, in support of the need to reform SOEs in a way that minimises the costs to the most vulnerable and those likely to be disadvantaged by reforms, and appropriately compensates those. This should cover short, medium and long-term interventions. It should reflect, and where appropriate reconcile, the priorities of the CPA, the subsequent Iraqi authority and the Ministry of Industry & Minerals, as well as of DFID. It will involve providing the CPA, and subsequent Iraq authority with high quality analysis, taking full account of both the economic/ financial and social implications of reform. This will assist the CPA, and subsequent Iraqi Government, to make informed policy decisions on transition.

Activities and Method of Work

The outcome of activities undertaken will be the design of a programme of support consistent with the purpose stated above. To do this, the Consultant will advise the CPA and Ministry of Industry and Minerals on all aspects of the social impact of the reform of State Owned Enterprises. In doing so the consultant will co-ordinate closely with other CPA advisers, the Ministry of Finance, and other ministries and relevant international agencies. This will assist the CPA, and subsequent Iraqi authority, to make informed policy decisions on mitigating the social impacts of SOE reform.

The consultant will be required to work flexibly, responding to the requirements of the CPA, an evolving policy framework, and to any short-term requirements. Within that framework the following activities are anticipated.

- Detailed analysis of work to date on social impact of State Owned Enterprise reform in Iraq.
- Deliver survey on relevant international SOE reform experience for the Iraqi context
- Preparation of social impact analyses for each of the major SOEs for which the Ministry of Industry and Minerals has responsibility, prior to reform action.
- Design of detailed plans for social safety nets for retrenched workers. This should include designing an appropriate framework for deciding on levels of compensation, as well as other benefits, including reskilling.
- Ensure that the relevance of timescales and sequencing of reforms is well understood. For example, best practice indicates that to minimise negative consequences social mitigation measures should be in place before reform commences.

- Design of methodologies for monitoring the effects of reforms, including detailed list of statistical surveys required.
- Working with the DFID-funded adviser in the Ministry of Finance, to anticipate the total costs associated with adequate social safety net provision.
- The consultant will be part of the wider DFID group of DFID funded experts engaged on various social aspects of reconstruction and recovery. S/he will be able to both contribute to and draw on contributions to those elements of the programme.
- Design a plan for the capacity strengthening which the Ministry of Trade, and Ministry of Labour and Social Affairs will require in order to fulfil new roles.

Reporting

The post will be located within the CPA Private Sector Development Department. The consultant will work under the guidance of the CPA Senior Adviser in the Department. In addition the consultant will provide weekly reports on progress to the Project Officer in the Iraq Directorate at DFID, and to the Head of DFID's Baghdad Office. S/he may also be called upon to brief senior British representatives within the CPA. On completion of the initial assignment a report will be made setting out the work undertaken which underpins the selected programme design, any outstanding issues, and recommendations for further support.

Location and Security

The post will be based in Baghdad. It will involve travel to other parts of Iraq, as permitted by the security situation. The postholder will adhere to DFID's security procedures for Iraq.

Qualifications

The following are required for this post:

- Significant experience in State Owned Enterprise reform and transition in developing countries
- Experience of designing appropriate social safety net policies for workers retrenched as a result of SOE reform.
- Experience of designing systems to monitor and evaluate the social impacts of SOE reform
- Ability to deliver in a highly pressured and demanding environment.
- Ability to work as part of a team and respond constructively to changing circumstances and demands.
- Experience of operating in post-conflict environments and transition economies.
- Experience of operating in the Middle East, particularly Iraq, is desirable.

- A knowledge of Arabic would be very desirable

Timing and Duration

The contract will run initially for two months. At the end of this period the contract will be reviewed. The assignment will ideally start in March 2004.

(b)(6)

From: (b)(6)

Sent: Wednesday, March 10, 2004 12:06 AM

To: (b)(6)

Cc:

(b)(6)

I enclose the CV and terms of reference for the second SOE reform consultant referred to (b)(6) who we anticipate will be available in Iraq sometime from 20 March (possible 26 March) onwards – to be confirmed.

As with the first consultant, it would be great to discuss what your expectations are re seating, working arrangements, etc – this time fortunately with slightly more notice than the first.

The Minister is aware of both consultants' arrival, and has discussed their terms of reference with our economic adviser, (b)(6) by phone. However, we are keen to ensure that both CPA and the Ministries are happy with the roles outlined.

Happy to meet and discuss this tomorrow, or discuss by phone. I am conveying this to (b)(6) the DFID Office Manager, who is available by phone in our office on (b)(6). He will be briefing (b)(6) on security tomorrow. Could you email or call him to let him know what would be a convenient afternoon time to bring Michael by for a meeting with you and your staff?

thanks
Lindy

(b)(6)

Deputy Head, DFID Baghdad

(b)(6)

3/10/2004

Curriculum Vitae

(b)(6)

(b)(6)

(b)(6)

(b)(6)

(b)(6)

(b)(6)

(b)(6)

Examples of Experience in Privatisation, Commercialisation and Restructuring of State Enterprises and Sectors

Privatisation, Commercialisation Policy and Enterprise Restructuring	<p>Kerala, India, Enterprise Supervisory and Privatisation Agency Adviser to the agency and ministry on restructuring, commercialisation and privatisation of state-owned industrial enterprises, and project director of UNDP-funded Commonwealth team preparing valuations, restructuring and privatisation options. This broad-ranging programme originated in 1995, and shifted from re-structuring to privatisation in 2001, covering privatisation policy formulation, coordination with other development and reform policies, social impact analysis, enterprise restructuring and training for officials and executives. Michael continues as an adviser to the Agency.</p>
Privatisation and Commercialisation	<p>Botswana, Privatisation Agency Project director of small team of Commonwealth consultants and advisers preparing initial privatisation and commercialisation policy document, post-privatisation regulatory systems, and liaising with external consultants contracted to prepare privatisation master plan; also acted as review consultant assisting Agency with policy development and assessment of external and internal reports.</p>
Government Privatisation Policy	<p>Saudi Arabia As resident adviser in Ministries of Industry and Electricity and Planning, concerned with preparation and evaluation of government policies and implementation of privatisation of a range of state-owned corporations in the oil, chemicals, electricity and transportation sectors. A particular focus was on the valuation of the companies, social impact analysis, the extent of government guarantees for public service monopolies, and pricing policies in the context of considerable government intervention and support in the various sectors.</p>
Parastatal Restructuring and Privatisation	<p>Abu Dhabi, Manufacturing Holding Company Project Director for preparation of a comprehensive privatisation programme for a state-owned industrial conglomerate. The assignment fielded a multi-disciplinary team, and involved the detailed assessment and valuations of each of the factories owned by the holding company, impact of changes in domestic and foreign trade policy regime, with the preparation of a strategy for their privatisation and drafting the prospectus for sale.</p>
Privatisation and Post-privatisation Policy review	<p>Mozambique, Privatisation Agency Project director of small team of Commonwealth advisers requested to review privatisation policy, identify post-privatisation regulatory systems and coordination with other reform policies, introduction of ESOPs and social impact analysis, linked with training for officials and executives.</p>
Privatisation Policy Development	<p>Mauritius, Ministry Project director of Commonwealth mission requested by Government of Mauritius to prepare the studies and analysis for the privatisation white paper, identification of post-privatisation regulatory systems, social and employment impact analysis, and coordination with other development and reform policies.</p>
Enterprise Restructuring, Commercialisation and privatisation	<p>Ghana, State Enterprise Agency Project director for a series of Commonwealth missions requested by the Government of Ghana, to review the commercial viability, scope for privatisation and need for restructuring of a number of state enterprises, and the improvements to the planning and operational methods of the state enterprises commission. The programme was linked to in-country and external managers training, and the development of corporate governance and other regulatory systems.</p>
Commercialisation Of Government Agencies	<p>Zambia, Ministry and Government Agencies Commonwealth Secretariat mission to review the operational, organisational and budgeting systems in the Ministry and agricultural sector, in order to restructure key departments, develop them as executive agencies or to corporatise and privatise them.</p>
Commercialisation Of Government Agencies	<p>Zimbabwe, Government Agencies and Parastatals Commonwealth Secretariat programme to review the operational, organisational and budgeting systems in a range of government agencies and in the banking sector, in order to restructure key departments, develop them as executive agencies or to corporatise and privatise, and to restructure state banking sector, facilitate general financial</p>

sector reform and increase private participation and investment.

**Privatisation
Policy Review
and Enterprise
Restructuring**

Guyana, Enterprise Supervisory and Privatisation Agency
Commonwealth Secretariat mission at the request of the Government of Guyana, to review the national privatisation programme and the operations of the privatisation unit. The mission examined five enterprises which had been identified for privatisation according to agreements with international agencies, and suggested appropriate methods to manage the privatisation of each. The mission was followed up by the three month assignment of a Commonwealth financial specialist to the privatisation unit, and the participation of senior executives of Guyana state enterprises in the Commonwealth top managers training programme.

**Privatisation
Policy Rethink**

Pan-Commonwealth programme
As special adviser on privatisation in Commonwealth Secretariat, developed programme of regional and national policy and training workshops to facilitate the rethink of national privatisation policies in Africa, Caribbean, South Asia and South East Asia. This programme led to substantive revisions to the approach to privatisation, with a shift away from the preoccupation with the privatisation transaction, towards pre-privatisation restructuring and post-privatisation regulation, social impact analysis, institution building and coordination with other reform and development policies, with emphasis on competitiveness.

**Corporate
Governance
for Privatisation
and state agencies**

Pan-Commonwealth programme
Conceived, designed and developed Commonwealth corporate governance programme as an essential part of the post-privatisation environment, and as a multi-purpose development policy instrument. This broad ranging programme includes policy advice to governments and private sector organisations, institutional development and training, in cooperation and co-funding with World Bank, New Zealand government, private sector, and has now covered 43 countries.

**Training for
State Enterprises
Managers and
Directors**

Pan-Commonwealth programme
Developed programmes of management training for top executives of state enterprises, and director training for strategy and corporate governance, in cooperation with National University of Singapore and other business schools, national Institutes of Directors

**Enterprise
Restructuring and
Privatisation**

Barbados, State Enterprise
Commonwealth Secretariat mission at the request of the Government of Barbados, to review the commercial viability and scope for privatisation of a state enterprise having significant public service duties. The mission was followed up by the participation of senior executives of Barbados state enterprises in the Commonwealth top managers training programme.

**Parastatal
Restructuring
Strategy**

Kenya, Utility Company
Project director on an assignment for a large state-owned company to assist in corporate restructuring and the preparation of a strategic plan for its future operations. The assignment involved four key phases - review, identification of constraints, efficiency enhancement and strategic planning. Responsible for overseeing all phases and for ensuring a comprehensive and consistent approach across all functional areas and operating divisions. Alerted the management to serious problems and prepared detailed action plan to remedy the situation. Also responsible for aggregating the recommendations of other team members and drafting the five year strategic business plan including assessment of the business units in the Corporation which could be appropriate for privatisation according to Government guidelines.

**Enterprise
Rehabilitation and
Privatisation**

Poland, Pump Manufacturing Company
Project director on a UNIDO-UK KHF project to provide technical assistance to a Polish engineering company, the largest in its particular market segment and the largest employer in its home city. The project involved a systematic analysis of the business condition of all aspects of the company, from its product range, its production technology and accounting systems, to its long term strategy and critical needs for short term survival. The successful first phase of the project led to its second phase, with concentration on export market development, the preparation of strategic alliances and possible joint ventures and transfer to private ownership. The team has been directly instrumental in finding export marketing opportunities, arranging export agency agreements, opening negotiations with business partners, valuation for privatisation and searching for effective bank support.

Enterprise Restructuring and Privatisation	<p>Poland, Vacuum Technology Company Project director on a UK KHF-ODA project to implement a broad programme of corporate restructuring, training and marketing development. The assignment applied a strategic planning methodology, and a training programme with an extended tour of UK companies by the Polish managers. This project has particular emphasis on the development of the marketing function and of a "marketing-led culture" in the whole company, and training in all management functions, in preparation to attract investors for privatisation.</p>
Enterprise Restructuring and Privatisation	<p>Poland, Machine Tools Company Project director on a UK KHF-ODA project to prepare a short term rescue plan with long term diversification and restructuring programme for a machine tool company which had found that its traditional product and markets had collapsed. The assignment involved a careful review of the management's plans for redirection, and direct assistance by the consulting team on implementation of the new strategy. The team also revised the complete organisation structure of the company in preparation to attract investors for privatisation.</p>
Enterprise Restructuring and Privatisation	<p>Poland, Steel and Aluminium Foundry Project director, UNIDO-UK KHF project for restructuring of a steel and aluminium foundry with a hydraulic engineering machine shop, which has a critical function as a major supplier to Polish industry. The assignment concentrated on the diagnosis of the realistic opportunities for the company, and the preparation of a growth strategy, utilising a strategic planning methodology, in preparation to attract investors for privatisation.</p>
Parastatal Restructuring Strategy for Partial Flotation	<p>Arabian Gulf, Aluminium Company Member of study team assembled to review the operations of aluminium project and to diagnose the reasons for its disappointing performance. The project involved the preparation of a restructuring strategy to turnaround the operation and design an appropriately efficient organisational structure, and to attract local or international private sector partners and investors.</p>
Parastatal Strategic and Organisation Review for Partial Flotation	<p>Middle East, Airline Project Director of a team to revise the business strategy and of a state-owned airline, assess the capabilities of the staff and design a new organisational structure to improve efficiency to enable the intention for partial flotation. The study covered all parts of the airline's operations, including passenger, freight, maintenance, hotels, airport facilities, leading to a major reorganisation from an operations to a marketing-based company. The project involved a complete audit of management functions, job descriptions, pay scales.</p>
Corporate Diversification And Joint Venture Strategy	<p>Saudi Arabia, Chemicals Developed and negotiated assignment for a resident advisory team to assist a large chemicals company prepare a long term diversification strategy and reorganisation plan, pending encouragement for national and international private sector joint venture partners and part-flotation of shares.</p>
Industrial Sector Restructuring	<p>Turkey and Middle East Member of small team developing new methodologies for re-structuring industrial sectors, often dominated by a single or a few state-owned corporations, in accordance with World Bank guidelines for sectoral restructuring and privatisation. The methodology was designed to incorporate national economic development objectives and strategic business management techniques, so as to be an effective aid for decision makers in the government and enterprise management. The methodology was applied to restructuring studies in Turkey, Saudi Arabia, Singapore, Thailand and Hungary. Was involved in the Turkish, Singapore and Saudi projects as adviser in the course of other duties.</p>
Corporate Turnaround Strategy	<p>Saudi Arabia As resident adviser in the Ministry of Industry, assigned to lead numerous investigative teams of consultants to provide technical assistance to private and state companies which had got into serious difficulties and appealed to the Government for assistance and participation. Carried out over 50 such assignments, some of one week duration, some of several months involvement. Many of these assignments concentrated on marketing development as problems emanated from falling sales. Examples of these assignments include:</p> <p>Medical Products: assessed actual and potential market demand for several factories producing a range of medical products (plastic consumables, bandages, medical measuring and control equipment). Assessed management practices and style, company business plans and competitiveness of the products.</p>

White Goods Joint Venture: assessed actual and potential market demand of the full range of white goods, management organisation, and designed market penetration strategy to increase market share of the company, and cooperate in export sales with its foreign joint venture partner.

Vehicle Batteries: assessed actual and potential market demand for vehicle batteries and potential to re-open the factory with re-organised management team in the face of fierce competition from imports.

Steel Pipes: estimated actual and potential demand for various types and sizes of steel pipes in local and export markets, with assessment of alternatives of downsizing and restructuring the factories.

Prepared Foods: estimated actual and future demand for a wide range of processed food products, and methods to increase market share in local, regional and international markets through the development of niche positions.

Integrated Chicken Production Units: estimated demand for chicken and scope for integration of battery chicken and protein supplement animal feed production system.

Cables and Wires: estimated demand for cables and wires (copper, aluminium, optic fibre) in local, regional and international markets, and formulation of penetration and anti-dumping strategies.

Garments: estimated demand, local added value and niche marketing for men's, women's and children's garment manufacturers.

Vehicle Parts: estimated demand for vehicle parts and marketing strategies for local production to compete against imported goods.

Examples of Experience in Social Development

Integrated Policy Management

Pan-Commonwealth

Initiated Commonwealth programme to develop system of integrated policy management for comprehensive development. This programme was initiated in Mauritius at the request of the government to update the Titmuss Plan, in order to achieve the restructuring of the welfare state, and to ensure a balanced approach to integrate economic, social and environmental development and to prevent communal tensions.

Social Aspects of Industry

Mauritius

Leader of the sociological team on a broader study on the economic and environmental impacts of industrialisation. Responsible for organising the research on changes in social structure and culture, the social and cultural constraints and contributions to industrialisation. Major themes of the study included analysis of the constraints to entrepreneurs and to the "work ethic", the need to move on from concentrating on social constraints and impact assessment, towards the social contributions to industrial growth.

Entrepreneurship Development

Bangladesh

Project Director of a team assigned to prepare a strategy for entrepreneurship development, as part of a broader World Bank Industrial Strategy Study. This assignment concentrated on the prevailing conditions and the policy environment affecting entrepreneurs, with detailed recommendations for action.

Social Analysis Methodologies

United Kingdom

As a founder of Social Analysis Associates, was responsible for developing applied social research methodologies, and organising the contributions of academic associates. These methodologies covered social structure research, behaviour analysis, social cost-benefit analysis, needs assessment, social constraints analysis, attitudes research, and social planning. These techniques were applied to development projects, social services and also to corporate culture and organisation development.

Social Development Strategy

Saudi Arabia

Social Development Adviser in the resident consulting team at the Ministry of Planning, personally responsible for the Preparation and implementation of the Third Five Year National Plan. Over a four year period 1976-1980, this involved the follow-up evaluation of the preceding Five Year Development Plan; the preparation of policy reviews and options; the collation of alternative strategies for consideration by the government and finally the detailed drafting of the Plan. Was responsible for all social development aspects of the development strategy, including social impacts of rapid growth, the social objectives to be attained by the development strategy, and the social

constraints and contributions to economic growth.

**Social
Development
Planning Reviews**

Saudi Arabia

Seconded for a three month period to lead a specialised team to provide a final review and assessment of both the Fourth and the Fifth Five Year Plans in 1984 and 1989, before their approval and publication by the government. In addition to role as team leader and national development policy analyst, had specific responsibilities for reviewing and drafting the health and social development sections of the plan.

**Household
Survey**

Saudi Arabia

Manager of comprehensive socio-economic survey of 1,000 households to collect original data on household composition, health, education, income, expenditure and savings patterns. Designed questionnaire to enable data analysis through multiple combinations of items instead of the conventional binary combinations.

**Poverty
Alleviation
Strategy**

Saudi Arabia

As social development adviser in the Ministry of Planning, was responsible for the preparation of a new comprehensive poverty alleviation strategy. This first involved an extensive survey of the incidence of poverty, which was found to be much more widespread than had previously been envisaged in a supposedly oil rich society. The survey identified a number of disadvantaged groups (such as nomads and agricultural villages) and sections (in particular low-waged citizens in traditional parts of the larger cities). Following the survey a range of alternative policies was prepared, dealing with issues of both absolute and relative poverty, social and economic participation. The final result was a comprehensive poverty alleviation strategy and set of development programmes for the government.

**Policies for
Nomadic
Communities**

Saudi Arabia

As social development adviser in the Ministry of Planning, had particular responsibility for the preparation of policies for the support and development of the nomadic communities, which was a large section of the population at that time. Spent several years working among nomadic communities in East Africa and Saudi Arabia and preparing development programmes

**Low-Income
Housing Policy**

Saudi Arabia

As social development adviser in the Ministry of Planning, was responsible for low-income housing and urban development policy, dealing in particular with the impacts of previous decisions to develop high-rise housing schemes, the growth of shanty towns, and the re-development of older housing areas, with the consequent dispersal of traditional communities.

OTHER RELEVANT ASSIGNMENTS

**Information
and Broadcasting
Policy**

Saudi Arabia

While a resident adviser at the Ministry of Planning, was responsible for the Public Information and Broadcasting sectors. In this capacity, prepared the national development plans and budgets for the government public information programmes, ranging from major investments in ground and satellite broadcasting facilities, to licensing of video and public entertainment facilities, to public information campaigns on subjects as diverse as health, driving, sports and economic development.

Speech-Writing Saudi Arabia

While a resident adviser at the Ministry of Planning and the Ministry of Industry and Electricity, prepared numerous speeches, structured interviews and presentations for the Ministers, Deputy Ministers and senior officials of various ministries.

**Public
Relations**

Emerging Markets in Turkey, Middle East, East Europe

Delivered various speeches and papers to numerous business conferences on trade and investment in the Middle East and East Europe. Also commissioned by several newspaper publishers as part of their special supplements on Turkey, U.A.E. and Saudi Arabia, to write the background information and the articles on the economic conditions and foreign investment policies in these countries. These articles were printed in special supplements in Forbes Business Magazine, in the Financial Times and in supplements on business and economic journals in Scandinavia and the Middle East.

DFID IRAQ
TERMS OF REFERENCE
STATE OWNED ENTERPRISE, PROGRAMME DESIGN ADVISER
PRIVATE SECTOR DEVELOPMENT TEAM
COALITION PROVISIONAL AUTHORITY

Background

Like other centrally planned countries Iraq's economy is heavily dependent on the state. Basic food items are provided directly to families through the Public Distribution System. Other goods, including fuel, power and water, are provided at heavily subsidised prices or for free. A significant proportion of the country's production and employment is through largely inefficient state owned enterprises (SOEs). Reform to address these inefficiencies is a necessary first step in Iraq's economic rehabilitation.

But reform will be politically difficult. Many vulnerable people depend upon the current systems. There is already widespread poverty, and unemployment may be as high as 60%. Great care must be taken to ensure that any adverse impacts are mitigated. This will require a co-ordinated approach across several Government Ministries.

DFID has now completed its Country Assistance Plan for Iraq, setting out its priorities for the next 18 months. A key pillar in this plan is assisting the CPA, and subsequently the Iraqi authority, in addressing these issues of transition. To do this we will provide a range of experts, four of whom will, in the first instance, each design a programme for DFID support to a different aspect of transition.

In total there will be five experts. Two of these experts will be attached to the Ministry of Industry and Minerals, based initially within the CPA, but gradually working increasingly closely with the Iraqi Ministry. They will advise on the design of programmes of support to reform of State Owned Enterprises. The first will be responsible for designing a programme for DFID support to tackle the financial, commercial and transactional issues associated with SOE reform. These TORs refer to this post. The second will be responsible for designing a programme for DFID support addressing the social impacts of SOE reform, including, if appropriate, designing a social safety net for retrenched workers. While they will be initially attached to the Ministry of Industry and Minerals they will seek opportunities to work with other ministries on these issues. Of the remaining three, one will be responsible for designing a programme for DFID financing in support of the monetisation of the food basket, within the Ministry of Trade. A second, located within the Ministry of Finance, will be responsible for designing a programme for DFID support for policies to remove subsidies on fuel, and other non-food items, and the fiscal effects of this. The fifth member of the team, who will not initially be engaged specifically on designing a programme for DFID support, will also be based within the Ministry of Finance, and will be responsible for advising on the overall financial implications of reforms, to ensure that overall transition policies are consistent and achievable within the budgetary framework.

DFID has undertaken to make the recommendations, findings and achievements of all five experts available to other donor organisations, principally the World Bank, UN and IMF. DFID may also organise specific briefings for these organisations.

Purpose

The purpose of the assignment is to design a programme, suitable for DFID financing, of support to key transactional aspects of the reform of SOEs. This should cover short, medium and long-term interventions. It should reflect, and where appropriate reconcile, the priorities of the CPA, the subsequent Iraqi authority and the Ministry of Industry & Minerals, as well as of DFID. It will involve providing the CPA, and subsequent Iraq authority with high quality analysis, taking full account of both the economic/ financial and social implications of reform. This will assist the CPA, and subsequent Iraqi Government, to make informed policy decisions on transition.

Activities and Method of Work

The outcome of activities undertaken will be the design of a programme of support consistent with the purpose stated above. To do this, the Consultant will advise the CPA and Ministry of Industry and Minerals on all transactional aspects of the reform of State Owned Enterprises. In doing so the consultant will co-ordinate closely with other CPA advisers, the Ministry of Finance, and other ministries and relevant international agencies.

The consultant will be required to work flexibly, responding to the requirements of the CPA, an evolving policy framework, and to any short-term requirements. Within that framework the following activities are anticipated:

- Working as part of the Ministry of Industry and Minerals team developing financial data for the Ministry's State Owned Enterprises. This should include revenue/ profit loss data, as well as balance sheet/ asset register data.
- Use this and other relevant information, together with commercial judgement, to design possible scenarios for reform of each SOE.
- Fully cost scenarios for reform. Where appropriate, work with the social impact adviser to design costed proposals for the provision of an appropriate social safety net to retrenched workers. The design should include appropriate public information programmes, explaining the need for, and benefits of reform to stakeholders.
- The postholder will be responsible, if deemed appropriate by the senior adviser, for explaining their proposals to the CPA, and subsequent Iraqi Authority
- Recognising that SOE reform will be a long process in Iraq, the post holder will work with the Iraqi authorities and the Economic Advisors in DFID's Iraq Directorate to develop plans for further assistance on SOEs after the transition of control to an Iraqi authority.
- While the focus of the work will be on the SOE's owned by the Ministry of

Industry and Minerals, the consultant should seek to make contacts with other Ministries, and where S/he has spare capacity, provide support to these ministries. The consultant will also seek to engage in the policy debate on SOE's opportunities arise.

Reporting

The post will be located within the CPA Private Sector Development Department. The consultant will work under the guidance of the CPA Senior Adviser in the Department. In addition the consultant will provide weekly reports on progress to the Project Officer in the Iraq Directorate at DFID, and to the Head of DFID's Baghdad Office. S/he may also be called upon to brief senior British representatives within the CPA. On completion of the initial assignment a report will be made setting out the work undertaken which underpins the selected programme design, any outstanding issues, and recommendations for further support.

Location and Security

The post will be based in Baghdad. It will involve travel to other parts of Iraq, as permitted by the security situation. The postholder will adhere to DFID's security procedures for Iraq.

Qualifications

The following are required for this post:

- A formal qualification, and significant experience in accounting/ finance, and/or business administration
- Experience of analysing state owned enterprise accounts and assets, in a developing country context
- Ability to deliver in a highly pressured and demanding environment.
- Ability to work as part of a team and respond constructively to changing circumstances and demands.
- Experience of operating in post-conflict environments and transition economies.
- Senior-level experience on SOE reform issues and transition
- Experience of operating in the Middle East, particularly Iraq, is desirable.
- A knowledge of Arabic would be very desirable

Timing and Duration

The contract will run initially for two months. At the end of this period the contract will be reviewed. The assignment will ideally start in March 2004.

Curriculum Vitae:

(b)(6)

Proposed position:

SOE Reform Labour Issues Adviser, Ministry of Industry, Baghdad

(b)(6)

(b)(6)

PROFESSIONAL EXPERIENCE:

(b)(6)



(b)(6)

(b)(6)

(b)(6)

(b)(6)

(b)(6)

From: (b)(6)
Sent: Friday, April 16, 2004 6:33 PM
To: (b)(6)
Subject: FW: Sales/donation authority in Iraq

Ma'am,

Attempting without attachments.

V/R

(b)(6)

USCENTCOM CFH CCJ5-EG

Gulf Branch

(b)(6)

-----Original Message-----

From: (b)(6)
Sent: Friday, April 16, 2004 5:33 PM
To: (b)(6)
Subject: FW: Sales/donation authority in Iraq

V/R

(b)(6)

USCENTCOM CFH CCJ5-EG

Gulf Branch

(b)(6)

-----Original Message-----

From: (b)(6)
Sent: Friday, April 16, 2004 5:31 PM
To: (b)(6)
Subject: FW: Sales/donation authority in Iraq

Ma'am,

Resending.

V/R

(b)(6)

USCENTCOM CFH CCJ5-EG

Gulf Branch

(b)(6)

-----Original Message-----

From: (b)(6)
Sent: Friday, April 16, 2004 9:17 AM

4/17/2004

To: (b)(6)
Subject: FW: Sales/donation authority in Iraq

(b)(6)

I received your name from (b)(6), the CPA desk officer at State. She said you might be able to assist with the issue below. Thank you very much.

V/R

(b)(6)

USCENTCOM CFH CCJ5-EG
 Gulf Branch

(b)(6)

-----Original Message-----

From: (b)(6) (PKI)
Sent: Thursday, April 15, 2004 11:06 PM
To: (b)(6)
Cc: (b)(6)
Subject: Sales/donation authority in Iraq

(b)(6)

As we discussed on the phone, the Defense Reutilization and Marketing Service (DRMS) is trying to facilitate the disposal/reutilization of used petroleum, oil, and lubricants (POL) that have accumulated in Iraq. DRMS has identified two in-country options for reutilizing used POL (i.e., local brick kilns and refineries). Before DRMS can transfer the POL to these local activities a competent authority must tell DRMS that local sales/donations don't violate existing agreements. Normally this permission/verification is provided by the U.S. Embassy (action officer level). However there isn't a U.S. Embassy in Iraq, and efforts to identify a surrogate at CPA have been unsuccessful. The levels of stored/used POL are reaching critical mass and now pose a hazard to both people and the environment. Would appreciate any assistance you can provide in locating competent authority willing to sign a sales authority document. A sample sales authority document is attached.

VR

(b)(6)

-----Original Message-----

From: (b)(6)
Sent: Tuesday, October 28, 2003 3:20 PM
To: (b)(6)
Cc: (b)(6)
Subject: FW: version D00X

(b)(6)

Let me know if you have questions.

(b)(6) please pass this info to the CENTCOM Iraq Liaison Officer for action. (b)(6) will simultaneously work this action with the CJTF-7 staff and the CJTF-7 DLA LNO.

(b)(6)

-----Original Message-----

From: (b)(6)
Sent: Tuesday, October 28, 2003 1:44 PM

4/17/2004

To: (b)(6)
Subject: Version Doux

(b)(6)
Associate Counsel
DRMS-International

(b)(6)

~~The contents of this electronic transmission are privileged and contain information which may be confidential, or protected by the attorney-client and/or the attorney work product privilege. If you are not the intended recipient, any disclosure, copying, distribution or use of this information by any means is unauthorized and prohibited. If you have received this communication in error, please notify us immediately and delete the original message and attached materials.~~

4/17/2004

The Defense Reutilization and Marketing Service (DRMS) is a field activity of the Defense Logistics Agency (DLA), an agency of the U.S. Department of Defense (DoD). DRMS is seeking the approval of the U.S. Diplomatic Mission in Iraq for the establishment of the following foreign excess disposal program.^[1] This disposal program applies to the sale, transfer, donation or disposal of Foreign Excess Personal Property (FEPP) generated by DoD in Iraq. DRMS is DoD's designated agent for the disposition of FEPP under policies and procedures set forth in DoD 4160.21-M.

DRMS intends to sell or otherwise dispose of FEPP within Iraq under the following conditions:

1. This foreign excess disposal program applies to useable property and scrap not subject to trade security controls or not requiring demilitarization.
2. DRMS will determine the appropriate disposition of FEPP under disposal regulations applicable to the U.S. Department of Defense. Such disposition could include sale to private parties; transfer, sale or donation to the Government of Iraq once established and recognized by the United States (hereafter called Government of Iraq); transfer or donation to U.S. Government agencies or authorized private organizations and abandonment or destruction.^[2] However, in the interest of ensuring needed materials remain in the country, the Coalition Provisional Authority shall be afforded the same priority level with respect to screening FEPP as are other DoD components. The parties shall hereafter develop procedures to utilize this screening priority.
3. Recipients of any property under this program shall be responsible for ascertaining and complying with all applicable international, national, regional and local laws, ordinances, agreements and regulations pertaining to the registration, taxation, licensing, handling, possession, transportation, exportation, importation, processing, manufacturing, sale, use, disposal or recycling of such excess property, and are not excused from any violation of such laws or regulations either because the United States is a party to the sale or has had any interest in the property at any time.
4. Prior to selling or otherwise transferring any property covered by this program, DRMS will provide a list of such property to the U.S. Mission. The Mission will be given the opportunity to screen the property and request any items for transfer to the Mission or other U.S. Government agencies. Following such screening, DRMS may offer any remaining property to the Government of Iraq, when established and recognized by the United States. If DRMS decides to offer property to the Government of Iraq, DRMS will provide a description of such property. The Government of Iraq will have ten (10) calendar days from the date such description is received to inform DRMS that it is interested in receiving the property. DRMS will negotiate an acceptable arrangement with the Government of Iraq for the purchase, transfer or donation of any such property. DRMS would then sell, transfer, donate or dispose of any remaining property.

5. No munitions, weapons, or property requiring demilitarization will be sold, transferred, donated or disposed under this program unless such property has been properly demilitarized prior to its disposition or as a condition of sale.

If the foregoing is acceptable to the U.S. Diplomatic Mission and consistent with existing agreements, DRMS will act in accordance with the conditions set forth herein, effective from the date that this document is signed by an appropriate representative of the Mission. Approval of this disposal authority document also constitutes host nation approval for abandonment and destruction as required under paragraph E, Chapter 8, DOD 4160.21-M. Any necessary concurrence or agreement by the Government of Iraq will be documented in a separate exchange of notes.

(b)(6)

Colonel, USA
Commander

U.S. Mission

V/R

(b)(6)

USCENTCOM CFH CCJ5-EG
Gulf Branch

(b)(6)

(b)(6)

From: (b)(6) on behalf of Executive Secretary
Sent: Saturday, April 17, 2004 10:10 PM
To: CPA Ministries
Cc: Executive Secretary; (b)(6)
Subject: Training for 2005 Budget Formulation Participants
Importance: High
Follow Up Flag: Follow up
Flag Status: Flagged

Dear Senior Advisors.

(b)(6) in Finance has asked us to inform you of additional budget and computer training opportunities for your ministries.

In February, the Minister of Finance sent your ministries a letter inviting them to send three individuals to training in preparation for formulation of the 2005 budget. The initial training session covering basic computer skills (Word/Excel) begins next week.

The first class is full. We expect the MoF to run weekly courses for those ministries that did not get into the first class. If your ministry is interested, please have the individuals fill out the attached survey form and return them to (b)(6) in room S-123B.

Just in case your ministry missed it the first time around, here's a list of those that MoF sent an invitation to, but didn't receive a response back.

- Awqaf (Religious Endowments)
- Commission on Public Integrity
- Defense
- Electricity
- Foreign Affairs
- Health
- Higher Education
- Housing and Construction
- Human Rights
- Immigrants
- Industry and Minerals
- Interior
- Iraqi Media Network
- Kurdistan Administrative Office of Erbil

4/18/2004

- Kurdistan Administrative Office of Sulaymania
- Labour and Social Affairs
- Oil
- Planning and Donor Coordination
- Transportation
- Water Resources

Best regards,

(b)(6)

Deputy CPA Executive Secretariat

(b)(6)

For a more expeditious response, please reply to Executive Secretary and not to me individually. Thank you.

4/18/2004

BUDGET SKILLS INVENTORY

The purpose of this inventory is to assist the Ministry of Finance in developing training programs for its employees.

Position: Budget Analyst

Employee Name: _____

Place an "X" in the "YES", "NO", or "Unknown" column to the right of the categories shown in the table below. YES to indicate an employee has a capability. NO indicates that an employee does not yet have a capability.

Number	CAPABILITY	YES	NO	Unknown
1.	Knowledge of commonly used budget and/or finance concepts			
2.	Knowledge of financial oversight, budget formulation and budget execution			
3.	Knowledge of the Iraqi budget process			
4.	Knowledge of the Iraqi chart of accounts			
5.	Knowledge of budget proposal and briefing development			
6.	Ability to develop budget justifications			
7.	Ability to develop and modify long range plans			
8.	Basic office computer skills (e.g., turn on computer, start programs, etc.)			
9.	Basic skill in using Microsoft "Word" word processor program			
10.	Basic skill in using Microsoft "Excel" spreadsheet program			

Office of Strategic Communications, CPA Baghdad

Arabic Media and Programs Unit

Al-Jazeera and Al-Arabiya accountability tracking

unverified: failed to check facts before broadcast, allowed editorial opinions to pass with no oversight
bias: editorial comment clearly skews perception and inserted in inappropriate news context, often to fit preconceived notions and without opposing viewpoint provided
distortion: twisting of facts through image or language to create misleading impression or illustrate different reality - includes "Implied Speech"
misrep: misrepresentation of individual, statements or facts to reinforce unbalanced editorial position

date	time	outlet	media	theme	reporter	location	allegation/report	CPA/CJTF7 verif	categorization	truth/ response
8-Apr	aft	al-J	sat	disrespect for mosques	Ahmad Mansour	Fallujah	"took position in minaret and fired upon people"	FALSE	unverified	Anti-Iraq forces have recently conducted attacks from mosques. In at least two incidents local religious leaders fully cooperated with Coalition forces on the ground by granting them permission to enter the mosque in order to remove enemy personnel and enemy weapons. Under the laws of war, religious sites enjoy a protected status and may not be used for the purpose of combat operations. Insurgents have, however, continue to violate this very principle and do not hesitate to occupy and fight from mosques where it suits their tactics.
10-Apr	eve	al-J	sat	disrespect for mosques/ images	Program "Subject of the Week"	Fallujah	Fallujah story repeated information about massive casualties, attacks on civilians. At one point, they showed an image of man silhouetted against the sky. He is armed and in a mosque minaret. Because this is preceded and followed by images of U.S. soldiers, the implication is that this is a U.S. soldier using the minaret.	FALSE	bias/ misrep.	The man in the image is clearly not American.
9-Apr	eve	al-J	sat	intentional harm civilians	Joumana Nammur	Fallujah	interviewee Abu Hafz: "The Americans killed the sons of Fallujah and their tanks trampled them. Today they killed one of the brothers in the Nazzal neighborhood and mutilated his body. Eyewitnesses told us that the US forces mutilated his body."	FALSE	bias/ unverified	CF regret any loss of life and have respect for the dead when death occurs. No bodies have been mutilated in Fallujah other than the four Americans killed by the angry mob last week.
9-Apr	aft	al-J	sat	intentional harm civilians	Ahmad Mansour	Fallujah	"Children are being killed and women cut to pieces in Fallujah." "Bodies of women are ripped apart from the shelling of planes, there is intense anger everywhere, the planes are shelling, smoke is rising from everywhere, despite the cease-fire announcement."	FALSE	bias	Coalition forces make absolutely every effort to make sure that innocent bystanders remain unharmed. The insurgents show no such regard for human life and are happy to launch their attacks against Coalition forces, from among innocent people. We often provide medical aid to people injured by anti-Iraq forces.
9-Apr	aft	al-J	sat	intentional harm civilians		Fallujah	"U.S. troops fired on an Iraqi ambulance and are targeting civilians."		blatant/ unverified	Coalition forces make sure that ambulances continue to enjoy a protected status. On some occasions, insurgents have used ambulances to launch attacks. In such cases, these vehicles become legitimate targets. We never target non-combatants. We deeply regret any loss of innocent life and make sure our forces remain fully trained to ensure that loss of civilian life is minimized. Our forces are extremely well-trained in how to be precise and deliberate.
9-Apr	aft	al-J	sat	intentional harm civilians	Ahmad Mansour	Fallujah	"People who have tried to flee Fallujah in cars have returned after being shot at by U.S. troops."	FALSE	distortion/bias	Those who seek to leave Fallujah have been free to do so. Each person leaving the city is given a bottle of water and asked whether CF can be of any help.

date	time	outlet	media	theme	reporter	location	allegation/report	CPA/CJTF7 verif	categorization	truth/ response
9-Apr	aft	al-J	sat	Intentional harm civilians		Fallujah/ Najaf	"Cluster bombs are being used in Fallujah and Najaf."	FALSE	unverified	These weapons are not suitable for the kind of fighting we are seeing in Fallujah. Precision-guided munitions ARE being used to bring tremendous force to bear on those elements who have chosen to fight. We will continue to deliver precise, lethal strikes against terrorist targets.
10-Apr	mor	al-J	sat	Intentional harm civilians	Ahmad Mansour	Fallujah	"Eyewitnesses from the Julian area this morning told us that four houses were targeted there."	FALSE	unverified	CF do not target civilians and residential areas. CF take great pains to use precise tactics to engage the enemy and avoid collateral damage.
10-Apr	aft	al-J	sat	CF losses	Ahmad Mansour	Fallujah	"Opposition brought down a US F-16."	FALSE	unverified	all CF air assets accounted for
10-Apr	eve	al-J	sat	CF losses		Baghdad	US soldier killed, three wounded in attack on US base.	FALSE	unverified	two mortars hit, several soldiers wounded but returned to duty
10-Apr	eve	al-J	sat	CF losses		Kut	"Large number of British soldiers were killed, their vehicles destroyed in an attack on their camp in the Governorate of Maysan."	FALSE	unverified	GC Maysan confirms no casualties of any kind after nine mortar rounds fired at ICDC base.
9-Apr	eve	al-J	sat	Images	Documentary "A Year Under Occupation."	Baghdad	montage and backdrop feature US soldiers, elderly Iraqis, and a large skull in the middle.	FALSE	bias	
9-Apr	eve	al-J	sat	Images	Documentary "A Year Under Occupation."	Baghdad	violent music, graphic images, children crying, men protesting and shouting, Saddam statue face being covered with US flag	FALSE	bias	
9-Apr	eve	al-J	sat	targeting of al-J	Ahmad Mansour	Fallujah	"Regrettably, we as an al-Jazeera team were targeted, and we were shot at twice... some spies or agents had fired bullets on us."	FALSE	bias/unverified	We value the right of any organisation to exercise freedom of speech, so long as this is done responsibly. We only want Al Jazeera to recognize the immense responsibility it has to its viewers to provide an objective view of events as they unfold. Reporting from a field of conflict is hazardous for any journalist. Coalition forces only target combatants.
9-Apr	eve	al-J	sat	targeting of al-J	Ahmad Mansour	Fallujah	"I was talking to my colleague Ahmad al-Shelkh, and we were surprised by bullets over our heads. I immediately informed him that we were coming under attack... these were from the heavy machine guns of the US tanks..."	FALSE	bias	We value the right of any organisation to exercise freedom of speech, so long as this is done responsibly. We only want Al Jazeera to recognize the immense responsibility it has to its viewers to provide an objective view of events as they unfold. Reporting from a field of conflict is hazardous for any journalist. Coalition forces only target combatants.
10-Apr	mor	al-J	sat	targeting of al-J	Ahmad Mansour	Fallujah	"Al Jazeera is being targeted. Last night we were targeted by some tanks, twice. But we escaped. The US wants us out of Fallujah, but we will stay."	FALSE	bias/ unverified	We value the right of any organisation to exercise freedom of speech, so long as this is done responsibly. We only want Al Jazeera to recognize the immense responsibility it has to its viewers to provide an objective view of events as they unfold. Reporting from a field of conflict is hazardous for any journalist. Coalition forces only target combatants.
10-Apr	mor	al-J	sat	targeting of al-J	Ahmad Mansour	Fallujah	"We are working moving from one place to another, having become a target to those who do not want footage to be aired from here."	FALSE	bias	We value the right of any organisation to exercise freedom of speech, so long as this is done responsibly. We only want Al Jazeera to recognize the immense responsibility it has to its viewers to provide an objective view of events as they unfold. Reporting from a field of conflict is hazardous for any journalist. Coalition forces only target combatants.
11-Apr	eve	al-J	sat	media war		Baghdad	BG Kimmitt when asked about civilian casualties in Fallujah, responded the answer was simple: "Change the Channel."		misrep/ bias	Al-J provided an Arabic voice over up to the point at which BG Kimmitt said "Change the channel", which they let him say in his own words, followed by a translation of those three words. <i>They did not translate the GEN's words that followed regarding the "propaganda" delivered on the TV station. Implication is that BG Kimmitt is telling audience to ignore the incidents and the casualties.</i>

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 39**FOREIGN INVESTMENT**

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Having worked closely with the Governing Council to ensure that economic change occurs in a manner acceptable to the people of Iraq,

Acknowledging the Governing Council's desire to bring about significant change to the Iraqi economic system,

Determined to improve the conditions of life, technical skills, and opportunities for all Iraqis and to fight unemployment with its associated deleterious effect on public security,

Noting that facilitating foreign investment will help to develop infrastructure, foster the growth of Iraqi business, create jobs, raise capital, result in the introduction of new technology into Iraq and promote the transfer of knowledge and skills to Iraqis,

Recognizing the problems arising from Iraq's legal framework regulating commercial activity and the way in which it was implemented by the former regime,

Recognizing the CPA's obligation to provide for the effective administration of Iraq, to ensure the well being of the Iraqi people and to enable the social functions and normal transactions of every day life,

Acting in a manner consistent with the Report of the Secretary General to the Security Council of July 17, 2003, concerning the need for the development of Iraq and its transition from a non-transparent centrally planned economy to a market economy characterized by sustainable economic growth through the establishment of a dynamic private sector, and the need to enact institutional and legal reforms to give it effect,

Having coordinated with the international financial institutions, as referenced in paragraph 8(e) of the U.N. Security Council Resolution 1483,

In close consultation with and acting in coordination with the Governing Council, I hereby promulgate the following:

CPA/ORD/19 September 2003/39

Section 1 Definitions

- 1) **"Administrator"** means the Administrator of the Coalition Provisional Authority.
- 2) **"Business entity"** means any entity constituted or organized by law of any country, including, but not limited to, any corporation, partnership, joint venture, firm, enterprise, State-owned enterprise, organization, or other similar entity.
- 3) **"Foreign investment"** means investment by a foreign investor in any kind of asset in Iraq, including tangible and intangible property, and related property rights, shares and other forms of participation in a business entity, and intellectual property rights and technical expertise, except as limited by Section 8 of this Order.
- 4) **"Foreign investor"** means (a) a business entity constituted or organized under the law of a country other than Iraq; (b) a natural person who is (i) a national of a country other than Iraq, (ii) a stateless person not residing permanently in Iraq, or (iii) a national of Iraq residing permanently outside of Iraq; or (c) a business entity constituted or organized by any of the above under the law of Iraq; that is making or has made an investment in Iraq.
- 5) **"Iraqi investor"** means (a) a business entity constituted or organized under the law of Iraq other than by a foreign investor; or a natural person who is (i) a national of Iraq residing permanently in Iraq, or (ii) a stateless person residing permanently in Iraq; that is making or has made an investment in Iraq.

Section 2 Purposes

This Order promotes and safeguards the general welfare and interests of the Iraqi people by promoting foreign investment through the protection of the rights and property of foreign investors in Iraq and the regulation through transparent processes of matters relating to foreign investment in Iraq. This Order specifies the terms and procedures for making foreign investments and is intended to attract new foreign investment to Iraq.

Section 3 Relation to Existing Iraqi Law

- 1) This Order replaces all existing foreign investment law.

- 2) This Order is subject to revision by the Administrator, or to adoption or replacement by an internationally recognized, representative government established by the people of Iraq.
- 3) Future Orders or other guidance will be issued concerning various sectors of the economy.

Section 4 Treatment of Foreign Investors

- 1) A foreign investor shall be entitled to make foreign investments in Iraq on terms no less favorable than those applicable to an Iraqi investor, unless otherwise provided herein.
- 2) The amount of foreign participation in newly formed or existing business entities in Iraq shall not be limited, unless otherwise expressly provided herein.

Section 5 Trade Offices & Branches

A foreign investor may open trade representation offices and branches in Iraq; such offices and branches shall be registered with the Iraqi Registrar of Companies.

Section 6 Areas of Foreign Investment

- 1) Foreign investment may take place with respect to all economic sectors in Iraq, except that foreign direct and indirect ownership of the natural resources sector involving primary extraction and initial processing remains prohibited. In addition, this Order does not apply to banks and insurance companies.
- 2) Foreign investment may take place in all parts of Iraq.
- 3) A foreign investor shall be prohibited from engaging in retail sales, unless at least 30 days prior to engaging in such retail sales such foreign investor deposits \$100,000 in a non-interest-bearing account in a properly licensed Iraqi bank located in Iraq pursuant to procedures to be promulgated by the Ministry of Trade. Once a deposit is made pursuant to its procedures, the Ministry of Trade shall issue documentation to the foreign investor reflecting the authorization to engage in such retail sales. Such deposit must be maintained during the entire time that the foreign investor is engaged in retail sales; provided however, it shall be returned upon the request of the foreign investor at the completion of the retail sales activity.

Section 7
Implementing Foreign Investment

- 1) A foreign investor may implement foreign investment using, among other things, freely convertible currencies or Iraqi legal tender, in the following forms:
 - a) establishing a wholly foreign-owned business entity in Iraq, including as a subsidiary of a foreign investor;
 - b) establishing a business entity jointly with an Iraqi investor;
 - c) establishing a branch office, as set forth in Section 5 herein; and
 - d) directly acquiring an investment.
- 2) A foreign investor shall be authorized to:
 - a) possess, use, and dispose of its investments;
 - b) manage or participate in managing a business entity;
 - c) transfer its rights and obligations to other persons in accordance with the law;
 - d) transfer abroad without delay all funds associated with its foreign investment, including:
 - i) shares or profits and dividends;
 - ii) proceeds from the sale or other disposition of its foreign investment or a portion thereof;
 - iii) interest, royalty payments, management fees, other fees and payments made under a contract; and
 - iv) other transfers approved by the Ministry of Trade;
 - e) exercise any other authority conferred upon it by law.
- 3) The Finance Minister and the Minister of Planning may jointly issue regulations to assist in the implementation of this Order.

Section 8 Use of Real Property

- 1) After the date of this Order, unless otherwise permitted by law, a foreign investor or a business entity with any level of foreign investor participation may not under any circumstances purchase the rights of disposal and usufruct of private real property.
- 2) The duration of any license to use property shall be determined by the duration of operations related to the foreign investment. The initial term of a license shall not exceed 40 years, but may be renewed for further such periods. Licenses may be reviewed by the internationally recognized, representative government established by the people of Iraq upon its assumption of the responsibilities of the CPA.
- 3) If a business entity that is owned or controlled by a foreign investor or foreign investors is dissolved before the expiration of the license or lease, then the license or lease shall be terminated at the time of such dissolution.

Section 9 Insurance

A foreign investor shall be permitted to obtain insurance coverage for all aspects of its operation from any foreign or Iraqi source deemed appropriate by the foreign investor.

Section 10 Dispute Settlement

Disputes between a foreign investor and an Iraqi investor pertaining to investment in Iraq, or between a foreign investor and an Iraqi legal or natural person, shall be resolved in accordance with the dispute resolution provisions contained in any applicable written agreement governing the relationship between the parties. The parties may elect in any agreement to utilize the arbitration mechanisms outlined in Iraqi law.

Section 11 Dissolution of Entities

- 1) Within 14 days from the date of adopting a resolution or other instrument terminating the operations of a business entity that is owned or controlled by a foreign investor or foreign investors, the business entity with foreign investment shall submit the resolution or other instrument to the Iraqi Registrar of Companies.

- 2) Upon termination of operations and dissolution of the business entity with any level of foreign investment, any such foreign investor shall, consistent with Section 7 of this Order, have the right to transfer profits from the sale or liquidation to any foreign location, or as provided in a written agreement between the foreign investor and an Iraqi investor, provided that all amounts owed by such business entity to the government of Iraq and all Iraqi creditors have been paid in advance of the transfer.

Section 12 Tax Treatment

The Administrator may issue further orders to address the tax treatment of income derived from a foreign investment that is reinvested in a business entity in Iraq.

Section 13 Treatment of Investors

No legal text that impedes the operation of this Order shall hold and all investors, foreign and Iraqi, shall be treated equally under the law, except as otherwise specifically provided in this Order.

Section 14 International Agreements

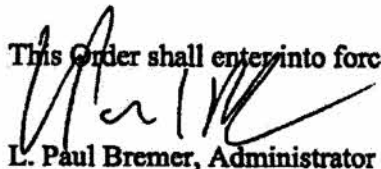
Where an international agreement to which Iraq is a party provides for more favorable terms with respect to foreign investors undertaking investment activities in Iraq, the more favorable terms under the international agreement shall apply.

Section 15 Evasion

Violations of Sections 6(3) and 8(1) of this Order may serve as a basis for suspension or cancellation of the rights of a foreign investor in Iraq that arise under this Order.

Section 16 Entry into Force

This Order shall enter into force on the date of signature.


L. Paul Bremer, Administrator
Coalition Provisional Authority

PRESS STATEMENT

IRAQI MINISTER OF FINANCE KAMEL AL-GAILANI

September 21, 2003

Following recent extensive discussions between the Iraqi Governing Council and the Coalition Provisional Authority, I am pleased to announce a series of significant economic and financial reforms. The measures will be implemented in the near future and represent important steps in advancing Iraq's reconstruction efforts.

The reforms will significantly advance efforts to build a free and open market economy in Iraq, promote Iraq's future economic growth, accelerate Iraq's re-entry into the international economy and reintegration with other countries, and the development of domestic Iraqi institutions that are based on international standards and international best practices.

The specific measures concern Iraq's foreign direct investment code, its banking sector, and its tax and tariff regimes. Key features include the following:

Foreign direct investment

- Allows up to 100% foreign ownership in all sectors except natural resources (real property cannot be owned by foreigners but can be leased up to forty years)
- Permits direct ownership, joint ventures, branches
- Provides for national treatment of all foreign firms
- Permits full and immediate remittance of profits, dividends, interest, and royalties
- Imposes no local product requirements or other such limitations
- There will be no clearing committee for foreign investments

International bank entry

- Permits foreign banks to enter Iraq as branches, subsidiaries, representative offices, or through joint ventures with local banks
- Permits six foreign banks to purchase up to 100% of local banks within the next five years. After five years there will be no limitation on foreign bank entry.
- There will be a "fast track entry" process for the first two of these six banks – prompt and substantial lending will be a significant criterion in early entry determinations.
- There will be a \$25 million capital requirement for foreign majority-owned subsidiaries, through there is no restriction on where that capital may be invested. There are no specific capital requirements for branches.
- Permits an unlimited number of foreign banks to purchase up to 50% of local banks
- Provides for national treatment of all foreign banks

- Allows foreign banks to accept deposits immediately
- Commercial banking**

- Requires initial capitalization of local banks that is equivalent to \$5 million USD within 18 months
- Will require long-term capitalization consistent with Basle standards
- Establishes strong "fit and proper" licensing criteria
- Sets forth strong qualification requirements for bank managers and boards of directors

Taxes

- Continuation of tax holiday through the remainder of 2003 except for the following – hotels and restaurants, capital gains on land transfers, an excise tax on petrol consumption, and a stamp duty that applies to the transfer of motor vehicles
- 15% maximum marginal tax rate on individual income starting January 1, 2004
- 15% maximum marginal tax rate on corporate income starting January 1, 2004

Tariffs

- Enactment of a flat 5% Reconstruction surcharge on all imports except for humanitarian goods – including food, medicines, clothing, and books – that will be fully exempt from the surcharge

Central Banking

- Provides the Iraqi Central Bank with full legal and operational autonomy

**Memorandum of Understanding
Industrial and Mining Cooperation
between
the Islamic Republic of Iran
and
the Republic of Iraq**

With the aim of promoting industrial and mining cooperation between the Islamic Republic of Iran and the Republic of Iraq, a delegation by H.E. Talebani current head of the governing council of Iraq paid an official visit to Iran. During the visit H.E. Jahangiri the Minister of Industries and Mines met with H.E. Mohammad Tofiq Rahim the Minister of Industries and Mines of Iraq and his delegation, had fruitful negotiation and agreed on the followings:

- 1- In the framework of strengthening of the cooperation between the two countries the Iranian side expressed its readiness to participate in reconstruction and renovation of Iraq's industries and mines. The Iraqi side welcomed the initiation and undertook to provide a list of industrial and mining units in need of reconstruction and renovation, within 2 months from the date of this M.O.U.
- 2- The two sides expressed their willingness for joint investment in industries and mines sectors of Iraq. It was agreed that the Iraqi side would provide the Iranian counterpart with a list of its priority projects along with economic and financial feasibility studies of these projects, within 6 months.
- 3- The Iranian side expressed its readiness to cooperate with the Iraqi side by supplying rawmaterials such as steel, aluminium, chemicals, petro-chemicals, carbon-black, textile and garments and food stuff to the Iraqi side.
- 4- The Iranian side expressed its willingness to arrange training courses for Iraqi experts in the field of industrial and mining, especially in food processing, construction material, steel, automotive and machine manufacturing.
- 5- The Iraqi side requested that the managers of its manufacturing units be trained by the Iranian training institutions and consultative services be provided to the said units by the Iranian entities.
- 6- The two parties expressed their readiness to cooperate in exchanging information about their potentials and needs in the areas of engineering ,



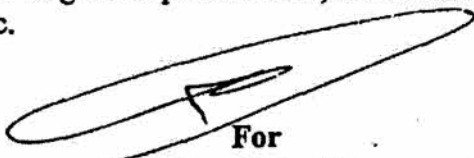
technical, consultative and contracting services related to the industries and mines sectors.

7- In order to agree on the appropriate ways and means for implementation of this M.O.U. a joint industrial and mining commission to be headed by the deputy ministers of industries and mines of the two countries will be formed. This commission will hold its meetings every 3 months alternately in Baghdad and Tehran.

This M.O.U was done and signed in Tehran on 27 Aban 1382 corresponding 18 November 2003 in three original copies in Farsi, Arabic and English, all of which are equally authentic.



For
The Islamic Republic of Iran
Eshagh Jahangiri
Minister of Industries and Mines



For
The Republic of Iraq
Mohammad Tofiq Rahim
Minister of Industries and Mines



COALITION PROVISIONAL AUTHORITY
BAGHDAD

CPA HAS SEEN

ACTION MEMO

April 19, 2004

FOR: THE ADMINISTRATOR
FROM: Office of the General Counsel
SUBJECT: Law on Bankruptcy Proceedings

The enclosed CPA Order amends existing bankruptcy provisions in the Iraqi Code of Commerce and other statutes in order to modernize, strengthen, and clarify Iraqi bankruptcy law. This memorandum requests your approval and signature of the proposed Order.

The Economics and Finance Committee of the Governing Council reviewed and approved the draft Order on April 18th, requesting minimal changes, which have been incorporated. Both the Economics and Finance Committee of the Governing Council and the full Governing Council were to review and comment on the proposed Order by April 14th. Due to the security situation, however, the Governing Council was not able to meet to consider the law by the deadline given. However, the approval of the proposed Order by the Economics and Finance Committee of the Governing Council meets the standard for coordination set forth in United Nations Security Council Resolution 1483.

This law was translated into Arabic and circulated to the Iraqi Court of Cassation, various government ministries, numerous banks, and various legal and accounting professionals in the Iraqi community. The comments received have been adopted to the extent possible. The law has also undergone extensive review and revision as a result of inter-agency consultation, consultation with the UK and Australian governments, and interaction with the World Bank and the IMF.

The proposed Order:

- Clarifies and modernizes the provisions in the 1970 Code of Commerce that govern the bankruptcies in Iraq
- Strengthens and clarifies the rights of secured creditors in bankruptcy proceedings
- Gives ailing companies and entrepreneurs greater opportunities to reorganize their businesses and reduce their debts, and
- Establishes a regime for implementing these procedures by allowing the Council of Judges to appoint bankruptcy judges and the Ministry of Justice to license bankruptcy trustees.

UNCLASSIFIED

78

Although Iraq's bankruptcy law dates back to the 1970 Code of Commerce, this mechanism has rarely, if ever, been used to resolve business distress. Instead, the former regime used subsidization and heavy handed government regulation to prevent business failure (or the appearance of it).

With the liberalization of the Iraqi economy and the increase in foreign and domestic competition, a functioning bankruptcy law is necessary to address instances where companies and entrepreneurs run into financial trouble. Further, and just as importantly, a clear predictable framework for bankruptcy is necessary to encourage banks and other lenders to provide credit to businesses.

RECOMMENDATION: That the Administrator sign the attached Order.

Approve: ☒ Disapprove: ☐ Approve with modification: ☐

ATTACHMENTS: Proposed CPA Order – Law on Bankruptcy Proceedings

COORDINATION: Ministry of Justice (b)(6) (ok)
Ministry of Finance (b)(6) (ok)
Private Sector Development (b)(6) (ok)
Governance (b)(6) (has seen)

UNCLASSIFIED

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 78

FACILITATION OF COURT-SUPERVISED DEBT RESOLUTION PROCEDURES

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Having worked closely with the Governing Council to ensure that economic change as necessary to benefit the people of Iraq occurs in a manner acceptable to the people of Iraq,

Acknowledging the Governing Council's desire to bring about significant change to the Iraqi economic system as necessary to improve the condition of the people of Iraq,

Determined to improve the conditions of life, technical skills, and opportunities for all Iraqis and to fight unemployment with its associated deleterious effect on public security,

Recognizing that companies, lenders and entrepreneurs require a fair, efficient, and predictable mechanism for resolving burdensome indebtedness when incurred by businesses,

Noting that several provisions within Iraqi legislation call for unduly harsh punishments for financially distressed entrepreneurs,

Further noting that resolving the indebtedness of large corporations through in-court procedures is a challenging task requiring training and experience,

Recognizing the CPA's obligation to provide for the effective administration of Iraq, to ensure the well being of the Iraqi people and to enable the social and economic functions and normal transactions of every day life,

Acting in a manner consistent with the Report of the Secretary General to the Security Council of July 17, 2003, concerning the need for the development of Iraq and its transition from a non-transparent centrally planned economy to a free market economy characterized by sustainable economic growth through the establishment of a dynamic private sector, and the need to enact institutional and legal reforms to give it effect,

CPA/ORD/19 April 2004/78

Having coordinated with the international financial institutions, as referenced in paragraph 8(e) of U.N. Security Council Resolution 1483,

In close consultation with and acting in coordination with the Governing Council, I hereby promulgate the following:

Section 1 Definitions

- 1) "Bankruptcy Law" means Part V of Law No. 149 of 1970 on the Code of Commerce, as amended.
- 2) "Penal Code" means the Law No. 111 of 1969 on the Penal Code, as amended.
- 3) "Enforcement Law" means Law No. 45 of 1980 on Enforcement of Judgments (Law on Execution).
- 4) "Civil Code" means Law No. 40 of 1953 on the Civil Law.
- 5) Gender specific language in this Order shall apply equally to male and female, and where appropriate, to entities (juridical persons) and things.

Section 2 Designation of Judges to Hear Petitions for Bankruptcy and Schemes of Arrangement

- 1) One or more first instance court judges in each governate shall be designated to hear cases arising from petitions for bankruptcy or a scheme of arrangement.
- 2) A judge described in paragraph 1 of this Section shall also hear petitions for relief filed by foreign companies with a head branch office in his designated region.
- 3) The Council of Judges shall designate the judges described in paragraph 1 of this Section within 45 days from the date this Order enters into force. Such judges shall have demonstrated a high level of expertise and/or potential ability with respect to disputes concerning companies, entrepreneurs, and banks.

- 4) The designated judges shall hear petitions for bankruptcy or a scheme of arrangement as a portion of their regular caseloads.

Section 3 **Licensing of Bankruptcy Trustees**

- 1) The Ministry of Justice ("Ministry") shall be authorized to license individuals to serve as bankruptcy trustees under the Bankruptcy Law. The Ministry shall issue licensing procedures to govern this activity.
- 2) The Ministry's licensing procedures shall ensure that license holders have a clear understanding of the procedures under the bankruptcy law as well as particular expertise in at least one of the following areas:
 - (a) commercial law and civil procedures;
 - (b) accounting and business finance;
 - (c) business management.

The procedures shall further ensure that license holders have a general knowledge in the areas described item (a) through (c) where they lack particular expertise.

- 3) The Ministry shall ensure that license holders perform their duties in conformity with the Bankruptcy Law and its goals. A license holder failing to perform his duties may be subject to fine, or suspension or cancellation of his license in accordance with procedures to be established by the Ministry.
- 4) The Ministry shall establish and promote a licensing program sufficient to provide bankruptcy judges and creditors a reasonable number of choices of qualified candidates to serve as bankruptcy trustees by no later six months after the date this Order enters into force.

Section 4 **Amendments to the Bankruptcy Law**

- 1) A new, unnumbered heading entitled "Preliminary Provisions" shall be added to the Bankruptcy Law ("Law") prior to Chapter One.
- 2) Four new articles shall be added to the Law under Preliminary Provisions and prior to Chapter One. The articles shall read as follows:

Article 562. In this Part of the Commercial Code, the terms below shall be defined as follows:

(1) A "general privileged creditor" is a creditor that has a preference in payment to the debtor's property that is not subject to a mortgage or special privilege. The general privileged creditors include those described in sub-paragraphs (a) - (c) of paragraph 2 of Article 708.

(2) An "ordinary creditor" is a creditor whose claim is neither secured by mortgage nor otherwise privileged.

(3) The "body of creditors" consists of the general privileged and ordinary creditors.

(4) The "state of union of creditors" is the stage of the bankruptcy proceedings where the property of the bankrupt is disposed of, with the proceeds used to repay the creditors to the extent possible.

Article 563. The purpose of this Part of the Commercial Code is to establish judicial proceedings by which a trader and his creditors may resolve the trader's indebtedness in a collective, transparent, and realistic manner, when the trader no longer can pay debts when they come due. Such resolution may result in a judicially approved agreement between the trader and his creditors or may result in the sale of the trader's property for the repayment of the trader's debts. In either case, the proceedings shall respect the pre-existing contractual and property rights of the trader's creditors to the extent possible.

Article 564. A trader holding a permit or license to engage in banking business and other banking activities may not be subject as a debtor to the proceedings described in this Part.

Article 565. During the proceedings established in this Part, Articles 1361-1380 of the Civil Code shall apply to the extent they do not conflict with the provisions contained herein.

3) Article 569 (chapeau paragraph) is amended to read as follows:

(1) A trader must present a bankruptcy petition against himself within fifteen days of the date of suspension of payments. This period may be extended up to an additional forty-five days if

the trader has informed substantially all his creditors of his financial difficulties and is attempting in good faith to renegotiate the terms of his obligations. The bankruptcy petition shall be in the form of a report, giving the grounds for the suspension of payments, and must be presented to the court with the following documents:

4) Article 570, paragraph 1 of the Law is amended to read as follows: "A creditor or group of creditors with undisputed commercial debts worth more than five hundred thousand dinars, the scheduled payments for which have been missed for more than thirty days, may present a bankruptcy petition against the debtor.

5) Article 570 of the Law is supplemented with paragraphs 3, 4 and 5, which shall read as follows:

(3) Five or more employees of a trader with undisputed claims for wage arrears exceeding one month may jointly present a bankruptcy petition against the debtor.

(4) The government body or bodies authorized to enforce obligations to pay taxes and other mandatory payments to the state treasury may present a bankruptcy petition against the debtor. The bases for presentment shall be the same as those for bringing a forced execution of obligations for payment of taxes and other mandatory payments to the state under applicable law.

(5) A debt described in this Article shall be presumed to be undisputed if it is reflected in a judgment or an executive document.

6) Article 571 of the Law is suspended.

7) Article 573 of the Law is amended to read as follows:

"(1) The court of first instance designated to hear cases arising from petitions for bankruptcy or schemes of arrangement in the governate or subsection thereof wherein lies the head office of the debtor shall have jurisdiction to adjudicate his bankruptcy.

(2) A trader that is under bankruptcy proceedings in a foreign state and that has a branch in Iraq may seek the following relief in the court designated to hear bankruptcy petitions:

- (a) an order suspending all individual suits brought against the trader in any court in Iraq by ordinary creditors or those having general privileged rights;
- (b) an order prohibiting the seizure of assets of the trader wherever located in Iraq unless such assets are subject to a mortgage or privileged right under Iraqi law;
- (c) an order requiring third parties holding the trader's property to surrender such property to the representative of the trader;
- (d) an order providing other necessary relief.

(3) In determining whether to grant the relief described in the preceding paragraph, the court shall consider:

- (a) the protection of creditors in Iraq and the inconvenience in pursuing their claims in a foreign proceeding;
- (b) the just treatment of all creditors through resort to a unified bankruptcy proceeding;
- (c) whether other jurisdictions have given recognition to the foreign proceeding;
- (d) the extent that the foreign proceeding recognizes the rights of creditors and other interested parties in a manner substantially in accordance with the bankruptcy proceedings in Iraq;
- (e) the extent that the foreign proceeding has recognized and shown deference to Iraqi bankruptcy proceedings."

8) Article 574, paragraph 2 of the Law is suspended.

9) Article 576 of the Law is amended to read as follows: "The judge who adjudicates the bankruptcy shall be the judge in charge of the bankruptcy (Judge Commissaire); the court of appeal may at anytime order his replacement by another judge designated to hear bankruptcy cases if it determines that such replacement will serve the general interests of the creditors and the debtor."

10) Article 578 of the Law is supplemented with a new paragraph 2, which shall read as follows: "The date of payment suspension will be the date on which the debtor could no longer make payments on his debts as they fell

due regardless of whether he paid such debts in part." Paragraph 2 of Article 578 shall be renumbered as paragraph 3.

- 11) Article 580, paragraph 2 of the Law is amended to read as follows: "On the day following the adjudication, the court shall cause the applicable order to be posted on the Bulletin Board of the court for thirty days. Within five days from the adjudication date, the trustee in bankruptcy shall submit copies thereof to every court within the jurisdiction of which lies a head office, branch, agency or office of the debtor for having the same posted on the Bulletin Board of such court for thirty days."
- 12) Article 585, paragraph 1 of the Law is amended as follows: "twenty" is replaced with "one hundred thousand" and "two hundred" is replaced with "one million."
- 13) Article 586 of the Law is amended to read as follows:
 - (1) The court may in the bankruptcy adjudication appoint a paid agent to manage the bankruptcy, who shall be called the "bankruptcy trustee."
 - (2) The court shall choose the bankruptcy trustee from a roster of individuals licensed by the Ministry of Justice to perform such duties. Where the number of licensed bankruptcy trustees in the court's jurisdiction willing to serve is less than three, the court may designate a lawyer to serve as the bankruptcy trustee, even if such lawyer lacks a bankruptcy trustee's license.
- 14) Article 587, paragraph 1 of the Law is amended to read as follows: "A person may not be appointed as a bankruptcy trustee if he is a creditor, debtor, or competitor of the bankrupt, the spouse of the bankrupt, or has a relation to the bankrupt of the fourth degree or closer. He may not be appointed if he has been a partner, employee, accountant, or agent (attorney) of the bankrupt during the two years preceding the declaration of bankruptcy."
- 15) Article 587 is supplemented with articles 3 and 4, which shall read as follows:
 - (3) A bankruptcy trustee shall immediately disclose to the Judge Commissaire and the controller (auditor) any of the circumstances in paragraphs 1 or 2, should they arise during the course of the proceedings.

(4) The Judge Commissaire shall dismiss the bankruptcy trustee unless the latter can demonstrate that the circumstances will not undermine his ability to serve the best interests of the creditors and the confidence that the creditors have in him.

16) Article 589 of the Law is amended to read as follows:

(1) The bankruptcy trustee may delegate the performance of tasks to others where such delegation is likely to more efficiently and effectively safeguard the assets of the bankrupt, benefit the creditors, or otherwise facilitate the progress of the bankruptcy proceedings.

(2) The bankruptcy trustee shall be jointly liable with his deputies for the latter's actions.

(3) No delegation may occur without the prior approval of the Judge Commissaire, save for instances in which actions by deputies are necessary to safeguard the assets of the bankrupt or otherwise protect the interests of the creditors. In such cases the bankruptcy trustee shall apply for post-delegation approval as soon as reasonably possible, explaining in his application the basis for the delegation.

17) Article 591 of the Law is amended to read as follows: "The bankruptcy judge may of his own accord, or upon application being made by the bankrupt or the controller, decide to dismiss the trustee; the Judge Commissaire shall give a ruling in regard to such application within ten days of its submission, which is subject to appeal."

18) Article 593, paragraph 2 of the Law is amended to read as follows: "The Judge Commissaire shall summon the creditors to a meeting in the cases stipulated in the law and shall chair such meetings or delegate such duties to the bankruptcy trustee."

19) Article 594 of the Law is supplemented with a paragraph 3, which shall read as follows: "The Judge Commissaire may name the bankruptcy trustee as the official agent to receive service of decisions and summonses on behalf of interested parties or a group thereof if such appointment would expedite proceedings and facilitate distribution of information. In such cases, the bankruptcy trustee shall subsequently serve notices on interested parties in accordance with procedures approved by the Council of Judges."

20) Article 595, paragraphs 2 and 3 of the Law are amended as follows: In paragraph 2, "three" is replaced with "ten". In paragraph 3, "ten" is replaced with "twenty".

21) Article 596, paragraph 1 of the Law is amended to read as follows: "The Judge Commissaire shall appoint a controller from among the creditors who nominate themselves for the post, or, with consent of a majority of the seven largest creditors from the private sector, shall appoint an independent auditor chosen by such group. In the latter case, the independent auditor shall serve as a controller but shall be compensated in accordance with procedures for compensating the bankruptcy trustee. He shall also be subject to the restrictions in Article 587.

22) Article 599, paragraph 1 of the Law is amended to read as follows: "The controller shall not receive fees in consideration of his work, except in cases provided for in Article 596."

23) Article 602, paragraphs 1 and 2 of the Law are amended to read as follows:

(1) A person who is adjudicated bankrupt shall disclose such information upon request, and, regardless of request, shall disclose such information to any person relying on the bankrupt's integrity and competence.

(2) An adjudication of bankruptcy may be the basis for a justified termination of any arrangement in which the bankrupt's integrity and competence is relied upon by the counterparty.

24) Article 604 of the Law is amended to read as follows: "Having been adjudicated bankrupt, a bankrupt may not pay or receive debts owing to him. Negotiable instruments reflecting an obligation of the bankrupt shall be deemed opposed."

25) Article 614 of the Law is amended to read as follows: "All acts of disposal by the bankrupt occurring 90 days prior to suspending payments other than those set down and within the time limits stipulated in the preceding Article shall be adjudged ineffectual against the body of creditors and shall result in the return of the asset for the benefit of the creditors, if the act of disposal is detrimental to their interests and the counterparty in the disposal was aware at the time of the disposal that the bankrupt had suspended payments."

26) Article 622 of the Law is amended to read as follows: "The adjudication of bankruptcy bars the running of interest on ordinary debts and debts that are

subject to a general privilege in regard to the body of creditors only; interest on secured debts may only be claimed on amounts resulting from the sale of the mortgaged or charged property; the principal amount of the debt is collected in the first place, then the interest which accrues prior to the bankruptcy adjudication, and then interest which accrues thereafter.

- 27) The title of Section III of Chapter III is amended to read as follows: "Creditors whose Debts are Secured by a Mortgage or Special Privileged Right over Movable Property and Creditors with General Privileged Rights".
- 28) Article 631, paragraph 1 of the Law is amended to read as follows: "After seeking the leave of the Judge Commissaire, the trustee may within the ten days following the adjudication of bankruptcy pay out of the funds available to him, and notwithstanding the existence of any other debt, the wages and salaries accruing to the workers and employees before the adjudication of bankruptcy for thirty days; where the trustee does not have at his disposal sufficient funds to pay the foregoing debts, payment thereof must be made from funds of the bankrupt or the first lot of funds coming to the bankruptcy that have resulted from the sale of property not subject to mortgage or special privilege, or from excess proceeds from the sale of such property, even though there are other debts having a priority of order."
- 29) Article 633 of the Law is amended to read as follows: "The general privileged right accorded to the Government on grounds of various kinds of taxes shall cover only the principal portion of the debt of the tax due from the bankrupt for the two years which preceded the adjudication of bankruptcy; other taxes due shall be considered ordinary debts."
- 30) Article 634 of the Law is amended to read as follows: "Where a distribution of the properties to which the right of the body of creditors relate is to occur prior to the sale of movable property secured by mortgage or special privilege, such creditors may participate in such distributions as ordinary creditors to the extent they have abandoned their claim to such security. Mortgagees or creditors having priorities who have not received all or part of their debts from the price of the movable property may participate in regard to the balance remaining for them with the ordinary creditors in the distribution of the properties to which the right of the body of creditors relate, provided their debts have been proved."
- 31) An article, to be enumerated as Article 637-A and to be inserted after Article 637 shall read as follows: "The bankruptcy trustee may, at any time after obtaining leave from the Judge Commissaire, pay the debt secured by

a mortgage and or special privilege on immovable property and recover it for the account of the body of creditors."

32) Article 646 of the Law is amended to read as follows:

(1) Where a purchaser is adjudged bankrupt before he pays the price of goods which have entered into his possession or that of his agent, the vendor may not claim rescission of the sale nor the recovery of the goods and he loses his right of priority, except as provided in paragraph 2 of this Article.

(2) A stipulation enabling the vendor to recover or retain his right of priority over the goods may not be adduced against the body of creditors, unless there is a stipulation which retains ownership of the property in the seller, which has been registered according to the applicable law.

(3) A vendor who has made the stipulation in paragraph (2) and has registered it according to the applicable law shall have the same rights over the goods that a mortgagee has over the mortgaged property.

33) Article 661, paragraph 2 of the Law is amended as follows: "five hundred" is replaced with "two million, five hundred thousand".

34) Article 666 paragraph 1 of the Law shall have appended to it the following sentence: "If the bankruptcy trustee is effecting service in accordance with paragraph 3 of Article 594, the statement shall also include the preferred method by which the creditor shall receive notices with regard to the proceedings."

35) Article 667 of the Law is amended as follows: In paragraph 1, "ten" is replaced with "thirty". In paragraph 2, "ten" is replaced with "thirty" and "twenty" is replaced with "sixty".

36) Article 668, paragraph 3 of the Law is suspended.

37) Article 669, paragraph 2 of the Law is amended as follows: "sixty" is replaced with "one-hundred".

38) Article 670 of the Law is amended as follows: "ten" is replaced with "thirty".

- 39) Article 678, paragraph 1 of the Law is amended to read as follows: "The debtor, or creditors representing 25% of the amount of the ordinary debt, may request that a composition offer be considered. The right to submit such request shall expire on the tenth day after the filing of the list of debts prepared in accordance with Article 671. In such cases, the Judge Commissaire shall summon the creditors whose debts have been accepted finally or provisionally to be present at the deliberations of the composition.
- 40) Article 678, paragraph 3 of the Law is amended to read as follows: "The bankruptcy trustee shall within the time limit stipulated in the preceding paragraph have the notice to the meeting to be present at the composition deliberations published in one or more daily newspapers determined by the Judge Commissaire."
- 41) Article 679, paragraph 1 of the Law is amended to read as follows: "The composition meeting shall be held at the place and time determined by the Judge Commissaire who shall preside over the meeting. Such meeting shall occur within thirty to forty-five days after the last newspaper publication of the notice stipulated in Article 678.
- 42) Article 681 of the law is amended to read as follows: "The composition shall not be concluded except with the consent of a majority of the creditors with the right to vote whose debts have been accepted finally or provisionally provided they hold two thirds of such debts; creditors who did not participate in the voting shall not be counted for the purposes of the foregoing two majorities and their debts shall not be considered."
- 43) Article 682, paragraph 2 of the Law is suspended.
- 44) Article 683 of the Law is amended to read as follows:
- (1) Creditors holding a mortgage or special privilege over particular property of the bankrupt or having the status of a general privileged creditor may not take part in the voting on composition for their debts secured or privileged as aforesaid unless they abandon such securities or privileges in advance; the abandonment may be confined to part of the security or privilege; the abandonment shall be mentioned in the minutes of the meeting.
 - (2) Any one of the creditors mentioned in the preceding paragraph who takes part in the voting on the composition but fails to declare abandonment of all or part of his security or

privilege shall be deemed to have abandoned the entire security or privilege.

(3) In all cases, the abandonment shall be final regardless of whether the composition is concluded.

(4) The security or privilege covered by the abandonment shall regain its validity if the composition is annulled.

45) Article 684, paragraph 2 of the Law shall be amended to read as follows: "Where the consent stipulated in Article 681 is not attained, the deliberations shall be adjourned for ten days, after which no adjournment shall be made."

46) Article 687 of the Law is supplemented with new paragraphs 4 and 5, which shall read as follows:

"(4) A composition shall provide for equal treatment of ordinary creditors. An ordinary creditor may nevertheless agree to less favorable treatment under the composition.

(5) A composition shall not be concluded unless all of the arrears on obligations corresponding to claims secured by mortgage or that are otherwise privileged are paid, unless individual creditors with such claims agree to less favorable treatment."

47) Article 689 of the Law is amended to read as follows:

"(1) A composition shall be valid in regard to the ordinary creditors even when they have not participated in the proceedings or did not approve the composition.

(2) A composition shall have no effect with respect to claims secured with a mortgage or that are otherwise privileged, except where the creditors with such claims agree on an individual basis to be subject to the composition."

48) Article 691, paragraph 1 of the Law is amended to read as follows: "All the effects of bankruptcy shall cease by the issue of the order of the Judge Commissaire approving the composition, except for the consequences mentioned in Article 602."

- 49) Article 699 of the Law is supplemented with new paragraphs 4 and 5, which shall read as follows:

"(4) So long as general privileged creditors are paid in full, such composition may stipulate the full forgiveness of debts in exchange for the abandonment of the debtor's property.

(5) When the debtor is a limited liability company or joint stock company, the composition may allow for the cancellation of all outstanding shares of the debtor and the issuance of new shares. In lieu of selling the debtor's property, such shares may be sold with the price thereof distributed to the creditors."

- 50) Article 701, sub-paragraph (a) of the Law is amended to read as follows: "if the debtor fails to apply for a composition within the time limits established in Article 678;"

- 51) Article 705 of the Law is supplemented with a new paragraph 1, which shall read as follows:

"(1) The property of the debtor available for the benefit of the body of creditors shall include:

- (a) property not subject to mortgage or special privilege;
- (b) property not subject to recovery under Articles 641-646;
- (c) property not exempted from execution;
- (d) the excess proceeds described in Articles 630 and 635."

The remaining paragraphs in Article 702 are renumbered accordingly.

- 52) Article 708 of the Law is amended to read as follows:

"(1) The fees, expenses of the administration of the bankruptcy, the aids determined for the bankrupt and his dependents and sums due to creditors enjoying priorities shall be deducted from the proceeds of the sale of the bankrupt's property and the balance distributed to the creditors in accordance with this Article.

(2) The balance described in the preceding paragraph shall be distributed among the body of creditors according to the following order:

- (a) the claims described in paragraph 1 of Article 1372 of the Civil Code;
- (b) claims for unpaid taxes, duties, and other obligatory payments to the government that arose within the two year period prior to the adjudication of bankruptcy and during its administration;
- (c) all claims not having a general privilege, and claims of creditors who have fully or partially abandoned secured or privileged claims.

(3) No category of creditor in the preceding paragraph shall receive distributions until the prior category has been paid in full. Where a distribution is not sufficient to pay a category of creditors in full, creditors in such category shall be paid in proportion to the amount of their claims.

(4) The dividends of the contested debts shall be set aside and kept until a decision is made in regard to said debts."

53) Article 714 of the Law (chapeau paragraph) is amended as follows: "one thousand" is replaced with "five million".

54) Article 717, paragraph 2 of the Law is amended to read as follows: "The report provided for in Article 569 shall be submitted to the court designated to hear bankruptcy cases within the jurisdiction of which lies the head office of the company."

55) Article 719 of the Law is suspended.

56) Article 722, paragraph 1 of the Law is amended to read as follows: "The Judge Commissaire may of his own initiative or pursuant to an application by the trustee, controller or a creditor order that the consequences stipulated in Article 602 be suffered by directors or managers of a company who would have committed gross faults which led to the disruption of the business or the suspension of payments of the company."

57) Article 730 of the Law is amended to read as follows: "Except for the case of fraudulent bankruptcy, the consequences described in Article 602 shall cease to have legal effect after the lapse of one year from the date on which the bankruptcy terminated (was concluded)."

58) Article 743, paragraphs 1 and 3 of the Law are amended to read as follows:

"(1) A trader may present an application for a scheme of arrangement if his financial operations suffered a disruption which may result in a suspension of payments.

(3) A scheme of arrangement may be granted to a company which satisfies the terms laid down in the preceding two paragraphs; nevertheless a scheme of arrangement may not be granted to a company in liquidation."

59) Article 744, paragraph 1 of the Law is amended as follows: "two years" is replaced with "one year".

60) Article 749, paragraph 1, sub-paragraph (c) of the Law is amended by replacing "the two years" with "the year".

61) Article 753 of the Law is amended as follows: "twenty" is replaced with "one hundred thousand" and "two hundred" is replaced with "one million".

62) Article 754, paragraph 1 of the Law is amended to read as follows: "Where the court decides to accept the petition for a scheme of arrangement, it shall order the opening of proceedings, establish a preliminary date of the suspension of payments, and appoint in the order a trustee to carry on and follow up the proceedings of the scheme."

63) Article 760 of the Law is supplemented with the following paragraphs 3 and 4:

"(3) The stay of proceedings of execution with respect to claims secured by mortgage or special privilege shall expire as a matter of law either as of the date the order approving the scheme of arrangement or 120 days from the date of the order opening the proceedings, whichever comes first.

(4) A creditor described in paragraph 3 of this Article shall be entitled to a level of security equal to the extent to which his claim was secured as of the date of the order opening the proceedings. The judge in charge shall have the authority and duty to take all steps necessary to ensure the level of security is maintained for such a creditor."

64) Article 761 of the Law is amended to read as follows:

"(1) The making of the order of opening the proceedings of the scheme shall not cause the debts owing by the debtor to mature nor shall it stop the running of interest thereon; any stipulation to the contrary shall be void.

(2) The effects on the debtor's contracts stipulated in paragraphs 2 and 3 of Article 638 and paragraphs 2, 3, and 4 of Article 639 shall apply to proceedings for a scheme of arrangement.

(3) The debtor may continue to retain possession of property of others so long as he is performing the obligations on which his right of possession is based. Any stipulation otherwise is null and void.

(4) The trustee may initiate suits resulting from the application of the provisions of Articles 613, 614, 615, 616 and 618."

65) Article 763, paragraphs 1 and 2 of the Law are amended as follows: In paragraph 1, "ten" is replaced with "thirty". In paragraph 2, "twenty" is replaced with "sixty".

66) Article 765, paragraph 1 of the Law is amended as follows: "thirty" is replaced with "seventy".

67) Article 774, paragraph 1 of the Law is amended to read as follows: "The scheme shall not be concluded except with the consent of the creditors who hold more than half of the ordinary debts which have been accepted finally or provisionally."

68) Article 776, paragraph 2 of the Law is amended to read as follows: "Where the consent stipulated in Article 774(1) is not attained, the stipulations of Article 684 shall be applied."

69) Article 776 shall be supplemented with a paragraph 3, which shall read as follows: "A proposal for a scheme of arrangement that is not approved in the second meeting shall be deemed rejected. Creditors shall be free to pursue their claims, pending any judgment of bankruptcy against the debtor."

- 70) Article 778 of the Law is supplemented with paragraphs 4 and 5, which shall read as follows:

"(4) A scheme of arrangement shall provide for equal treatment of ordinary creditors. An ordinary creditor may nevertheless agree to less favorable treatment under the scheme of arrangement.

(5) A scheme of arrangement shall not be concluded unless all of the arrears on obligations corresponding to claims secured by mortgage or that are otherwise privileged are paid, unless individual creditors with such claims agree to less favorable treatment."

- 71) Article 780, paragraph 1 of the Law is amended to read as follows: "A scheme of arrangement shall be valid in regard to the ordinary creditors even when they have not participated in the proceedings or did not approve the scheme of arrangement. It shall have no effect, however, with respect to claims secured with mortgage or that are otherwise privileged, except where the creditors with such claims agree on an individual basis to be subject to the scheme of arrangement."

Section 5

Amendments to the Penal Code

- 1) Article 470 of the Penal Code (chapeau paragraph) is amended as follows: "100 dinars" is replaced with "500,000 dinars."
- 2) Article 470, paragraph 4 of the Penal Code is amended to read as follows: "If he fails to make application to the bankruptcy trustee or the judge in charge of the proceedings in person when required to do so without a reasonable excuse or if he fails to provide statements required by such persons or if such statements are false."
- 3) Article 470 of the Penal Code is supplemented by a paragraph (6), which reads as follows: "If, after adjudication of bankruptcy, he fails to disclose such fact to persons when required to do so by law."
- 4) Article 474 of the Penal Code (chapeau paragraph) is amended as follows: "200 dinars" is replaced with "1,000,000 dinars."

Section 6
Amendments to the Enforcement Law

Article 108, paragraph 2 of the Enforcement Law is suspended.

Section 7
Amendments to the Civil Code

Article 1370, paragraph 2 of the Civil Code is suspended.

Section 8
Clarifying and Implementing Instructions

- 1) The Council of Judges is authorized to issue instructions to judges that implement, clarify, and/or supplement procedures and practices under the Bankruptcy Law. Unless stated otherwise and where applicable, such instructions shall be binding upon judges, bankruptcy trustees, their deputies, controllers, and parties to the bankruptcy proceeding.
- 2) Where such instructions conflict with the Bankruptcy Law, the latter shall govern. Where the Bankruptcy Law conflicts with Law No. 83 of 1969 on Civil Actions, the former shall govern.

Section 9
Entry into Force

Section 4 of this Order shall enter into force on the sixtieth day after the date of signature. All other sections shall enter into force on the date of signature.

 4/29/04

L. Paul Bremer, Administrator
Coalition Provisional Authority



COALITION PROVISIONAL AUTHORITY
BAGHDAD

040419-21
LPB HAS SEEN

ACTION MEMO

April 19, 2004

FOR: THE ADMINISTRATOR
FROM: Office of General Counsel *WJ*
SUBJECT: Proposed Military Industrial Company Realignment Order

This memorandum forwards for your signature CPA Order No. 75 (TAB 1). This Action Memo responds to comments your on the April 14th Action Memo that originally forwarded this Order for signature (TAB 2). Specific responses to your question as to what will happen to Military Industrial Commission (MIC) state-owned enterprise (SOE) employees are as follows:

- The employees who work for the former MIC companies that are transferred to the Ministry of Industry and Minerals, the Ministry of Housing and Construction, and the Ministry of Labor and Social Affairs will continue to work for these companies and be paid. These companies, at least in the short to intermediate term, are viable, are operating in some capacity, and can continue to productively operate in a manner that does not threaten security. These viable SOEs account for approximately 7,000 employees.
- The employees of the former MIC companies that are not viable (primarily because their buildings were destroyed in the war or emptied by looters) will be transferred to a "holding company" under the Ministry of Finance and will continue to be paid their respective salaries. Many are highly skilled and/or skilled in sensitive areas. Wherever possible, they will be moved to other positions for work. Otherwise, the employees will participate in one of the many upcoming re-training programs for a future labor force. These non-viable SOEs account for approximately 42,000 employees.

In summary, no employee will lose his or her job. Either an employee will continue to work for a viable SOE that has been assigned to a new ministry or the employee will participate in a training programs that is envisioned will help assist him or her transition to another work area.

RECOMMENDATION: That the Administrator sign the attached proposed CPA Order No. 75, Realignment of Military Industrial Companies.

Approve: ✓✓ Disapprove: _____ Approve with modification: _____

COORDINATION: Ministry of Industry and Minerals (b)(6) (ok)
Private Sector Development (b)(6) (ok)
Governance Team (b)(6) (has seen)

ATTCHMENTS: Proposed CPA Order on Realignment of Military Industrial Companies and Annex A
Action Memo dated April 14, 2004

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 75

REALIGNMENT OF MILITARY INDUSTRIAL COMPANIES

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Furthering commitments to promote public order and safety and restore the conditions of security and stability for the Iraqi people,

Having worked closely with the Governing Council to ensure that economic change occurs in a manner acceptable to the people of Iraq,

Recognizing that many state-owned enterprises previously engaged in military industrial production (heretofore "military industrial companies") sit idle and largely abandoned throughout Iraq,

Concerned that buildings and factories of companies formerly assigned to the military industrial commission (or "military industrial companies") often contain stockpiles of hardware and materials that remain deployable for violent uses against Coalition Forces and the people of Iraq, and that employees of these companies remain needlessly underemployed and unable to utilize their skills to promote the welfare of Iraq,

Determined to secure and dispose of these stockpiles and to assign responsibility for reconstituting military industrial companies and reassigning their employees as necessary for the promotion of peace, security, and stability in Iraq;

I hereby promulgate the following:

Section 1 Purposes and Objectives

This Order promotes public order and safety for the Iraqi people by providing for the security and destruction of materials abandoned after the closure of military industrial companies throughout Iraq. This order also restores conditions of stability in Iraq by assigning responsibility for the personnel and assets of military industrial companies to appropriate ministries and facilitating the reconstitution of such companies for peaceful and resourceful uses.

Section 2 Military Industrial Companies

CPA/ORD/15 April 2004/75

- 1) Military industrial companies subject to this Order include those state-owned enterprises listed in Annex A. The absence of appropriate responsibility for the facilities and assets of these enterprises has been determined by the Administrator to constitute a continuing threat against Coalition Forces and the people of Iraq if not appropriately secured.
- 2) State-owned enterprises formerly assigned to institutions dissolved under CPA Order No. 2 (CPA/ORD/23 May 2003/02), Dissolution of Entities, and those enterprises formerly assigned to the military industrial commission are generally subject to inclusion in Annex A.
- 3) The military industrial commission is an entity dissolved under CPA Order No. 2 (CPA/ORD/23 May 2003/02).
- 4) The Administrator retains authority to add state-owned enterprises to Annex A if it is determined that such enterprises previously engaged in military industrial production and either (a) threaten public order and safety on account of stockpiles and/or abandoned materials that may be used for violent purposes against Coalition Forces and the people of Iraq, or (b) have real property or other tangible assets that the enterprise as presently constituted cannot adequately safeguard and thus stand in danger of being looted, severely damaged, or destroyed.
- 5) The Minister of Industry shall be notified of any additions or deletions to Annex A within ten days of such action being taken by the Administrator. The Minister of Industry shall also inform the Administrator of any state-owned enterprise known to have been engaged in military industrial production, but not listed in Annex A.

Section 3

Disposition of Military Industrial Assets and Employees

- 1) The Administrator retains authority to secure facilities and dispose of the material assets of enterprises listed in Annex A so long as the Administrator finds that such facilities or assets or the lack of control over such facilities and assets constitute a continuing threat to Coalition Forces and the people of Iraq.
- 2) The Administrator also retains authority to reclassify and/or reorganize the enterprises listed in Annex A, so long as the Administrator finds such reclassification and/or reorganization essential to the safety of Coalition Forces and the people of Iraq, the preservation of assets and property for the people of Iraq, or the restoration of societal conditions necessary to the self determination of the Iraqi people. Where an enterprise listed in Annex A is not reassigned to another Iraqi ministry, the liabilities of such enterprise shall be assumed by the Ministry of Finance.

- 3) The Administrator further retains authority to reassign otherwise unemployed workers of the enterprises listed in Annex A to other Iraqi ministries, governmental agencies, governmental instrumentalities, or state-owned enterprises, so long as the Administrator finds such reassignment furthers the security and safety of Coalition Forces and the people of Iraq or furthers the restoration of societal conditions necessary to the self determination of a free people.
- 4) To ensure continuity in the economy of Iraq and the salaries of workers reassigned under this Section, the Minister of Finance will assure that the budget of any enterprise reassigned and/or reclassified under this Section, and the associated payroll information for any employee reassigned under this Section, shall follow that enterprise or employee to their new ministry or place of employment. Employees reassigned under this Section shall be guaranteed a salary commensurate with the salary paid by their former employer.
- 5) The Minister of Industry must be notified in writing of any action taken under this Section, and within 14 days of such notice may issue an opinion as to whether such action serves the interests of the Iraqi people. The Minister of Industry may make specific recommendations for alternative courses of action, keeping in mind that the Administrator retains full authorization under the laws and usage of war to ensure and restore public order and security in Iraq.

Section 4 **Assignment and Consolidation**

- 1) Responsibility for military industrial companies and the assets and personnel thereof not listed in Annex A shall be assigned to the Ministry of Industry and Minerals or such other ministry as the Administrator deems appropriate. These companies shall include all state-owned enterprises formerly supervised or owned by institutions dissolved under CPA Order No. 2 (CPA/ORD/23 May 2003/02), or formerly assigned to the military industrial commission.
- 2) Military industrial companies assigned to the Minister of Industry and Minerals under this Section may be subject to consolidation pursuant to the procedures set forth in other CPA Orders.

Section 5 **Administrative Instructions**

The Administrator may delegate authority to issue Administrative Instructions to clarify and implement this Order.

Section 6

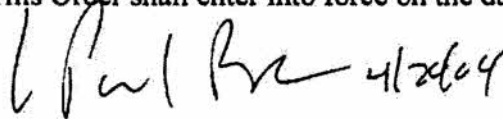
CPA/ORD/15 April 2004/75

Inconsistent Legislation

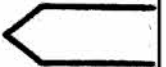
Any provision of Iraqi law that is inconsistent with this Order or Annex A is hereby suspended to the extent of such inconsistency.

Section 7 Entry into Force

This Order shall enter into force on the date of signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority



Annex A

Military Industry Commission Companies (MIC's) to Ministry of Industry and Minerals (MIM):

Enterprise Name	Area of Activity	Total Amount of Workers	Buildings Level of Destruction(%)	Machines Destruction and Looting(%)	Assign Employees and Assets to:
1. Al Saheed	Copper production	1,300	11.9%	45%	MIM
2. Tareq	Pesticides, chemicals	896	30.6%	25%	Ministry of Finance
3. Hammurabi	Pistols, small arms	636	2.8%	15%	Ministry of Finance
4. Al Tahady	Electromecanichal	399	10.4%	35%	MIM
5. Ibn Waleed	Heavy armored veh. Rep.	926	10.5%	60%	Ministry of Finance
5. Al Ikhaa	Mechanical, optics	2,382	1.7%	20%	MIM
7. Al Rasheed	Co2 producer, mechanical	2,290	43.2%	50%	Ministry of Finance
3. Asahf al Kabir	Concrete additives	86	26.1%	35%	Ministry of Finance
9. Al Noaman	Plastic injection, irrigation	643	6.0%	10%	MIM
10. Al Uboor	Mechanical machining	1,217	70.4%	100%	Ministry of Finance
11. Al Mansour	Solar cells, IC, gases	670	0.2%	5%	MIM
12. Radhwan	Machining	760	34.0%	60%	Ministry of Finance

Enterprise Name	Area of Activity	Total Amount of Workers	Buildings Level of Destruction(%)	Machines Destruction and Looting(%)	Assign Employees and Assets to:
13. Al Nidaa	Dies, molds, gears	1,281	41.8%	80%	Ministry of Finance
14. Al Salam	Construction Equip.	752	7.7%	100%	Ministry of Housing
15. Ibn Majed	Eng. Mfg. Marine et.al.	1.648	21.6%	30%	MIM

MIC's to Ministry of Labor and Social Affairs (MOLSA):

Enterprise Name	Area of Activity	Total Amount of Workers	Buildings Level of Destruction(%)	Machines Destruction and Looting(%)	Assign Employees and Assets to:
1. Training Center	All defense SOE's specialties	N/A	N/A	N/A	Ministry of Labor

MIC's That Will Have Surviving Assets and Employees Transferred to Other Iraqi Government Agencies:

Enterprise Name	Area of Activity	Total Amount of Workers	Buildings Level of Destruction(%)	Machines Destruction and Looting(%)	Assign Employees and Assets to:
1. Jaber ben Hayan	Plastic, rubber, filters	904	25.7%	95%	Ministry of Finance
2. Yarmuk	Ammunitions, barbed wire	2,708	65.8%	100%	Ministry of Finance
3. Al ezz	Electronic switching	1,046	23.7%	100%	Ministry of Finance
4. Al Kadissiya	Guns, grenades, mortars	3,035	69.9%	100%	Ministry of Finance

Enterprise Name	Area of Activity	Total Amount of Workers	Buildings Level of Destruction(%)	Machines Destruction and Looting(%)	Assign Employees and Assets to:
5. Al Fidaa	Hydraulic, pneumatic systems	1,285	50.2%	100%	Ministry of Finance
5. Al Karama	Missiles, mechanical	2,287	51.4%	40%	Ministry of Finance
7. Al Qaqa	Explosives, powder, TNT	5,365	36.6%	85%	Ministry of Finance
3. Bader	Tools, dies	1,631	82.8%	100%	Ministry of Finance
9. Tabook	Powder for cartridges	532	0.3%	20%	Ministry of Finance
10. Al Hadhar	Chemical products	572	70.6%	100%	Ministry of Finance
11. 7 Nissan	Fuses, military shells	2,652	94.2%	100%	Ministry of Finance
12. Al Hareth	Radars, welding equipment	1,387	0.0%	60%	Ministry of Finance
13. Al Kindi	R & D radars	976	38.0%	90%	Ministry of Finance
14. Sanahareeb	Irrigation systems	675	22.3%	100%	Ministry of Finance
15. Salahuddeen	Communication, radars	2,900	34.2%	75%	Ministry of Finance
16. Ibn Rushd	Qa, testing, inspection	448	50.0%	100%	Ministry of Finance
17. Hutten	Ammunition, guns, mortars	5,473	25.9%	70%	Ministry of Finance



COALITION PROVISIONAL AUTHORITY
BAGHDAD

ACTION MEMO

LPB HAS SEEN

April 15, 2004

FOR: THE ADMINISTRATOR
FROM: Office of the General Counsel *MS*
SUBJECT: Order on Realignment of Military Industrial Companies

The enclosed CPA Order provides for the security and destruction of materials abandoned after the closure of military industrial companies throughout Iraq. The Order is designed to secure the facilities and assets of military industrial companies and to facilitate the reconstitution of these companies for peaceful and resourceful uses. This memorandum requests your approval and signature of the proposed Order and attached Annex.

- The proposed Order has been approved by the Economics and Finance Committee of the Governing Council.
- The full Governing Council was supposed to review and comment on the proposed Order by April 7th. However, due to the security situation, the Governing Council has not been able to meet. The Economics and Economic Committee reviewed and approved the draft Order on April 14th. This coordination meets the standard set forth in United Nations Security Council Resolution 1483.

The proposed Order does the following:

- Identifies state-owned enterprises that previously engaged in military industrial production, the assets of which could potentially pose a threat to Coalition forces and the people of Iraq if not properly managed, and the employees of which are in need of meaningful employment in non-military enterprises;
- Permits the Administrator or relevant minister to identify additional such enterprises;
- Authorizes the Administrator to:
 - secure the facilities and dispose of the material assets of listed enterprises;
 - reclassify and/or reorganize such enterprises where appropriate;
 - reassign unemployed workers of such enterprises to other Iraqi ministries, government agencies, or state-owned enterprises;

UNCLASSIFIED

- Requires the Ministry of Finance to keep track of budgets and associated payroll information for implicated enterprises and employees;
- Allows the Minister of Industry and Minerals to comment and make recommendations with respect to actions taken under this Order;
- Assigns enterprises that formerly engaged in military industrial production to certain ministries for management in a way that will ensure the enterprises and their assets do not constitute a risk to Coalition Forces and the people of Iraq, and are not subject to looting or spoilage.

This order is characterized as "important" on the pending orders matrix.

RECOMMENDATION: That the Administrator sign the attached proposed Order and approve the attached Annex.

Approve: _____ Disapprove: _____ Approve with modification: _____

ATTACHMENTS: Proposed CPA Order on Realignment of Military Industrial Companies and Annex A

COORDINATION: Ministry of Industry and Minerals / (b)(6) (ok)
Private Sector Development (b)(6) (ok)
Governance (b)(6) (has seen)

*what are we saying to
do w/ the employees?*

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 75

REALIGNMENT OF MILITARY INDUSTRIAL COMPANIES

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Furthering commitments to promote public order and safety and restore the conditions of security and stability for the Iraqi people,

Having worked closely with the Governing Council to ensure that economic change occurs in a manner acceptable to the people of Iraq,

Recognizing that many state-owned enterprises previously engaged in military industrial production (heretofore "military industrial companies") sit idle and largely abandoned throughout Iraq,

Concerned that buildings and factories of companies formerly assigned to the military industrial commission (or "military industrial companies") often contain stockpiles of hardware and materials that remain deployable for violent uses against Coalition Forces and the people of Iraq, and that employees of these companies remain needlessly underemployed and unable to utilize their skills to promote the welfare of Iraq,

Determined to secure and dispose of these stockpiles and to assign responsibility for reconstituting military industrial companies and reassigning their employees as necessary for the promotion of peace, security, and stability in Iraq;

I hereby promulgate the following:

Section 1 Purposes and Objectives

This Order promotes public order and safety for the Iraqi people by providing for the security and destruction of materials abandoned after the closure of military industrial companies throughout Iraq. This order also restores conditions of stability in Iraq by assigning responsibility for the personnel and assets of military industrial companies to appropriate ministries and facilitating the reconstitution of such companies for peaceful and resourceful uses.

Section 2 Military Industrial Companies

CPA/ORD/15 April 2004/75

- 1) Military industrial companies subject to this Order include those state-owned enterprises listed in Annex A. The absence of appropriate responsibility for the facilities and assets of these enterprises has been determined by the Administrator to constitute a continuing threat against Coalition Forces and the people of Iraq if not appropriately secured.
- 2) State-owned enterprises formerly assigned to institutions dissolved under CPA Order No. 2 (CPA/ORD/23 May 2003/02), Dissolution of Entities, and those enterprises formerly assigned to the military industrial commission are generally subject to inclusion in Annex A.
- 3) The military industrial commission is an entity dissolved under CPA Order No. 2 (CPA/ORD/23 May 2003/02).
- 4) The Administrator retains authority to add state-owned enterprises to Annex A if it is determined that such enterprises previously engaged in military industrial production and either (a) threaten public order and safety on account of stockpiles and/or abandoned materials that may be used for violent purposes against Coalition Forces and the people of Iraq, or (b) have real property or other tangible assets that the enterprise as presently constituted cannot adequately safeguard and thus stand in danger of being looted, severely damaged, or destroyed.
- 5) The Minister of Industry shall be notified of any additions or deletions to Annex A within ten days of such action being taken by the Administrator. The Minister of Industry shall also inform the Administrator of any state-owned enterprise known to have been engaged in military industrial production, but not listed in Annex A

Section 3

Disposition of Military Industrial Assets and Employees

- 1) The Administrator retains authority to secure facilities and dispose of the material assets of enterprises listed in Annex A so long as the Administrator finds that such facilities or assets or the lack of control over such facilities and assets constitute a continuing threat to Coalition Forces and the people of Iraq.
- 2) The Administrator also retains authority to reclassify and/or reorganize the enterprises listed in Annex A, so long as the Administrator finds such reclassification and/or reorganization essential to the safety of Coalition Forces and the people of Iraq, the preservation of assets and property for the people of Iraq, or the restoration of societal conditions necessary to the self determination of the Iraqi people. Where an enterprise listed in Annex A is not reassigned to another Iraqi ministry, the liabilities of such enterprise shall be assumed by the Ministry of Finance.

- 3) The Administrator further retains authority to reassign otherwise unemployed workers of the enterprises listed in Annex A to other Iraqi ministries, governmental agencies, governmental instrumentalities, or state-owned enterprises, so long as the Administrator finds such reassignment furthers the security and safety of Coalition Forces and the people of Iraq or furthers the restoration of societal conditions necessary to the self determination of a free people.
- 4) To ensure continuity in the economy of Iraq and the salaries of workers reassigned under this Section, the Minister of Finance will assure that the budget of any enterprise reassigned and/or reclassified under this Section, and the associated payroll information for any employee reassigned under this Section, shall follow that enterprise or employee to their new ministry or place of employment. Employees reassigned under this Section shall be guaranteed a salary commensurate with the salary paid by their former employer.
- 5) The Minister of Industry must be notified in writing of any action taken under this Section, and within 14 days of such notice may issue an opinion as to whether such action serves the interests of the Iraqi people. The Minister of Industry may make specific recommendations for alternative courses of action, keeping in mind that the Administrator retains full authorization under the laws and usage of war to ensure and restore public order and security in Iraq.

Section 4 Assignment and Consolidation

- 1) Responsibility for military industrial companies and the assets and personnel thereof not listed in Annex A shall be assigned to the Ministry of Industry and Minerals or such other ministry as the Administrator deems appropriate. These companies shall include all state-owned enterprises formerly supervised or owned by institutions dissolved under CPA Order No. 2 (CPA/ORD/23 May 2003/02), or formerly assigned to the military industrial commission.
- 2) Military industrial companies assigned to the Minister of Industry and Minerals under this Section may be subject to consolidation pursuant to the procedures set forth in other CPA Orders.

Section 5 Administrative Instructions

The Administrator may delegate authority to issue Administrative Instructions to clarify and implement this Order.

Section 6

CPA/ORD/15 April 2004/75

Inconsistent Legislation

Any provision of Iraqi law that is inconsistent with this Order or Annex A is hereby suspended to the extent of such inconsistency.

Section 7 Entry into Force

This Order shall enter into force on the date of signature.

L. Paul Bremer, Administrator
Coalition Provisional Authority

Annex A

Military Industry Commission Companies (MIC's) to Ministry of Industry and Minerals (MIM):

Enterprise Name	Area of Activity	Total Amount of Workers	Buildings Level of Destruction(%)	Machines Destruction and Looting(%)	Assign Employees and Assets to:
1. Al Sahced	Copper production	1,300	11.9%	45%	MIM
2. Tareq	Pesticides, chemicals	896	30.6%	25%	Ministry of Finance
3. Hammurabi	Pistols, small arms	636	2.8%	15%	Ministry of Finance
4. Al Tahady	Electromecanichal	399	10.4%	35%	MIM
5. Ibn Waleed	Heavy armored veh. Rep.	926	10.5%	60%	Ministry of Finance
5. Al Ikhaa	Mechanical, optics	2,382	1.7%	20%	MIM
7. Al Rasheed	Co2 producer, mechanical	2,290	43.2%	50%	Ministry of Finance
3. Asahf al Kabir	Concrete additives	86	26.1%	35%	Ministry of Finance
9. Al Noaman	Plastic injection, irrigation	643	6.0%	10%	MIM
10. Al Uboor	Mechanical machining	1,217	70.4%	100%	Ministry of Finance
11. Al Mansour	Solar cells, IC, gases	670	0.2%	5%	MIM
12. Radhwan	Machining	760	34.0%	60%	Ministry of Finance

Enterprise Name	Area of Activity	Total Amount of Workers	Buildings Level of Destruction(%)	Machines Destruction and Looting(%)	Assign Employees and Assets to:
13. Al Nidaa	Dies, molds, gears	1,281	41.8%	80%	Ministry of Finance
14. Al Salam	Construction Equip.	752	7.7%	100%	Ministry of Housing
15. Ibn Majed	Eng. Mfg. Marine et.al.	1,648	21.6%	30%	MIM

MIC's to Ministry of Labor and Social Affairs (MOLSA):

Enterprise Name	Area of Activity	Total Amount of Workers	Buildings Level of Destruction(%)	Machines Destruction and Looting(%)	Assign Employees and Assets to:
1. Training Center	All defense SOE's specialties	N/A	N/A	N/A	Ministry of Labor

MIC's That Will Have Surviving Assets and Employees Transferred to Other Iraqi Government Agencies:

Enterprise Name	Area of Activity	Total Amount of Workers	Buildings Level of Destruction(%)	Machines Destruction and Looting(%)	Assign Employees and Assets to:
1. Jaber ben Hayan	Plastic, rubber, filters	904	25.7%	95%	Ministry of Finance
2. Yarmuk	Ammunitions, barbed wire	2,708	65.8%	100%	Ministry of Finance
3. Al ezz	Electronic switching	1,046	23.7%	100%	Ministry of Finance
4. Al Kadissiya	Guns, grenades, mortars	3,035	69.9%	100%	Ministry of Finance

Enterprise Name	Area of Activity	Total Amount of Workers	Buildings Level of Destruction(%)	Machines Destruction and Looting(%)	Assign Employees and Assets to:
5. Al Fidaa	Hydraulic, pneumatic systems	1,285	50.2%	100%	Ministry of Finance
5. Al Karama	Missiles, mechanical	2,287	51.4%	40%	Ministry of Finance
7. Al Qaqa	Explosives, powder, TNT	5,365	36.6%	85%	Ministry of Finance
3. Bader	Tools, dies	1,631	82.8%	100%	Ministry of Finance
9. Tabook	Powder for cartridges	532	0.3%	20%	Ministry of Finance
10. Al Hadhar	Chemical products	572	70.6%	100%	Ministry of Finance
11. 7 Nissan	Fuses, military shells	2,652	94.2%	100%	Ministry of Finance
12. Al Hareth	Radars, welding equipment	1,387	0.0%	60%	Ministry of Finance
13. Al Kindi	R & D radars	976	38.0%	90%	Ministry of Finance
14. Sanahareeb	Irrigation systems	675	22.3%	100%	Ministry of Finance
15. Salahuddeen	Communication, radars	2,900	34.2%	75%	Ministry of Finance
16. Ibn Rushd	Qa, testing, inspection	448	50.0%	100%	Ministry of Finance
17. Hutten	Ammunition, guns, mortars	5,473	25.9%	70%	Ministry of Finance

DRAFT

Coalition Provisional Authority Order Number XX

Public Contracts

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003), and

Recognizing that the public contract laws of any nation must conform to international standards of transparency, predictability, fairness of treatment, contain provisions for dispute resolution mechanisms, and be free from corruption and undue influence, and

Noting that the concept of full and open competition to the maximum extent practicable among those persons and entities both within and without Iraq to fulfill by contract the necessary requirements of the State of Iraq and its ministries that are not inherently governmental is of critical importance to the economy of Iraq and the goal of free trade among nations, and

Recalling that the present Iraqi Public Contract Law contains many provisions consistent with the above stated goals, but should be modified, pursuant to the principles stated herein, to assure that the goals set forth above are implemented consistently and predictably; and further to, among other things, provide for additional organizational institutions, contract integrity/conflict of interest standards, and a structure for resolution of disputes, and

Acknowledging that consistent with the Law of Administration for the State of Iraq for the Transitional Period, and specifically Article 26 (A) thereof, and the continuing requirements of the State of Iraq for goods and services to be provided by contract, the State must promptly issue and publish necessary implementing regulations, with the ability to modify these regulations as needs arise;

I hereby promulgate the following:

**Section 1
Office of State Contract Policy**

A. Establishment and Responsibilities

1. There shall be established within the Ministry of Planning an Office of State Contract Policy.

2. This office shall have responsibility for:

(a) Coordination of State contract policy for all ministries of the State, including, but not limited to, the issuance, after appropriate provision for notice to and comment by interested parties, of regulations, in all Iraqi languages and such other languages as appropriate, in furtherance of this Order.

(b) Recommendations to the legislative branch for changes to this Order.

(c) Development of standard State contract provisions.

(d) Training of State contracting personnel.

(e) Creation and adoption of rules for an independent administrative tribunal to have jurisdiction over complaints by unsuccessful offerors in conjunction with the award of State contracts (See Section 2 below).

B. Application

1. Every ministry shall have, within the administrative office of said ministry, a contracting office that shall be responsible for the tenders of that ministry.

2. It is anticipated that, in addition to the standard contract provisions adopted for all ministries, each individual ministry may, after review and concurrence by the Office of State Contract Policy, include standard contract provisions that are necessary for the unique mission of said ministry.

Section 2 Dispute Resolution

There is hereby granted to all persons and entities that are participating in the State contract tender process and to those persons and entities that have been awarded State contracts certain rights against the State that may include the ability to seek and obtain monetary relief against the State.

A. Tender Protests

1 Right to File—Any offeror that believes that it has not received fair treatment in the award of a State contract or believes that the provisions of a tender unfairly restrict full and open competition in a manner that inappropriately excludes it from competing may file, with the appropriate administrative tribunal, a tender protest. The tribunal shall rule on the protest within the shortest period of time practicable and may, among other things, terminate the awarded contract and award the contract to the protesting offeror.

*All w object
unless require
more active approach*

2. Results of Filing—Upon the filing of a tender protest after award, the ministry awarding the contract shall immediately order the awarded contractor to cease working on the contract. If a senior level manager within the ministry awarding the contract determines that the requirement being satisfied by the contract is of such importance to the ministry that ceasing work will unduly harm the work of the ministry, such manager may, by written determination of such undue harm, and after notice to the tribunal, order the ministry to notify the contractor to proceed with the contract. The senior manager, in making this determination, shall also consider the probability of success of the protest.

3. Effect of grant of Protest—If the tribunal grants the tender protest and awards the contract to the protesting offeror, the ministry shall immediately terminate the contract with the originally awarded contractor, and such contractor may have certain rights against the State as discussed in B below.

*when?
how?*

4. Additional rights of unsuccessful offerors—There shall be notices published of all contract awards. All unsuccessful offerors in a State contract shall be notified by the ministry offering the tender, and such unsuccessful offerors shall be entitled to have the ministry explain the factors upon which it was not successful. Such explanations shall be provided promptly and with full consideration to the proprietary nature of the information provided to the State by the other offerors, including the awardee, of the tender.

5. Regulations—Specific regulations shall be issued and published in conjunction with this provision that address, but are not limited to, the following:

(a) The rules of the tribunal, including time and place requirements for filing protests, both before and after award (including the effect on such time requirements if a request for explanation is made), and for making decisions.

(b) The time requirements for requesting by and granting to an unsuccessful offeror and explanation of the ministry's decision.

(c) The nature of the relief that may be granted by the tribunal.

(d) The legal bases upon which a tender protest may be filed.

B. Claims

1. Right to File—Disputes may arise after the award of a contract where the awarded contractor believes that it has not been treated fairly by the State. In such event, the contractor has a right to make a claim to the ministry awarding the contract. This right to make a claim shall also apply to an awarded contractor whose work has been terminated as a result of decision by the Administrative

Tribunal hearing a tender protest terminating its contract where it believes it is entitled to additional compensation for work under its terminated contract, but not yet paid.

2. Process—The ministry issuing the tender shall, by the State employee with authority as set out in Section 7 below, make a decision on such claim within a reasonable period of time.

3. Appeal—If the contractor is dissatisfied with the decision of the ministry, it shall have the right to file an appeal with a court having jurisdiction over contract disputes between private parties (or such other Court granted jurisdiction to hear such cases), which shall render its decision within a reasonable period of time.

4. Regulations—As in the case of tender protests, regulations shall be issued and published addressing, but not limited to, the following:

- (a) The office within the ministry where claims may be filed.
- (b) The time for filing claims with the ministry and for its decision.
- (c) The time for filing appeals and for decisions on such appeals.
- (d) The scope of appeal; i.e., the extent to which the decision by the ministry is considered by the court in making its decision on appeal.
- (e) The responsibility of the contractor to continue prosecuting the work under the contract while a claim or appeal is pending.
- (f) The legal bases upon which claims may be filed including, but not limited to, claims concerning contract modifications and terminations.
- (g) Such additional rules and procedures consistent with the responsibilities and jurisdiction granted by this Order.

5. Alternative Dispute Resolution—In resolving all such disputes; i.e., whether they be tender protests or claims during administration of a contract, principles of alternative dispute resolution shall be used to the maximum extent possible, so long as both parties agree.

Section 3

Full and Open Competition

State contracts shall be awarded after full and open competition to the maximum extent practicable.

A. Exceptions—Exceptions to full and open competition are recognized, at a minimum, under the following circumstances:

1. Due to the nature of the supply or service, the urgency of the requirement, or such other reasons, full and open competition is not possible. Regulations indicating those circumstances where full and open competition may not be used must be published. These regulations shall require documentation by the ministry issuing the tender on every occasion where these circumstances apply.

2. To promote economic development among certain population sectors of the State and/or certain State industries. Nothing herein should be construed, therefore, to discourage or limit such additional legislation or regulations in these areas.

3. Where negotiated trade agreements are adopted by the State.

4. If the anticipated value of the award falls below certain monetary thresholds.

B. Prequalification—Prequalification of offerors, including required deposits, shall be implemented in such a manner that does not unreasonably limit competition. If a deposit is required as a condition for participating in a competitive tender, such deposit shall be reasonable in amount, based upon the value of the contract, and returned to an unsuccessful offeror.

C. Notice of Tenders—Regulations shall be issued and published that address, but are not limited to, the following:

1. Providing the maximum possible exposure of the action. Notices shall be published at a minimum in Arabic and Kurdish, as well as those other languages generally accepted for use where it is anticipated that offers will be made from entities outside the State. The use of electronic commerce is encouraged.

2. Providing potential offerors with sufficient information to reasonably respond. In this regard, all tenders shall contain the factors upon which offerors shall be evaluated, and the failure of the State to evaluate an offer

against the stated evaluation factors in the notice shall be a basis for filing a tender protest.

3. Providing potential offerors with sufficient time to reasonably respond.
4. Providing sufficient flexibility to allow potential offerors to request clarifications about the tender and for extensions of time to respond, if necessary.
5. Provide for a date by which responses to tenders shall be due, and provide those specific instances where late offers can be accepted.

Section 4 **Procurement Integrity and Conflicts of Interest**

Regulations shall be issued and published that implement, at a minimum, the following ethical considerations:

- A. No State employee or contractor involved in any tender shall have a financial interest in the outcome of the tender.
- B. All information received by State employees and contractors during the tender process shall remain confidential.
- C. Restrictions shall be placed on State employees and contractors involved in a tender process and any future employment with an offeror.
- D. No offeror shall have a business interest that is in conflict with its ability to use its best efforts to satisfy the requirements of the contract.

Section 5 **Exclusions from Participation**

Individuals and entities that, by their prior conduct, including, but not limited, to criminal convictions, have shown themselves to possess a lack of integrity sufficient to presume that the award of a State contract would create an unreasonable risk to the State, may be excluded from competing for State contracts.

Responsibilities for this function shall be carried out by an office that is not involved in the tendering process. Regulations shall be published that, at a minimum:

- A. Provide standards for exclusion.

- B. Provide a fair and equitable process with an opportunity to be heard before a determination for exclusion is made.
- C. Provide a method by which an excluded entity may apply for re-instatement.
- D. Provide that a record be maintained and published of all excluded entities.

Section 6

Financial Requirements

- A. No tender notice shall be published, nor any tender commenced, prior to a certification by the senior financial officer, or his designee, of the ministry offering the tender that there are funds available sufficient to satisfy the State's estimated cost of any resulting contract.
- B. No contract shall be awarded without a certification that sufficient funds are available and dedicated (i.e., may not be used for any other purpose) to the contract in an amount equal to the full contract price.
- C. Regulations shall be issued and published providing for the right of any ministry awarding a contract to have access to and have the authority to audit a contractor's financial records related to the contract that was awarded.
- D. The ministry's right to audit, together with any additional oversight responsibilities, shall be undertaken by an office that is not responsible for tender issuance.

Section 7

Contracting Authority

- A. Authority to award contracts and sign contracts on behalf of the State, enter into and authorize payment for modifications to a contract, and authorize the payment of invoices and claims, shall rest with a State employee that is neither the subject of a political appointment, nor part of the office within the ministry that is benefiting from the contractor's work, and who is fully trained in the contracting process.
- B. In all contracts, there shall be a standard provision advising contractors of the name of the individual who shall have this authority and the full scope of that authority. Included in that provision, there shall be reference to the fact that direction from the State to the contractor that affects the rights and liabilities of the parties to the contract from anyone other than the named individual shall not be authorized.

Section 8

Statements of Work, Contract Specifications, and Contract Types

A. Statements of Work and specifications must accurately reflect the State's needs and must be written in such a way that they do not unduly restrict competition.

B. Proprietary features or brand names shall be avoided. If a brand name or proprietary feature is included in a specification, offerors must be notified of the features of the brand name and be advised that they may offer an equivalent or equal product.

C. The contract type has a direct effect on risk allocation in public contracts. Fixed priced contracts are preferred over cost contracts, especially where a reasonable cost estimate can be made by the State and the contract anticipates a specific deliverable, as fixed priced contracts place the risk of performance with the contractor.

Section 9

Negotiated Contracts

A. Authorization—Negotiated contracts are hereby authorized and should be employed whenever the interests of the ministry will best be served if an award is made on a basis other than the lowest price.

B. Process

1. Notices shall specifically indicate that the contract shall be awarded on a basis other than the lowest price.

2. The notice shall state those factors other than price that will be evaluated and the relative importance of each of these factors; e.g., corporate experience on similar contracts, past performance, experience of key personnel, management structure.

3. The notice shall state the relationship between the price and the non-price factors in making an award (e.g., are the non-price factors more important, less important, or of equal importance to price).

4. The State shall have the right to enter into discussions with offerors after their written response to the tender has been made to clarify their offers, respond to questions, and discuss price. At no time during the negotiation process (and after award) shall information, including price, about proposals

from others offerors be discussed or made public. The price of the awarded contract shall be made public.

5. If requested, offerors shall have the right to amend their offers after discussions and prior to final evaluations.

6. All members of evaluation teams shall be bound by the principles stated in Section 4 above.

Section 10

Standard Contract Provisions

A. It is the intent of this Order that where regulations are to be issued, these regulations form the basis for standard contract provisions that will be included in all tenders and resulting contracts.

B. This Order anticipates that in addition to the regulations required by this Order, additional regulations and standard provisions would be appropriate in State public contracts

C. It is also anticipated that certain regulations and standard provisions would not be appropriate in certain types of contracts or in contracts below certain values.

D. This Order therefore directs that the Ministry of Planning shall be guided, in preparing regulations provided for herein, and any additional regulations, by recognized and accepted international models such as the United Nations Commission on International Trade Law (UNCITRAL), *Model Law for Procurement of Goods, Construction, and Services*, and the Proposed WTO Agreement on Transparency in Government Procurement

Section 11

Effect on Present Iraqi Law

A. The present Iraqi public contract law is divided into two separate laws for tenders within Iraq and outside of Iraq. It is the intent of this Order that there shall be one public contract law. To the extent that the present Iraqi law provides for separate rules for internal and external tenders, this Order supersedes.

B. This Order is not intended to effect or supersede any present international economic treaty obligations of which the State is a signatory.

C. It is the specific intent of this Order that it be read, to the maximum extent possible, so as to be reconciled with the present Iraqi law and any present Iraqi public contract regulations or guidance.

Section 12
Entry into Force

This Order shall enter into force on the date of signature.

L. Paul Bremer, Administrator
Coalition Provisional Authority

IRAQ

DRAFT LABOUR CODE

PREAMBLE

PART I - BASIC PRINCIPLES

- Article 1. Scope of the Law
- Article 2. Right to Work and Freedom to Work
- Article 3. Non-discrimination
- Article 4. Fair Wages and Equal Pay
- Article 5. Freedom of Association
- Article 6. Collective Bargaining and Industrial Action
- Article 7. Prohibition of Child Labour
- Article 8. Worst forms of Child Labour
- Article 9. More favourable rules will apply
- Article 10. Official languages
- Article 11. Privilege of claims arising out of employment
- Article 12. Transfer in ownership or operation of an enterprise
- Article 13. Expiry of claims arising from employment relationships
- Article 14. Definitions

PART II - PLACEMENT AND VOCATIONAL TRAINING

Chapter I - Placement

- Article 15. Public Employment Service
- Article 16. Tripartite Advisory Committee
- Article 17. Registration of job-seekers
- Article 18. Duties of the employment offices
- Article 19. Notification of vacancies to the employment office
- Article 20. Effects of the refusal of an offer of employment
- Article 21. Work permit for foreign workers
- Article 22. Private Employment Agencies
- Article 23. Basic rules under which private employment agencies may be authorized to operate
- Article 24. Penalties

Chapter II - Vocational Training

- Article 25. Purpose of vocational training
- Article 26. Vocational training programmes
- Article 27. Relationship between the training institution and the trainee
- Article 28. Unilateral termination of a contract for training

PART III - INDIVIDUAL EMPLOYMENT RELATIONS

Chapter I - Contract of Employment

- Article 29. Types of contract of employment
- Article 30. Form of the contract of employment
- Article 31. Probation
- Article 32. Fixed-term contract of employment
- Article 33. Contract of employment for part-time work
- Article 34. Right to receive wages in case the work cannot be performed
- Article 35. Rights and duties of the employer
- Article 36. Rights and duties of the worker

Deleted: 1

5

7

8

9

11

12

13

14

15

16

17

17

17

17

17

17

17

18

21

21

21

21

21

21

21

21

21

21

21

21

21

21

21

21

21

21

21

Chapter II - Termination of Employment

- Article 37. Termination of the Individual Contract of Employment
- Article 38. Notice
- Article 39. Severance pay
- Article 40. Avenues for redress
- Article 41. Remedies for unjustified dismissal
- Article 42. Illegal grounds of termination
- Article 43. Constructive dismissal

PART IV - WAGES

Chapter I - Protection of Wages

- Article 44. Form and periodicity of payment
- Article 45. Persons to whom the wages are to be paid
- Article 46. Freedom to dispose of wages
- Article 47. Attachment and assignment of wages
- Article 48. Deductions from wages
- Article 49. Deductions to ensure payment for employment are prohibited
- Article 50. Privilege of workers' claims
- Article 51. Information on the particulars of the worker's pay
- Article 52. Final settlement of the wage
- Article 53. Records to be kept

Chapter II - Determination of Wages

- Article 54. Methods of determination
- Article 55. Wages in public contracts
- Article 56. Minimum Wage
- Article 57. Penalties
- Article 58. Miscellaneous provisions

PART V - HOURS OF WORK AND LEAVE

Chapter I - Hours of Work

- Article 59. Definitions
- Article 60. Maximum duration of the working time
- Article 61. Periods of rest
- Article 62. Definitions of day work and night work
- Article 63. Weekly rest
- Article 64. Overtime
- Article 65. Payment of wages when work is interrupted

Chapter II - Leave

- Article 66. Public Holidays
- Article 67. Annual leave
- Article 68. Payment of the annual leave entitlement
- Article 69. Division of the annual leave entitlement
- Article 70. Fixing of the time at which the annual leave shall be taken
- Article 71. Prohibitions
- Article 72. Sick leave
- Article 73. Sickness insurance
- Article 74. Other leave entitlements
- Article 75. Penalties

Part VI - PROTECTION OF WOMEN WORKERS, YOUNG WORKERS AND QUARRY WORKERS

Chapter I - Protection of Women Workers

- Article 76. Posting of the provisions regarding protection of women workers
- Article 77. Arduous and unhealthy work
- Article 78. Maternity leave

Article 79.	Prohibition to engage in remunerative work or in activity likely to endanger health	52
Article 80.	Child-rearing leave	53
Article 81.	Remunerative activity during child-rearing leave	53
Article 82.	Nursing breaks	53
Article 83.	Special facilities to be provided by employers	53
Article 84.	Limitations in the scope of this chapter	53
Chapter II - Protection of young persons		53
Article 85.	Definitions	54
Article 86.	Work which young persons are prohibited to perform	54
Article 87.	Medical examination of young persons	54
Article 88.	Medical supervision of young persons in employment	55
Article 89.	Hours of work of young person	55
Article 90.	Annual leave of young persons	55
Article 91.	Posting of provisions and maintenance of register of young persons	55
Article 92.	Register of young persons at work	56
Article 93.	Liability in case of work accidents	56
Article 94.	Exclusion of young persons in family enterprises	56
Article 95.	Penalties	56
Chapter III - Protection of Quarry Workers		56
Article 96.	Scope	57
Article 97.	Medical examination	57
Article 98.	Posting of work rules	57
Article 99.	Access to work premises	57
Article 100.	Hours of work	57
Article 101.	Occupational safety and first aid	58
Article 102.	Meals	58
Article 103.	Penalties	58
PART VII - OCCUPATIONAL SAFETY AND HEALTH AND LABOUR INSPECTION		59
Chapter I - Occupational Safety and Health		59
Article 104.	Basic rules and principles on labour-management cooperation in the field of safety and health	59
Article 105.	Responsibilities of the State in the field of occupational safety and health	60
Article 106.	Workplaces to comply with minimum safety and health requirements	61
Article 107.	Information on occupational hazards	61
Article 108.	Measures of protection and protection devices	61
Article 109.	Obligations of the employer in respect of occupational safety and health	62
Article 110.	Doctor and nurse services	62
Article 111.	Measures in case of non compliance with safety instructions	63
Article 112.	Social security provisions	63
Article 113.	Penalties	64
Chapter II - Labour Inspection		64
Article 114.	Coverage of the labour inspection	64
Article 115.	Duties and responsibilities of the labour inspection	64
Article 116.	Composition of the labour inspection staff	64
Article 117.	Powers of labour inspectors	65
Article 118.	Annual report on the work of the inspection services	66
Article 119.	Rules of conduct of labour inspectors	66
Article 120.	Proceedings in case of violation of legal provisions	67
PART VIII - INTERNAL ORGANIZATION OF WORK AND LABOUR DISCIPLINE		68
Chapter I - Internal regulations and liability of workers		68
Article 121.	Internal regulations	68
Article 122.	Worker's liability	69

Chapter II - Disciplinary procedures

- Article 123. Disciplinary penalties
- Article 124. Prohibition of disciplinary fines
- Article 125. Right to be heard
- Article 126. Grounds for dismissal
- Article 127. Notification of the penalty
- Article 128. Right to appeal

70 Deleted: 67

70

70

70

71

72

72

PART IX - COLLECTIVE LABOUR RELATIONS

73

Chapter I - Trade Unions

73

- Article 129. Requirements for the establishment of a trade union
- Article 130. By-laws
- Article 131. Application for registration
- Article 132. Right to appeal in case of refusal of registration
- Article 133. Objection to the registration of a union
- Article 134. Effects of registration of a trade union
- Article 135. Dissolution of a trade union
- Article 136. Protection against trade union discrimination

73

74

74

75

76

76

77

77

78

Chapter II - Collective bargaining and agreements

79

- Article 137. Parties to collective bargaining
- Article 138. Levels of collective bargaining
- Article 139. Duty to bargain
- Article 140. Binding effects and coverage of an establishment or an enterprise level collective agreement
- Article 141. Binding effects and coverage of an industry level or a branch level agreement
- Article 142. Content of collective agreements
- Article 143. Registration and posting of a collective agreement
- Article 144. Termination of collective agreement

79

79

79

80

81

82

83

83

Chapter III - Collective labour disputes

84

- Article 145. Definitions
- Article 146. Dispute settlement machinery
- Article 147. Reporting of the dispute
- Article 148. Conciliation by the Ministry
- Article 149. Closure of the procedure and cooling off period
- Article 150. Strikes and lockouts
- Article 151. Arbitration

84

84

84

85

85

86

86

87

PART X - JUDICIARY SETTLEMENT OF LABOUR DISPUTES

89

- Article 152. Labour Courts and Court of Cassation
- Article 153. Jurisdiction
- Article 154. Appeals
- Article 155. Applicable procedure
- Article 156. Penalties in case of repeated infringements of the law

89

89

89

90

90

PART XI - TRANSITIONAL AND MISCELLANEOUS PROVISIONS

91

- Article 157. Non-retroactive effect
- Article 158. Subsidiary application of other sources of law
- Article 159. Ministry to issue regulations and instructions
- Article 160. Repeal of laws
- Article 161. Entering into force

91

91

91

91

91

NOW, THEREFORE, BE IT HEREBY ENACTED by the Governing Council of the Republic of Iraq as follows:

Deleted:

This law shall be called the Labour Code of 2004 and shall come into force on XXXX ##, 2004.

DRAFT

Article 2. Right to Work and Freedom to Work ²

- 2.1. The right to work cannot be restricted or denied. Freedom to work is guaranteed and the State shall pursue, as a major goal, an active policy designed to promote full, productive and freely chosen employment.
- 2.2. Forced or compulsory labour shall be prohibited. The term forced or compulsory labour means all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself or herself voluntarily. Nevertheless, it does not include:
 - (a) any work or service exacted in virtue of compulsory military service laws for work of a purely military character;
 - (b) any work or service which forms part of the normal civic obligations of the citizens;
 - (c) any work or service exacted from any person as a consequence of a conviction in a court of law, provided that the said work or service is carried out under the supervision and control of a public authority and that the said person is not hired to or placed at the disposal of private individuals, companies or associations;
 - (d) any work or service exacted in cases of emergency, that is to say, in the event of war or of a calamity or threatened calamity, such as fire, flood, famine, earthquake, violent epidemic or epizootic diseases, invasion by animal, insect or vegetable pests, and in general any circumstance that would endanger the existence or the well-being of the whole or part of the population;
 - (e) minor communal services of a kind which, being performed by the members of the community in the direct interest of the said

² In the Office text, paragraphs 2.2 and 2.3 are worded in accordance with the Forced Labour Convention, 1930 (No. 29) and the Abolition of Forced Labour Convention, 1957 (No. 105), both ratified by Iraq. The last sentence in paragraph 2.1 is worded in accordance with the Employment Policy Convention, 1964 (No. 122) ratified by Iraq.

Paragraph 2.4 is a consequential provision of paragraphs 2.2 and 2.3. It may have a bearing on the Penal Code which should be reviewed, if necessary, so as to ensure that those who exact forced or compulsory labour shall be punished in accordance with article 25 of Convention No. 29.

Paragraph 2.5 addresses trafficking. While trafficking in persons may not in itself amount to forced labour, it is often used as a means of obtaining workers who are to be subject to forced labour, or results in forced labour being exacted to pay off debt. Individuals who have been trafficked are often caught up in situations of forced labour, such as debt bondage, domestic work under harsh conditions, and circumstances involving forced sexual exploitation. The ILO Global Report on forced labour states that "In practical terms, traffickers end up using people to generate income from forced labour exacted from them" (see Stopping Forced Labour, Global Report under the Declaration Follow-up, submitted to the 89th Session of the International Labour Conference, June 2001, p. 48). The Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime, opened for signature in December 2000, defines "trafficking in persons" as the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation (article 3(a)).

DRAFT

Article 5. Freedom of Association⁶

- 5.1 Workers and employers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization.
- 5.2 Workers' and employers' organizations shall have the right to draw up their constitutions and rules, to elect their representatives in full freedom, to organize their administration and activities and to formulate their programmes.
- 5.3 Workers' and employers' organizations shall not be liable to be dissolved or suspended by administrative authority.
- 5.4 Workers' and employers' organizations shall have the right to establish and join federations and confederations and any such organization, federation or confederation shall have the right to affiliate with international organizations of workers and employers.
- 5.5 The Government of Iraq shall take all necessary and appropriate measures to ensure that workers and employers may exercise freely the right to organize.
- 5.6 Workers shall enjoy adequate protection against acts of anti-union discrimination in respect of their employment.

⁶Paragraphs 5.1 to 5.5 draw inspiration from the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), not ratified by Iraq. More detailed provisions on trade union organization and trade union rights in keeping with ILO doctrine will be addressed in a new chapter to be included in the Code with the effect that the trade union law of 1987 will fall.

DRAFT

Article 14. Definitions¹⁴

In the present law:

- the term "the Ministry" means the Ministry or the government agency in charge of labour, and includes the different departments, services and agencies reporting to the Minister in charge of labour;
- the term "worker" is equivalent to "employee" and it means any natural person who is employed by, or working for, an employer under a contract of employment;
- the term "employer" means any natural or legal person for whom a worker performs work or provides a service or services under a contract of employment;
- the term "contract of employment" means an agreement whether explicit or implicit, whether oral or in writing, whereby a natural person binds himself or herself to perform work or to provide a service or services for and under the direction of an employer. In deciding whether a person is employed by another person under a contract of employment, the relevant authority must determine the real nature of the relationship between them. To this end:
 - (a) it must consider all relevant matters, including any matters that indicate the intention of the persons; and
 - (b) it must not treat as a determining matter any statement by the persons that describes the nature of their relationship.
- the term "a year" means three hundred and sixty-five (365) days;

¹⁴ Many of the definitions which are relevant for the interpretation of the Code are grouped in this article. Exceptions are, however, made where a precise definition is needed to ensure consistency with a ratified ILO standard. For example, for the purposes of the Worst Forms of Child Labour Convention, a person under 18 years old is still "a child" which is reflected in article 8; in article 4 the term "remuneration" is aligned to the definition contained in Convention No. 100, while the term "wages" in article 14 is defined in accordance with Convention No. 95 (with however the insertion of "collective agreements or awards" and the words beginning "but does not include ..." which are proposed by the Office).

No definition is proposed with respect to the term "employment relationship" as the issue is the subject of ongoing debate in both comparative labour law and at the ILO. By contrast, the term "contract of employment" can be more easily defined.

In the Office text, the term "the Ministry" is used instead of the Ministry of Labour and Social Affairs as per the 1987 Code. The purpose is to include within the definition the different agencies dealing with various competencies within the Ministry of Labour and Social Affairs (e.g. labour inspection, employment service) without needing to define and identify these precisely in different parts of the text. This will also permit the reallocation of competencies within the Ministry and even within the overall administration of the State without the need to amend the Code simply to substitute new names/titles.

In the definition of workers' representatives, the last sentence takes into account article 5 of the Workers' Representatives Convention, 1971 (No. 135), ratified by Iraq.

The definitions of collective bargaining and collective agreement have been taken respectively from the Collective Bargaining Convention, 1981 (No. 154) and the Collective Agreements Recommendation, 1951 (No. 91), with the insertion by the Office of the terms "and industrial relations" in the definition of "collective agreement."

- the term "a month" means thirty (30) days;

- the term "wages" means remuneration or earnings, however designated or calculated, capable of being expressed in terms of money and fixed by mutual agreement or by national laws or regulations, collective agreements or awards, which are payable in virtue of a written or unwritten contract of employment by an employer to a worker for work done or to be done or for services rendered or to be rendered, but does not include any payment made or owing to such worker by way of compensation for travelling and subsistence expenses incurred by such employee in the course of his or her employment;

- the term "employers' organization" means:

- (a) an association consisting wholly or mainly of employers, the purposes of which include the representation of its members in labour and social affairs, and
- (b) a federation or a confederation or any other organization made up of several employers' associations;

- the term "workers' organization" is equivalent to "trade union" and means:

- (a) an association consisting wholly or mainly of workers, the main purposes of which include the representation and promotion of workers' interests and the regulation of relations between employees and employers, and
- (b) a federation or confederation or any other organization made up of several workers' organizations;

- the term "workers' representatives" means:

- (a) in enterprises where workers are represented by trade-unions, trade union officials or trade union delegates designated by the board of officers of the relevant trade union;
- (b) in enterprises where workers are not represented by trade union, one or several delegates elected by the workers. It is hereby understood that the prerogatives of staff delegates elected under this clause in no case shall be used with the purpose or the effect of undermining the position of trade unions and their representatives;

- the term "collective bargaining" refers to all negotiations which take place between an employer, a group of employers or one or more employers' organizations, on the one hand, and one or more workers' organizations, on the other, for

- (a) determining working conditions and terms of employment; and/or

- (b) regulating relations between employers and workers; and/or
- (c) regulating relations between employers or their organizations and a workers' organization or workers' organizations;

- the term "collective agreements" means all agreements in writing regarding working conditions, terms of employment and industrial relations concluded between an employer, a group of employers or one or more employers' organizations, on the one hand, and one or more representative workers' organizations on the other hand;

- the term "the applicable collective agreement" means a collective agreement by which an employer is bound.

- the term "ILO Fundamental Conventions" means the following ILO Conventions:

- the Forced Labour Convention, 1930 (No. 29);
- the Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87);
- the Right to Organize and Collective Bargaining Convention, 1949 (No. 98);
- the Equal Remuneration Convention, 1951 (No. 100);
- the Abolition of Forced Labour Convention, 1957 (No. 105);
- the Discrimination (Employment and Occupation) Convention, 1958 (No. 111);
- the Minimum Age Convention, 1973 (No. 138), and
- the Worst Forms of Child Labour Convention, 1999 (No. 182).

Article 18. Duties of the employment offices

In carrying out their functions in relation to the placement of workers, the employment offices shall:

- (a) assist workers to find suitable employment and assist employers to find suitable workers, and more particularly shall, in accordance with rules framed on a national basis—
 - (i) register applicants for employment, take note of their occupational qualifications, experience and desires, interview them for employment, evaluate, if necessary, their physical and vocational capacity, and assist them, where appropriate, to obtain vocational guidance or vocational training or retraining,
 - (ii) obtain from employers precise information on vacancies notified by them to the service and the requirements to be met by the workers whom they are seeking,
 - (iii) refer to employers available employment applicants with suitable skills and physical capacity,
 - (iv) refer applicants and vacancies from one employment office to another, in cases in which the applicants cannot be suitably placed or the vacancies suitably filled by the original office or in which other circumstances warrant such action;
- (b) take appropriate measures to—
 - (i) facilitate occupational mobility with a view to adjusting the supply of labour to employment opportunities in the various occupations,
 - (ii) facilitate geographical mobility with a view to assisting the movement of workers to areas with suitable employment opportunities,
 - (iii) facilitate temporary transfers of workers from one area to another as a means of meeting temporary local mismatches in the supply of, or the demand for, workers,
 - (iv) facilitate any movement of workers from one country to another which may have been approved by the governments concerned;
- (c) collect and analyse, in cooperation where appropriate with other authorities and with management and trade unions, the fullest available information on the situation of the employment market and its probable evolution, both in the country as a whole and in the different industries, occupations and areas, and make such

information available systematically and promptly to the public authorities, the employers' and workers' organizations concerned, and the general public;

- (d) cooperate in the administration of unemployment insurance and assistance and of other measures for the relief of the unemployed; and
- (e) assist, as necessary, other public and private bodies in social and economic planning with a view to ensuring a favourable employment situation.

Article 19. Notification of vacancies to the employment office

19.1 Employers may notify the employment office in their region of the vacancies and the employment office in the region must inform job-seekers, in accordance with the following procedure:

- (a) the employer shall submit a request to the employment office in the region, specifying the type of work offered and the qualifications required to perform it;
- (b) the employment office must inform the interested jobseekers and, reply to the request by referring workers who are registered with the office. If no worker so registered fulfils the stated requirements, the employment office shall contact other employment offices nationally to determine if they can meet the employer's request; and
- (c) within fifteen (15) days from receiving the request, the office shall inform the employer of the candidate(s) proposed, or shall inform the employer that the request cannot be fulfilled.

19.2 Notwithstanding the above provisions, employers shall have the right to recruit employees directly or through private employment agencies.

Article 20. Effects of the refusal of an offer of employment

If a worker refuses a suitable offer of employment, he or she shall lose his/her ranking in the chronological order of priority for employment referral, as long as his/her candidature had been recommended for work commensurate with his/her qualifications, level of competence and geographic location. The worker may apply anew for registration three (3) months after the date on which his/her candidacy has been proposed.

Article 21. Work permit for foreign workers

No foreign worker may be engaged before having received a work permit in accordance with the requirements and procedures set forth in the applicable regulations issued by the Ministry.

The public employment service will provide advice on the types of skills training programmes and will organize job placement after training.

- 26.2 Vocational training programmes, delivered by public vocational training centres, should lead to recognized national vocational qualifications. The competent authority, in coordination with employers' and workers' organizations, will determine the skill standards, types and duration of programmes, training curricula, examination requirements, conditions of undertaking training by trainees, and the types of skill certificates to be awarded.
- 26.3 Private companies and non-governmental organizations, providing publicly financed vocational education and training, must be in possession of a license issued by the competent authority.
- 26.4 Publicly funded vocational training programmes can be delivered only by those accredited for such purpose as public and private training organizations. Their training services will be contracted on the basis of competitive bidding processes and administered by the Employment Service.
- 26.5 The unemployed are entitled to undertake two publicly financed vocational training programmes free of charge, during each period when they are registered as unemployed.

Article 27. Relationship between the training institution and the trainee

- 27.1 The trainee undertaking a publicly funded vocational programme will enter into a written agreement with the organization providing vocational training that will set forth the aims, stages and duration of training, as well as the rights and duties of the training organization and the trainee.
- 27.2 The Employment Service shall be responsible for making the contributions provided for by the law on pensions and social security for workers during the training period, in case a trainee suffers an accident or dies in the course of training, or as a result of it. The provisions of the Employees' Retirement and Social Security Act shall apply to trainees.

Article 28. Unilateral termination of a contract for training

- 28.1 A trainee may unilaterally withdraw from the training programme.
- 28.2 The training organization may terminate the training contract at any time by reason of the trainee's insufficient commitment to training, low discipline and poor training progress.
- 28.3 Neither party may claim compensation from the other party in any of the cases indicated above, unless the contract has specific provisions in respect thereof.



COALITION PROVISIONAL AUTHORITY
BAGHDAD

ACTION MEMO

May 12, 2004

FOR: THE ADMINISTRATOR
FROM: Office of the General Counsel
SUBJECT: Response to Dr. Mehdi Al-Hafedh's Questions

This memorandum responds to your request for further information concerning certain aspects of a May 4, 2004 letter from Dr. Mehdi Hafedh, Minister of Planning and Development Cooperation, to the Administrator, dated May 4, 2004. In that letter, Dr. Mehdi requested reconsideration of CPA Order No. 81, which transfers Patent Office oversight responsibility from the Ministry of Planning and Development Cooperation to the Ministry of Industry and Minerals.

On May 10, you reviewed our initial proposed response to the Ministry which sought to address the Minister's concern through an agreement between the affected Ministers as to the manner in which the transfer would be executed. However, in order to ensure that the transfer takes place in a timely manner and as anticipated in the Order, determined that the letter should direct the transfer of affected personnel between these ministries. The attached draft response has been modified accordingly.

RECOMMENDATION: That the Administrator incorporate the attached paragraphs into the memorandum to the Minister of Planning and Development Cooperation.

Approve: _____ Disapprove: _____ Approve with modification: _____

ATTACHMENTS: Original Action Memorandum (TAB 1)
Revised response for use in letter for Dr. Al-Hafedh (TAB 2)

COORDINATION: Governance/(b)(6) (OK)
Senior Advisor, (b)(6) (OK)
Senior Advisor, MOIM/(b)(6) (OK)

UNCLASSIFIED



040510-56

COALITION PROVISIONAL AUTHORITY
BAGHDAD

ACTION MEMO

May 10, 2004

FOR: THE ADMINISTRATOR
FROM: EXECUTIVE SECRETARIAT
SUBJECT: Response to Dr. Mehdi Al-Hafedh's Questions

This memorandum responds to your request for further information concerning certain aspects of a letter from Dr. Mehdi Al-Hafedh, Minister of Planning and Development Cooperation, to the Administrator, dated May 4, 2004.

Patent Order (OGC)

Dr. Mehdi requested reconsideration of CPA Order No. 81, which transfers Patent Office oversight responsibility from the Ministry of Planning and Development Cooperation to the Ministry of Industry and Minerals.

- The Minister wrote that it was his understanding that there was "no discussion on this issue [placement of the Patent Office] in the meeting of the Finance Committee of the Governing Council." Actually, there were extensive discussions of this topic led by the Chairman of the Finance Committee.
- The Finance Committee decided that placement of the new Iraqi patent operation should reflect the international standard by which most patent offices worldwide are administered, namely through Ministries of Industry. In the United States the Patent and Trademark Office is an agency of the Department of Commerce; in Australia the patent office is in the Ministry of Industry, Science and Resources; in Jordan, the Ministry of Industry and Trade is responsible for the patent and trademark operations, and in both Pakistan and Bahrain, these functions are in the Ministry of Industries.
- Most experts agree that the key to building a modern patent office is to establish policies that protect new technologies as efficiently and effectively as possible. Although the Ministry of Planning currently may have the requisite staff and experience to sustain a functioning Patent Office, the Ministry of Industry and Minerals has greater potential to generate synergy for that office, because of its focus on the needs of industry.
- The Minister raises the valid concern that currently his ministry houses the 25 experienced employees who operate the Patent and Copyright Office. Although not voiced in the letter, the Senior Advisor to the Planning Ministry notes that these

employees may serve other roles in addition to their patent functions, which would complicate their movement to the Ministry of Industry. We believe these concerns may be accommodated through a memorandum of understanding between the ministries. *impossible. They will never agree. We should just transfer the people.*

- Any change in ministerial responsibilities results in a period of transition. Supervisory chains, procedures, records storage, office locations may all be impacted. There is no requirement, however, that these changes be immediate. During the transition the patent office may remain in its current location while the Ministry of Industry assumes the responsibility of technical oversight. This would decrease the disruption to both Ministries while accommodating the desire of the Governing Council's Finance Committee that the patent function be aligned consistent with international standards.

Transition and Appointment of Deputy Ministers (Governance)

The transition reception will be held on Thursday, May 13th, in the evening. The language in the letter has you accepting the Minister's request for attendance.

Ministers Meeting, 8 May (Giles Denham)

Minister Al-Hafedh conducted the mentioned briefing at the meeting.

Census (George Wolfe)

George Wolfe suggests the following language:

"The money is available for the census. The 2004 Revised Iraqi Budget has 150 billion Iraqi Dinars (\$100 million) within the Ministry of Finance budget, under "Nation Building Projects," earmarked for a census. In order to execute these funds, the Ministry of Planning and Development Cooperation will need to submit a spending plan to the Ministry of Finance to inform them of how and when they will use the first apportionment of \$60M. Likewise, whenever the MoPDC requests the remainder of the \$100M, they will need to submit additional documentation on how they plan to use the money."

Beit El Hikma (Joan Wadelton)

Beit El Hikma is a thousand-year-old research institute that suffered a decline under Saddam. The Minister of Planning and the head of Beit El Hikma (who are apparently friends) would like to move the Institute under the auspices of the Ministry of Planning to give it a chance to regenerate. Ministry of Planning officials told us that they have funding for this for 2004, and would seek government funding for 2005. Thereafter, foreign donor and/or private funding might be sought. I see no reason not to accommodate this request and suggest the following language:

"We have no objection to the move of the Beit El Hikma Institute to the Ministry of Planning. We understand that the Ministry will assume some responsibility for the rehabilitation of the Institute building, and provide the impetus for the reactivation of the Institute's work as it existed

before the 1980s. We ask that you confirm any reallocation of Ministry of Planning's resources with the Ministry of Finance, and work with the Ministry of Finance on a line item for the Institute in the 2005 Ministry of Planning budget."

RECOMMENDATION: That the Administrator sign the attached letter to the Minister of Planning and Development Cooperation.

Approve: _____

Disapprove: _____

Approve with modification: 5/11

ATTACHMENTS: Response letter for Dr. Al-Hafedh
Letter from Dr. Al-Hafedh dated 4 May 2004

COORDINATION: **Patent Order Section:**
Senior Advisor, MOPDC (b)(6)
Governance Team (b)(6)
Senior Advisor, Ministry of Industry and Minerals/ (b)(6)

Census Section:
(b)(6), OMB

Beit El Hikma Section:
(b)(6)



COALITION PROVISIONAL AUTHORITY
BAGHDAD

Dr. Mehdi Al-Hafedh
Minister of Planning And Development Cooperation

Dear Minister Al-Hafedh,

This responds to the concerns you raised in your letter of May 4, 2004, regarding the recent promulgation of the Patent Law, the transition for the Ministry of Planning and Development Cooperation, funding the Census, and Beir El Hikma.

On the Patent Law, you note that it was your understanding that there was "no discussion on this issue [placement of the Patent Office] in the meeting of the Finance Committee of the Governing Council." Actually, there were extensive discussions of this topic led by the Chairman of the Finance Committee.

The Finance Committee decided that placement of the new Iraqi patent operation should reflect the international standard by which most patent offices worldwide are administered, namely through Ministries of Industry. In the United States the Patent and Trademark Office is an agency of the Department of Commerce; in Australia the patent office is in the Ministry of Industry, Science and Resources; in Jordan, the Ministry of Industry and Trade is responsible for the patent and trademark operations; and in both Pakistan and Bahrain, these functions are in the Ministry of Industries.

You raise the valid concern that currently your ministry houses the 25 experienced employees who operate the Patent and Copyright Office. I believe these concerns may be accommodated through a memorandum of understanding between your ministry and the Ministry of Industry and Minerals.

Any change in ministerial responsibilities results in a period of transition. Supervisory chains, procedures, records storage, office locations may all be impacted. There is no requirement, however, that these changes be immediate. During the transition the patent office may remain in its current location while the Ministry of Industry assumes the responsibility of technical oversight. This would decrease the disruption to both Ministries while accommodating the desire of the Governing Council's Finance Committee that the patent function be aligned consistent with international standards. The CPA General Counsel's Office and your ministry's Senior Advisor are prepared to assist in crafting such a memorandum.

On the transition of the Ministry of Planning and Development Cooperation, I am pleased to accept the invitation to the reception for Thursday, May 13.

On the issue of funding the census, the money is available. The 2004 Revised Iraqi Budget has 150 billion Iraqi Dinars (\$100 million) within the Ministry of Finance budget under "Nation Building Projects" earmarked for a census. In order to execute these funds, the Ministry

UNCLASSIFIED

of Planning and Development Cooperation will need to submit a spending plan to the Ministry of Finance to inform them of how and when they will use the first apportionment of \$60M. Likewise, whenever the MoPDC requests the remainder of the \$100M they will need to submit additional documentation on how they plan to use the money.

Finally, on the issue of the Beit El Hikma Institute, we have no objection to moving it to the Ministry of Planning. We understand that the Ministry will assume some responsibility for the rehabilitation of the Institute building, and provide the impetus for the reactivation of the Institute's work as it existed before the 1980s. We ask that you confirm any reallocation of Ministry of Planning's resources with the Ministry of Finance, and work with the Ministry of Finance on a line item for the Institute in the 2005 Ministry of Planning budget.

Sincerely,

L. Paul Bremer III
Administrator

UNCLASSIFIED



COALITION PROVISIONAL AUTHORITY
BAGHDAD

May 16, 2004

MEMORANDUM FOR MINISTER OF PLANNING AND DEVELOPMENT COOPERATION

SUBJECT: Patent Order

This responds to the concerns you raised in your letter of May 4, 2004, regarding the recent promulgation of the Patent Law. You note that it was your understanding that there was "no discussion on this issue [placement of the Patent Office] in the meeting of the Finance Committee of the Governing Council." Actually, there were extensive discussions of this topic led by the Chairman of the Finance Committee.

The Finance Committee decided that placement of the new Iraqi patent operation should reflect the international standard by which most patent offices worldwide are administered, namely through Ministries of Industry. In the United States the Patent and Trademark Office is an agency of the Department of Commerce; in Australia the patent office is in the Ministry of Industry, Science and Resources; in Jordan, the Ministry of Industry and Trade is responsible for the patent and trademark operations; and in both Pakistan and Bahrain, these functions are in the Ministry of Industries.

You raise the valid concern that currently your ministry houses the 25 experienced employees who operate the Patent Office. Nevertheless, the Ministry of Industry and Minerals with its focus on the needs of the business community, is better suited to building a modern Patent Office by establishing policies that protect new technologies as efficiently and effectively as possible; such technologies are crucial to growing a strong industrial sector.

While any change in ministerial responsibilities results in a period of transition as supervisory chains, procedures, records storage, and office locations may all be impacted, the appropriate next steps call for the transfer of relevant personnel and associated records, equipment and budgetary resources, from the Ministry of Planning to the Ministry of Industry. This will ensure that patent operations are supervised consistent with international standards.

The CPA General Counsel's Office and your ministry's Senior Advisor are prepared to assist in accomplishing this transfer in a timely manner.

UNCLASSIFIED



**COALITION PROVISIONAL AUTHORITY
BAGHDAD**

INFO MEMO

May 7, 2004

FOR: THE ADMINISTRATOR
FROM: Office of General Counsel
SUBJECT: Response to Dr. Mehdi Hafedh's Questions regarding Patent Office

This memorandum responds to your request for further information concerning certain aspects of a May 4, 2004 letter from Dr. Mehdi Hafedh, Minister of Planning and Development Cooperation, to the Administrator, dated May 4, 2004, wherein Dr. Mehdi requested reconsideration of CPA Order No. 81, which transfers Patent Office oversight responsibility from the Ministry of Planning and Development Cooperation to the Ministry of Industry and Minerals.

- Prior to the meeting of the Finance Committee of the Governing Council on 25 April 2004, this office discussed the placement of the Patent Office with the Acting Senior Advisor to the Ministry of Planning and learned that the Ministry had shown very little interest in the Patent Office operations in recent months. U.S. Government efforts to provide technical assistance to the Patent Office had been ignored by that Ministry.
- This office also tried on several occasions to coordinate with the Deputy Minister of Planning to discuss the needs and placement of both the Patent Office and the Trademark Office. Unfortunately, despite these efforts, we were unable to meet with the Deputy Minister prior to meeting of the Finance Committee of the Governing Council.
- The Finance Committee discussed the placement of the Patent Office in detail during the April 25th meeting. The Committee decided that placement of the new Iraqi patent operation should reflect the international standard by which most patent offices worldwide are administered, namely through Ministries of Industry. In the United States for example, the U.S. Patent and Trademark Office is an agency of the Department of Commerce. Similarly, in Australia the patent office is in the Ministry of Industry, Science and Resources. In Jordan, the Ministry of Industry and Trade is responsible for the patent and trademark operations and in both Pakistan and Bahrain, these functions are in the Ministry of Industries.

- The Finance Committee also discussed the placement of the Trademark Office, which has been housed in the private sector Iraqi Federation of Industry. CPA Order No. 80 implements the decision of the Finance Committee to provide for the trademark operations to share an operational structure with the patent operations, as is done in a majority of countries. This office described to the Committee the placement of the Copyright Office, which has been, and continues to be, housed in the Ministry of Culture. The Committee did not debate the placement of the Copyright Office.
- Most experts agree that the key to building a modern patent office is to establish policies that provide for the protection of new technologies as efficiently and effectively as possible. Although the Ministry of Planning currently may have the requisite staff and experience to sustain a functioning Patent Office, the Ministry of Industry and Minerals has greater potential to generate synergy for that office, because of its focus on the needs of industry.
- This office has discussed these issues with the senior advisor to the Ministry of Planning and is prepared to assist in drafting a Memorandum of Agreement between the Ministry of Planning and the Ministry of Industry providing for an orderly transition of the Patent Office, as the latter Ministry develops its capacity to house the 25 staff members and related files, computers and other equipment.

ATTACHMENTS: Letter from Dr. Mehdi Hafeedh dated 4 May 2004

COORDINATION: Ministry of Planning and Development Cooperation (b)(6) ()
 Governance Team (b)(6) ()
 Ministry of Industry and Minerals (b)(6) ()



COALITION PROVISIONAL AUTHORITY
BAGHDAD

*letter, comments?
Any closer?
Dick*

ACTION MEMO

May 6, 2004

FOR: THE ADMINISTRATOR
FROM: Office of General Counsel
SUBJECT: Response to Dr. Mehdi Hafedh's Questions regarding Patent Office

This memorandum responds to your request for further information concerning certain aspects of a letter from Dr. Mehdi Hafedh, Minister of Planning and Development Cooperation, to the Administrator, dated May 4, 2004. Dr. Mehdi requested reconsideration of CPA Order No. 81, which transfers Patent Office oversight responsibility from the Ministry of Planning and Development Cooperation to the Ministry of Industry and Minerals.

- The Minister wrote that it was his understanding that there was "no discussion on this issue [placement of the Patent Office] in the meeting of the Finance Committee of the Governing Council." Actually, there were extensive discussions of this topic led by the Chairman of the Finance Committee.
- The Finance Committee decided that placement of the new Iraqi patent operation should reflect the international standard by which most patent offices worldwide are administered, namely through Ministries of Industry. In the United States the Patent and Trademark Office is an agency of the Department of Commerce; in Australia the patent office is in the Ministry of Industry, Science and Resources; in Jordan, the Ministry of Industry and Trade is responsible for the patent and trademark operations; and in both Pakistan and Bahrain, these functions are in the Ministry of Industries.
- Most experts agree that the key to building a modern patent office is to establish policies that protect new technologies as efficiently and effectively as possible. Although the Ministry of Planning currently may have the requisite staff and experience to sustain a functioning Patent Office, the Ministry of Industry and Minerals has greater potential to generate synergy for that office, because of its focus on the needs of industry.
- The Minister raises the valid concern that currently his ministry houses the 25 experienced employees who operate the Patent and Copyright Office. Although not voiced in the letter, the Senior Advisor to the Planning Ministry notes that these employees may serve other roles in addition to their patent functions, which would complicate their movement to the Ministry of Industry. We believe these concerns

may be accommodated through a memorandum of understanding between the ministries.

- Any change in ministerial responsibilities results in a period of transition. Supervisory chains, procedures, records storage, office locations may all be impacted. There is no requirement, however, that these changes be immediate. During the transition the patent office may remain in its current location while the Ministry of Industry assumes the responsibility of technical oversight. This would decrease the disruption to both Ministries while accommodating the desire of the Governing Council's Finance Committee that the patent function be aligned consistent with international standards.

RECOMMENDATION: That the Administrator sign the attached letter to the Minister of Planning and Development Co-operation.

Approve: _____ Disapprove: _____ Approve with modification: _____

ATTACHMENTS: Letter from Dr. Mehdi Hafedh dated 4 May 2004

COORDINATION: Senior Advisor, Ministry of Planning and Development Cooperation ();
Governance Team/ (b)(6) ; Senior Advisor, Ministry of Industry and Minerals/ ()



COALITION PROVISIONAL AUTHORITY
BAGHDAD

May 16, 2004

MINISTER OF PLANNING AND DEVELOPMENT CO-OPERATION

SUBJECT: Patent Order

This responds to the concerns you raised in your letter of May 4, 2004, regarding the recent promulgation of the Patent Law. You note that it was your understanding that there was "no discussion on this issue [placement of the Patent Office] in the meeting of the Finance Committee of the Governing Council." Actually, there were extensive discussions of this topic led by the Chairman of the Finance Committee.

The Finance Committee decided that placement of the new Iraqi patent operation should reflect the international standard by which most patent offices worldwide are administered, namely through Ministries of Industry. In the United States the Patent and Trademark Office is an agency of the Department of Commerce; in Australia the patent office is in the Ministry of Industry, Science and Resources; in Jordan, the Ministry of Industry and Trade is responsible for the patent and trademark operations; and in both Pakistan and Bahrain, these functions are in the Ministry of Industries.

You raise the valid concern that currently your ministry houses the 25 experienced employees who operate the Patent and Copyright Office. I believe these concerns may be accommodated through a memorandum of understanding between your ministry and the Ministry of Industry and Minerals.

Any change in ministerial responsibilities results in a period of transition. Supervisory chains, procedures, records storage, office locations may all be impacted. There is no requirement, however, that these changes be immediate. During the transition the patent office may remain in its current location while the Ministry of Industry assumes the responsibility of technical oversight. This would decrease the disruption to both Ministries while accommodating the desire of the Governing Council's Finance Committee that the patent function be aligned consistent with international standards.

The CPA General Counsel's Office and your ministry's Senior Advisor are prepared to assist in crafting such memorandum.

LPB

UNCLASSIFIED

CONCEPTS FOR EMPLOYEE BUYOUT PLAN

Candidates for retirement or disability

Employees of SOEs who are eligible for retirement or disability will be required to transition to retirement or disability status on the following terms:

1. People who are within 3 years of qualifying for retirement, i.e. 22 years of service or 60 years old, will be required to transition to retirement status starting as of January 1, 2004 on the following terms:
 - January 1 – December 31, 2004: Pay as of December 31, 2003
 - January 1 – December 31, 2005: Pay as of December 31, 2003 minus \$20 per month or retirement benefit level, whichever is higher
 - January 1 – December 31, 2006: Pay as of December 31, 2003 minus \$40 per month or retirement benefit level, whichever is higher
 - January 1, 2007 and thereafter: Retirement benefit
2. People who qualify for disability will be required to transition to disability status starting as of January 1, 2004 on the following terms:
 - Same as above except that the ending benefit is the disability benefit instead of the retirement benefit

Employee Buyout

1. Employees of SOEs who are 45 years old or older and who have 15 or more years of service who do not qualify for retirement will be offered the opportunity to transition to retirement status on the following terms:
 - One years pay in a lump sum and qualify for retirement benefit commencing one year after acceptance of the buyout, or
 - Two years pay stretched out over 4 years, then qualify for retirement commencing four years after acceptance of the buyout

2. SOE employees who are under 45 years old or who have less than 15 years of service can elect prior to June 30, 2004 to terminate their employment and will receive a lump sum payment of one years pay.
3. SOE employees who do not elect to terminate their employment can be involuntarily terminated after June 30, 2004 and can choose to be compensated in on of two ways:
 - Full pay during the year following termination at the salary level at the time of termination , three-quarters pay during the second year, and half pay during the third year, or
 - A lump sum payment of two years salary at the time of termination

11A-030915-12

UNCLASSIFIED

CoS		
Mil Asst		
Exec. Sec	11/12	11/12

COALITION PROVISIONAL AUTHORITY

BAGHDAD

ACTION MEMO

September 15, 2003

TO: THE ADMINISTRATOR
FROM: (b)(6) Director, Private Sector Development
SUBJECT: Privatization Plan for Iraqi SOEs

The Private Sector Development team ("PSD") has completed its assessment of state-owned enterprises ("SOEs") and initial privatization planning phases. We present the following conclusions and recommendations for your consideration:

CONCLUSIONS FROM THE ASSESSMENT PHASE

PSD has completed a comprehensive assessment of 153 of 188 fully-owned SOEs and has determined a disposition plan for each. The 39 SOEs not included in PSD's recommendations reside in the Oil, Electricity, and Finance Ministries. Most of the SOEs in these ministries are not candidates for privatization. Any that are would present special situations for which privatization determinations cannot now be made. As a result, we have not included them in this round of assessments and recommendations.

The disposition plans for the 153 SOEs include six categories: ready now privatizations; ready later privatizations; agencies; consolidations; non-privatizations, and, close-downs. Ready now privatizations are SOEs that should be privatized as soon as the resources are in place to implement a privatization. Ready later privatizations are SOEs that are very large, politically sensitive, or for some other reason would benefit from delaying implementation of a privatization plan. Agencies are SOEs that should be reclassified as government agencies and remain in the government. Consolidations are SOEs that should be consolidated into another SOE. Non-privatizations are SOE's that should remain government entities. Close-downs are SOEs that have no viable business prospects and should be closed-down.

A number of criteria were used to categorize the SOEs. PSD drew on its analysis as well as the experience and judgment of the PSD group and outside experts. The first criterion was subjective and was whether the product or service the SOE was providing was one that

UNCLASSIFIED

UNCLASSIFIED

governments can or should provide. PSD and its advisers looked at the decisions other countries had made during their privatization efforts as well as the structures of successful capitalist economies such as the United States. Examples of SOEs that PSD determined should remain government entities are the post office, the food inspection service, and the animal disease control service. Within this group we divided SOEs into ones that were agencies of government and ones that were businesses. For example, the post office was determined to be a business, albeit a non-profitable one, and the food inspection service was determined to be an agency. Thirty SOEs employing approximately 37,000 people were determined to be agencies and PSD proposes reclassifying them as such. Four SOEs employing 25,000 people were determined to be businesses that should be retained by the government and are classified by PSD as non-privatizations.

After it was determined which SOEs should not remain government entities, PSD looked at whether each of these SOEs comprised an entire business. Many SOEs were determined to provide services or products to other SOEs which function more like a department of a company than an entire company. For example, several research and development groups and several engineering services groups function more like corporate service departments than businesses. In other cases, several SOEs provided identical products or services and appeared better off as consolidated entities. These two types of SOEs, nine in all and employing approximately 5,349 people, either have been or should be consolidated into other SOEs.

Among the SOEs remaining, PSD identified ones that had little or no business prospects and/or their assets and means of conducting business had been destroyed. Most of these are SOEs from the Military Industrial Commission that formerly produced military hardware. For these SOEs, 25 in all employing approximately 43,000 people, PSD recommends they be closed-down and their remaining assets sold.

The remaining SOEs are candidates for privatization. PSD analyzed each and made a determination whether it was a candidate to be privatized as soon as practicable or if there were reasons to delay privatization. The criteria used to determine which should be privatized later included size, likely change in value over time, complexity, and political sensitivity. PSD is recommending that of the 85 being recommended for privatization, 53 employing approximately 101,692 people, should be privatized as soon as the implementation resources are in place. 32 SOEs employing approximately 52,000 people should be privatized, but not immediately.

UNCLASSIFIED

UNCLASSIFIED

3

A summary of PSD's categorization of the 153 SOEs is the following (a detailed list of these SOEs is included as Exhibit 1 to this memorandum):

<u>CATEGORY</u>	<u>SOES</u>	<u>EMPLOYEES</u>	
Ready now privatizations	53	101,692	
Ready later privatizations	32	51,776	
Agencies	30	36,759	
Consolidations	9	5,349	
Non-privatizations	4	24,866	
Close-downs	25	43,144	43 m
Total	153	263,586	264 m

Within these classifications there are a number of special situations. Most notably they include companies that require significant capital investment for which we would be seeking an investor to provide the capital in exchange for an interest in a subsequent privatization. An example would include the telephone company which may require up to \$2 billion in new capital to repair and modernize its land line system. PSD is analyzing a quasi-privatization plan where the telephone company is dropped into a corporation majority owned by the Iraqi people and the remainder owned by an investor providing capital and expertise. The jointly owned company would subsequently be floated on the Baghdad Stock Sxchange or sold in a second step privatization.

Another category of SOEs not included in the above numbers are the forty-one mixed SOEs which are partly owned by the government and partly owned by private investors. Together the mixed SOEs employ approximately 20,000 people. Most of these companies were traded on the Baghdad Stock Exchange prior to the war. PSD recommends these investments be included in the ready now privatization category indicating that the government's ownership in these companies should be sold as soon as the resources are in place to do so. ✓

FORMATION OF A PRIVATIZATION AGENCY

PSD recommends that the privatization plan be implemented by a privatization agency formed for the purpose of holding, preparing, and disposing of the SOEs in accordance with the

UNCLASSIFIED

UNCLASSIFIED

4

recommendations in this memorandum. Privatization agencies of varying forms and varying names were used in all Eastern Block privatization programs. They are critical for gathering the resources necessary for implementing a privatization program and to protect the privatization process from politicians and Ministries who have a stake in SOE retention. PSD has studied the experiences of many Eastern Block countries as well as Middle Eastern countries including Egypt, Morocco, and Jordan. Our recommendations regarding the architecture of the privatization agency reflect PSD's judgment as to what has worked best in the past and what is likely to work well in Iraq.

PSD recommends a privatization agency architecture in which the SOEs that have been identified as candidates for privatization, regardless of the proposed timing of their privatization, are moved into a 'holding pen' within the privatization agency. Once in the 'holding pen', the decision to dispose of the SOE should not be easy to reverse. The privatization agency would retain discretion over how and when each SOE was privatized, but all privatizations would be targeted for completion by December 31, 2006. Any SOEs held by the agency on that date would have to terminate its employees and would have one year to liquidate its assets.

✓ The target completion date of December 31, 2006 has been carefully chosen. Privatizations that have proceeded too quickly have suffered adverse effects from insufficiently mature legal and regulatory structures, SOEs insufficiently prepared for the transition, and the private sector insufficiently developed to absorb people displaced by privatization. Privatizations lasting too long have suffered different adverse effects, most notably that initial public enthusiasm tends wane and, as a result, the political will to continue and complete the process fades. A time frame of slightly more than three years takes these factors into consideration as well as the fact that there are far fewer SOEs to privatize in Iraq than in the Eastern Block countries. Furthermore, PSD set an ambitious schedule to provide an impetus for the privatization agency, realizing that if the deadline turns out to be impractical it can be extended by revising the privatization law.

PSD envisions a privatization agency headed by an Iraqi and staffed primarily with Iraqis. PSD estimates a staffing requirement of 50 or more people. The privatization agency would contract with investment banks, accounting firms, and law firms to assist them in their disposition activities. The head of the agency would need to be of unquestionable integrity and good business judgment. In addition, he or she would need to be viewed as legitimate and impartial. The privatization agency would need technical assistance to establish a process for disposing of SOEs that is transparent and that employs many of the principles used elsewhere to ensure ethical practices. For example, the bidding process for companies should be conducted under rules similar to those contained in the U.S. Federal Acquisition Regulations. The formation of the privatization agency and its duties and powers would be set forth in a privatization law which needs to be drafted in the next four weeks and implemented within another four weeks.

let's set it ready ASAP

PSD believes the privatization agency and privatization plan should be formally announced within four weeks and the SOEs identified for closing or privatization should be transferred to the privatization agency as soon as the privatization law is adopted. PSD recommends that a small group of first step privatizations be started by PSD immediately, but that their disposition be handed over to the privatization agency as soon as the agency is able to handle them. PSD believes some of the first step privatizations can be completed by year end. Most of the remaining ready now privatization SOEs can be completed by the end of 2004. Some SOE

UNCLASSIFIED

UNCLASSIFIED

privatizations that are very large, politically sensitive, or whose sale or success in the private sector will require active capital markets or better established laws and institutions than Iraq now has, may take as long as 2-3 years to complete.

In writing the privatization law and establishing the privatization agency, a lot of care and effort will have to go into ensuring that the desired outcomes of privatization are achieved. In doing so, PSD will have to help the privatization agency develop ways to avoid the undesired outcomes experienced in many of the Eastern Block countries such as asset stripping, improper enrichment of government employees, and the creation of improperly enriched buyers or consolidators of SOE interests post-privatization. PSD is confident this can be done using a 'lessons learned' approach supplemented by CPA and other expert advice.

or substituting private managers but public managers

FIRST STEP PRIVATIZATIONS

PSD has limited resources for implementing privatizations. However, PSD has identified 17 ready now privatizations that PSD could begin privatizing prior to the formation of the privatization agency. These SOEs have been selected because they are modest in size, have good business prospects, will result in modest employee displacement, and their value will not be meaningfully compromised by an early sale. PSD would hope to have five or more of these first step privatizations completed by December 31, 2003. These first step SOEs would provide an opportunity to run a limited trial of the privatization process and to test receptivity to the privatization framework. It would also provide an opportunity on a limited basis for privatization agency employees to learn on a modest sample size.

PSD proposes the following first step privatizations:

<u>SOE</u>	<u>PRODUCT OR SERVICE</u>	<u>EMPLOYEES</u>	<u>MINISTRY</u>
Al Dilhal	Tourist busing	753	Transportation
Delegates	Limousine Service	201	Transportation
Land Transport	Trucking	840	Transportation
Passenger	Bus Transportation	3,326	Transportation
Internet Café	Internet Connectivity	412	Transportation
Projects	Project Design	1,039	Transportation
Construction Materials	Retailing	3,385	Trade
Shopping Centers	Retailing	5,880	Trade
Auto Wholesale	New Auto Distribution	2,606	Trade
Al-Farouq	Construction	1,433	Housing
Al Mansour	Construction	1,527	Housing
Al Rasheed	Construction	1,186	Housing
Hamurabi	Construction	2,351	Housing
Ashur	Construction	2,214	Housing
Saad	Construction	1,219	Housing
Al Mutasim	Construction	1,439	Housing
Hotels/resorts	Tourism	2,352	Culture
	Total	32,163	

UNCLASSIFIED

What have we heard from the various ministries about these ideas?

UNCLASSIFIED

TRANSITION PLAN FOR DISPLACED EMPLOYEES

The 153 SOEs for which PSD is now making disposition recommendations employ approximately 251,806 people. We estimate as many as 100,000 of these employees may not be retained post-disposition. Although this is a large number and will result in transition stress for these individuals and their families, the number is small when compared to most other privatization programs, both in terms of gross numbers and the percentage of the workforce. For example, in most Eastern Block countries, 70% or more of the workforce were employed by the state and in the former Soviet Union the number approached 100%. It is estimated that 50% or more of state-employed workers in these countries, or 35-50% of the workforce, were displaced by privatization. In Iraq, the part of the workforce likely to be adversely affected by privatization is 2% or less. This is important and fortunate for two reasons. First, the political impact of privatization is likely to be less acute in Iraq than it was in the Eastern Block and, second, the cost is far lower of moderating the political impact of privatization by providing a comfortable transition plan for displaced employees.

PSD recommends that displaced workers be provided a transition plan that significantly eases the stress of their transition to post-privatization status. PSD estimates that up to 30% of SOE employees qualify for disability or retirement, but have not taken either because the benefits for each amount to only 35% of an employee's current salaries. PSD recommends that these employees be required to move to disability or retirement status, but that their transition to the lower benefit levels occurs gradually over a three year period. PSD recommends that terminated employees who do not qualify for disability status or retirement receive their current salaries for one year after termination followed by a cumulative annual reduction of 25% of their current salaries for three years or until they obtain another job. PSD believes a cash severance payment will initially be received well, but will shortly lead to political and social problems as many of the recipients of these cash payments will spend the money before they are able to obtain another job.

The severance arrangement should include a program for developing skills and other employment related training. The package should also include a placement service to assist displaced workers in finding new employment. PSD realizes that many factors including the culture of Iraq's recent past present significant additional challenges to fulfilling a goal of providing a smooth and politically trouble free transition during privatization. However, PSD believes the generous transition packages, relatively small affected population, and lengthy and staggered duration of support will greatly alleviate the negative political consequences of the privatization plan.

The cost of such a transition severance plan is estimated to be \$60,000,000 in the first year, \$50,000,000 in the second, \$35,000,000 in the third, \$25,000,000 in the fourth, \$15,000,000 in the fifth, and \$10,000,000 in the sixth. However, if this plan were extended to all SOEs and Ministries the cost could be twice these amounts. The CPA would only bear the cost of this program in the years in which it continues to fund Iraq's deficits. Even if the CPA bore the entire cost, PSD believes spending this money will help assure success of the privatization plan by removing resistance to it and, thereby, speeding and assuring its implementation. In addition,

UNCLASSIFIED

Can we get all of this in place before Dec?

UNCLASSIFIED

PSD believes spending this money will provide important protection against political ill will toward the privatization process.

PSD recommends that the transition severance plan be announced in 4-6 weeks, but not later than the announcement of the privatization plan. People qualifying for disability or pensions would be transferred to their respective plan effective January 1, 2004. Anyone who quits after the announcement of the plan would receive the severance plan benefit, but the start date for calculating the severance benefit would be the announcement date of the plan, not the date of termination. The severance plan would only be available for voluntary terminations up to the time an SOE announces it won't accept any more voluntary terminations. After that, only people who were involuntarily terminated would qualify for the plan. For involuntary terminations the start date for calculating the severance benefit would be the date of termination.

IRAQI SUPPORT FOR PRIVATIZATION

Privatization presents risks as well as opportunities to a variety of interests in Iraq. Employees are concerned about their jobs, managers are concerned about having to perform in competitive markets, Ministers are concerned about losing important parts of their organizations, businessmen are concerned about whether or not they will be able to bid competitively for SOEs, politicians are concerned about public opinion, and policymakers and government service providers are concerned about the impact of privatization on their constituents. CPA and the Governing Council can expect that initially there will be significant opposition to privatization. This opposition can grow and solidify if a well-conceived and well-executed communication plan is not initiated soon to counter fears and concerns that thousands of jobs will be lost, the SOEs will be given away, and foreigners will end-up owning a lot of former state assets. Interested parties in Iraq must be educated about how privatization works and the specifics of the privatization plan. Iraqis need to be persuaded that privatization is in their long term interest and they must become the primary advocates and drivers of the privatization process.

PSD proposes to commence a communication and outreach effort as soon as the privatization plan is approved. This effort will include meetings with Iraqi business leaders and senior Ministry officials, education of SOE Directors General, and development of a media plan for communicating to the public about privatization and what it means for them. PSD is confident that a well-conceived and well-executed communication plan can alleviate many of the fears surrounding privatization and can create public support for the process, particularly in Iraq where the displaced population will be small while the number who can look forward to better products and services will be large.

DIRECT NEED FOR ACTION

To successfully implement the proposed privatization plan a number of tasks will need to be completed in the next eight weeks. The critical tasks include:

UNCLASSIFIED

UNCLASSIFIED

how do we identify candidates? who selects him? who does he report to?

TASK

TIMING

1. Complete and obtain CPA approval of a Privatization Law October 15
2. Hire the Head of the Privatization Agency and begin staffing October 15
3. Develop draft procedures and systems for the Privatization Agency October 31
4. Develop a comprehensive employee transition plan for approval October 1
5. Announce Civil Servant Severance and transition plans October 15
6. Obtain passage of the Privatization Law and begin implementation November 15
7. Commence five or more first step privatizations Immediate

COINCIDENT NEEDS

In order for the privatization effort to work, there are several coincident tasks that will need to be completed. PSD depends on other parts of CPA for execution of some of these tasks. The critical tasks are:

TASK

TIMING

1. Foreign Investment law approved Immediate ✓
2. Commercial law reform implemented - what is status? November 15
3. Commercial justice framework and functionality established June 30, 2004
4. Local credit availability December 31
5. Comprehensive Subsidy reform January 1, 2004 ?
6. Stock Exchange and supervisory organization operational December 31

Foreign direct investment and the availability of credit are critical to the privatization process. Most of the SOEs to be privatized will probably not be purchased by foreigners, but some of the larger SOEs may depend on foreign bidders to obtain a fair value and may depend on a foreign owner to become or remain viable as a business post-privatization. In addition, and more important, foreign direct investment and the availability of credit are critical to achieving the growth rate in the private sector necessary to create the jobs that will be necessary to absorb employees displaced by privatization. Without foreign direct investment or credit, the number and duration of people out of work from privatization will be considerably larger which will result in increased political discontent.

UNCLASSIFIED

who's working this & what is the plan?

UNCLASSIFIED

Developing a well functioning commercial justice system is critical to establishing early-on that illegal activity in the business sector will not go unpunished. Much of the blame for some Eastern Block privatization failures stems from the fact that no functioning commercial justice system existed to enforce commercial laws. As a result, commercial laws were frequently broken and the privatization process was often corrupted.

Government subsidies affect the performance and prospects of many SOEs. Comprehensive subsidy reform will have to precede the sale of these SOEs as potential buyers will be unwilling to buy an SOE until these cost uncertainties are resolved.

but this
won't be
done by
policy

NEXT STEPS

Next steps in the process of implementation will include developing procedures and systems for the agency, developing a draft privatization law, and developing a comprehensive transition severance plan and comprehensive subsidy reform plan.

APPROVALS SOUGHT

PSD seeks your initial approval regarding these recommendations. Items for immediate action requiring your approval include:

- 1) commencing the first step privatizations.

Approve: _____ Disapprove: _____ Approve with Modification: _____

- 2) recruiting the head of the privatization agency.

Approve: _____ Disapprove: _____ Approve with Modification: _____

ATTACHMENTS: AS STATED

COORDINATION: General Counsel, Scott Castle
Economic Policy, Peter McPherson

UNCLASSIFIED

UNCLASSIFIED

3

Consolidations

Company	# Employees
MIM	
1 Design and Industrial Const.	581
2 Design and Consultation	810
*Housing	
3 Al Idressy Consultants	285
4 Al Yaum Al Adeem	356
5 Ramadan Mubarak	489
6 Al Tahrir	842
7 Taj Al Ma'arik	280
8 Al Jihad	814
9 Al Anfal	892
*Employees already rolled up by	
TOTAL =	5,349

Non-Privatizations

Company	# Employees
Transportation	
1 Railway	12,290
2 Port	8,652
3 ITPC	2,329
4 Water Transport	1,595
TOTAL =	24,866

Close Downs

Company	# Employees	Company	# Employees
MIM		MIC Continued	
1 17th Nissan	805	13 Al-Qaqa	5,400
2 Car Manufacturing	2,167	14 Nissan	1,860
3 Paper (Basra Plant)	3,153	15 Huteem	5,443
4 Sugar (Nissan Plant)	230	16 Al-Harith	1,382
5 Dairy	1,075	17 Jaber Ben Hayan	925
Iron and Steel (Basrah/Khor Al-Zubiar)		18 Tabooq	534
Transportation		19 Bader	1,631
6 Alrtina	2,329	20 Al Karama	1,859
Agriculture		21 Al-Ezz	935
7 Industrial Crops	481	22 Al-Uboor	890
MIC		23 Um Almarik	1,560
8 Al Kadisiya	3,943	24 Al Kindi	970
9 Al Zahaf Al-Kaberc	568	25 Al Sumood	1,460
10 Al-Khauarezmi	280	TOTAL =	43,144
11 Al-Yarmock	2,709		
12 Al-Hadhar	555		

UNCLASSIFIED

UNCLASSIFIED

EXHIBIT 1

Ready Now For Privatization

Company	# Employees	Company	# Employees
Transportation		MIM Continued	
1 Aldilal	753	30 Al Sawari	961
2 Delegates	201	31 Al Qadesia Electrical	2,261
3 Land Transport	840	32 Nassr SC for Mechanical Indus.	2,483
4 Passenger	3,326	33 Al-Majd	547
5 Internet Café	412	34 Woolen Industries SC	3,201
6 Projects	1,039	35 Textile Industries - Hilla	2,712
Trade		36 Leather Industries	2,822
7 Construction Materials	3,385	37 Battery Industries SC	1,929
8 Shopping Center	5,880	38 Mechanical Industries	3,872
9 Auto Wholesale	2,606	39 Cotton Industries SC	6,776
Water		40 Ready Made Wear Indus.	1,515
10 Dijala Company	120	41 Electrical Industries SC	3,158
11 Mech. & Elec. Contr. State Co.	396	42 Textiles	3,317
12 Rafidain Dams Construction Co.	792	43 Rubber Industries	1,201
13 Water Well Drilling	1,650	44 Refractories	1,000
MIM		Housing	
14 Furniture	223	45 Al-Farouq State Construction Co.	1,433
15 General Systems	438	46 Al-Mansour State Construction Co.	1,527
16 Iron and Steel	3,158	47 Al-Rasheed State Construction Co.	1,186
17 Geological Survey and Mining	1,205	48 Hamurabi State Construction Co.	2,351
18 Materials and Construction	3,201	49 Ashur SCC	2,214
19 Training & Rehabilitation	895	50 Al-Fao SCC	3,629
20 Information Systems	165	51 Saad SCC	1,219
21 Hand Woven Carpets	905	52 Al Mutasim	1,439
22 Al Faris	1,334	Tourism	
23 Ur Engineering	3,352	53 Hotels and Resorts	2,352
24 Sammara	2,603		
25 Ninawa	947		
26 Tobacco & Cigarettes	2,246		
27 Tires	2,357		
28 Glass & Ceramics	2,366		
29 Vegetable Oil Industry	3,750		
		*TOTAL =	105,650
		*(Includes 3,598 Housing SOE Employees Already Consolidated)	
		Total Adjusted =	101,692

UNCLASSIFIED

UNCLASSIFIED

Ready Later For Privatization

Company	# Employees	Company	# Employees
MIC		MIM	
1 Al-Noaman	640	20 Mishraq Sulphur	1,278
2 Al-Mansour	676	21 Al Furat Chemical	1,730
3 Al-Ikhaa (Falluja)	2,282	22 Petrochemical	3,872
4 Salahadeen (Tikrit)	2,850	23 Phosphate	3,212
5 Sanareeb	654	24 Northern Fertilizer	1,936
6 Ibn-Majd (Basra)	1,500	25 Southern Fertilizer	2,340
7 Al Rafah	370	26 Northern Cement	2,293
8 Al Majd	547	27 Iraqi Cement	3,310
9 Ibn-Al Waled	785	28 Southern Cement	5,200
10 Tariq (Falluja)	871	29 Ibn Sena	557
11 Al-Nidaa	1,307	30 Al Salam	622
12 Al-Shaheed	1,279	31 Al Zawara	816
13 Hamoorabi (Babylon)	647	Health	
14 Al-Fida	1,285	32 Kimedia	3,027
15 Al-Tahady	400		
16 Al-Rasheed	2,630	TOTAL =	51,776
17 Al-Radhwam	755		
Agriculture			
18 Ag Supplies	1,358		
19 Mesopotamia Seed	747		

Agencies

Company	# Employees	Company	# Employees
Transportation		Housing	
1 Private	1,679	16 National Center for Labs	1,449
Trade		17 National Center for Consultancy	395
2 Grain Board	8,876	MIC (Transfer to MOST)	
3 Food Stuffs	7,607	18 Ibn Rushd	451
4 Grain Processing	2,352	19 Al-Battany	269
5 Export and Import	219	20 Al-Fal'h	186
6 International Fairs	281	21 28 April Research	99
Water		22 Ar-Razi	319
7 Al Kadisiah	621	23 Al Qudis	716
8 Al-Hadba'a	1,280	24 Sakar Al Arab	34
9 Al-Muthana	646	25 Ibn-Firnas	805
10 Al-Fao	862	26 Basil	409
11 Fourat Design	334	27 Al-Melad	790
12 Al Nassr	910	Agriculture	
MIM		28 Animal Resources	492
13 Industrial Development	188	29 Horticulture/ Forestry	773
14 Research and Development to	1,016	30 Veterinary	2,434
15 Specialised Institute for Eng. Indus.	287	TOTAL =	36,759

UNCLASSIFIED

DETAILED LIST OF STATE OWNED ENTERPRISES

45

Ministry
Agriculture

- | No. | Name |
|-----|--|
| 1 | state co for agricultural supplies |
| 2 | state co for veterinary service |
| 3 | state co for horticulture and forestry |
| 4 | state co for animal resources service |
| 5 | state co for industrial crops |
| 6 | state co for seeds |

(b)(6)

Electricity

- | | |
|----|--------------------------|
| 7 | mixed - seeds co |
| 8 | mixed - fishery co |
| 9 | mixed - meat co |
| 10 | mixed - agric produce co |
| 11 | GEEP |

Finance

- | | |
|----|---------------------------|
| 12 | Technical directorate |
| 13 | Projects Co. |
| 14 | Baghdad Dist. |
| 15 | North Dist. |
| 16 | South Dist. |
| 17 | Manufacturing Co. |
| 18 | EPC Rehab |
| 19 | Rafadin Co. |
| 20 | Rehabilitation Co. |
| 21 | Planning & Studies Co. |
| 22 | National Insurance Co. |
| 23 | Iraqi Insurance Company |
| 24 | Iraqi Reinsurance Company |
| 25 | Rafadin Bank |
| 26 | Rasheed Bank |
| 27 | Socialist Bank |
| 28 | Agriculture Bank |
| 29 | Industry Bank |
| 30 | Housing Bank |

Health
Housing and construction

- | | |
|----|--|
| 31 | State company for import and sale of medicines |
| 32 | Al Idressy Centre for Consultants N |
| 33 | National Centre for Labs |
| 34 | National Centre for Consultants |
| 35 | Al Farouq SCC |
| 36 | Al Mansoor SCC |
| 37 | Al Rasheed SCC |
| 38 | Al Mu'tasim SCC |
| 39 | Hamurabi SCC |
| 40 | Ashur SCC N |
| 41 | Al Tahrir N |
| 42 | Al Anfal SCC N |
| 43 | Taj Al Ma'arik N |
| 44 | Al Yaum Al Adeem SCC N |
| 45 | Ramadan Mubarak SCC N |
| 46 | Al Jihad |
| 47 | Mishraq Sulfur N |

(b)(6)

Industry and minerals

Al Fao
Sadd

FX

48 Training & Rehabilitation *NN*
49 General Systems Company
50 Hand Woven Carpets
51 Al Furat Chemical Industries
52 Petrochemical Industries
53 Phosphate
54 Northern Fertilizer
55 Southern Fertilizer
56 Northern Cement
57 Iraqi cement
58 Southern Cement
59 Al Faris
60 Al Qadesia Electrical Industries
61 Industrial Design & Consultation
62 Ur Engineering Industry
63 Geological Survey & Mining
64 Nassr SC for Mechanical Industries
65 Drugs & Medical Supplies - Sammara
66 Drugs & Medical Supplies - Ninawa
67 Glass & Ceramics
68 Information Systems
69 Industrial Design & Construction
70 Specialized Institute for Engineering Industries
71 Woolen Industries SC
72 Textile Industries - Hilla
73 Vegetable Oils Industry
74 Leather Industries
75 Battery Industries SC
76 Mechanical Industries
77 Cotton Industries SC
78 Ready Made Wear Industries
79 Tobacco & Cigarettes
80 Iron & Steel
81 Electrical Industries SC
82 Tires Industries - Najaf
83 Wasit Textile
84 Construction Industries
85 Al Sawari Chemical Industries
86 Paper Industry
87 Rubber Industries
88 Industrial Development
89 Sugar Industry
90 Furniture Factory
91 Dairy Products SC
92 Nissan (17)
93 Research & Development
94 Car Manufacturing (Vehicle Industries)
95 Al-Kadisiyah Co.
96 Al-Rafedine Co.
97 Al-Fow Co.
98 Well drilling Co.
99 Soil Research Co. *o*

46

x

Irrigation

116
(b)(6)

Military Industrial Complex 48

- 100 Nasar Co.
- 101 Al-Hadbaa Co.
- 102 Al-Mouthana Co.
- 103 Electric & Mech Co.
- 104 Fourat Design Co.
- 105 Dujla Design Co.
- ✓106 Al-Ikhaa (Saddam) State Co
- ✓107 Al-Noaman State Co
- 108 Ibn Sena State Co N
- ✓109 Al-Battany State Co
- 110 Al-Nasr Al-Ahdeem State Co N
- ✓111 Al-Mansour State Co
- ✓112 Al-Shaheed State Co
- MSHC → 113 Al-Fao engineering State Co N
- MSHC → 114 Saad State Co N
- ✓115 Al-Majd state co
- 116 Al-Sumood state co for steel industries
- ✓117 Salahadeen State Co
- ✓118 Al-Kindy State Co
- ✓119 Al-Fat'h state co
- ✓120 28 April Research centre
- ✓121 Al-Rasheed state co
- ✓122 IBN-Firmas State co
- 123 Al-Salam state co N
- ✓124 Al-Basil state co ✓
- ✓125 Tariq State co
- ✓126 Al-Melad state co
- 127 Al Zawra'a state co N
- 128 Hamoorabi state co
- ✓129 Sanhareeb State co
- ✓130 Al-Fida state co
- ✓131 Al-Tahady state co
- ✓132 Al-Rayah state co
- ✓133 Ibn-Majid state co
- ✓134 Al-Khawarezmi state co
- ✓135 Al-Qudis state co
- ✓136 Ibn-Rushd state co
- ✓137 Al-Zahaf Al-Kabeer state co
- ✓138 Ibn-Al-Waled state co
- ✓139 Al-Yarmouk state co
- 140 Al-Nidaa state co
- ✓141 Al-Kadisiya state co
- ✓142 Al-Qaqa state co
- ✓143 Nissan state co *
- ✓144 Al-Uboor state co
- ✓145 Al-Ezz state co
- 146 Al-Razze state co
- ✓147 Um-Almarik state co
- ✓148 Al-Radhwam state co
- ✓149 Huteem state co
- ✓150 Al-Harith state co
- ✓151 Jaber Ben Hayan state co

✓ Al Hadhar

✓ Al Razi

✓ Al Karzuz

✓ Al Arab Research Ctr

Oil

- ✓152 Tabooq state co
- ✓153 Bader state co
- 154 State Oil Marketing
- 155 North Oil
- 156 South Oil
- 157 Projects
- 158 Exploration
- 159 Tankers
- 160 Drilling
- 161 Middle Refinery
- 162 South Refinery
- 163 North Refinery
- 164 Products Distribution
- 165 North Gas
- 166 Pipelines
- 167 Gas Filling
- 168 South Gas
- 169 Research and Development
- 170 Training Institute - Baghdad
- 171 Training Institute - Baji
- 172 Training Institute - Basra
- 173 Grain Board 1
- 174 Food Stuffs 2
- 175 Grain Processing 3
- 176 Shopping centres 4
- 177 Construction materials 5
- 178 Automobile and machinery 6
- 179 International fairs 7
- 180 Export and Import 8
- 181 Iraqi Railways
- 182 Land transportation
- 183 Passenger Transportation
- 184 Private Transportation
- 185 Delegates Transportation
- 186 Al-Dilal company
- 187 Iraqi Airways
- 188 Water Transportation
- 189 Port
- 190 Telecommunication and Post
- 191 State Company for Internet service
- 192 'Specialised' construction Company

Trade

Transport and Communications

Project

12

10 ~

Privatization action plan

STEPS:

Identify and reach concurrence on strategic goals and principles of the SOE program

Identify short and long term objectives of the SOE program

Define the current SOE situation

Create a privatization entity

- Design the PA organization**

- Define PA duties and responsibilities**

- Design operating policy and procedures for the PA**

- Define the anticipated privatization models**

- Provide for multiple alternative models for interim management of SOE's**

 - Define the alternatives**

 - Design the structure for selected alternatives**

Legal structure of PA

- Define enabling legislation for formation of PA entity and privatization activity**

- Prepare the privatization legislation**

- Submit legislation for approval**

- Implement legislation forming PA**

- Prepare standard tender and sale procedures and documents**

- Prepare standard approach to interim management of SOE's pending future disposition**

Prepare for corporatization of SOE's

- Define the legal framework necessary to transform the SOE's (legislation, if needed)**

- Define the accounting/financial framework for consistency in valuation and financial statement preparation**

- Prepare the initial valuation and financial statements**

- Implement the transformation**

Review the legal framework, for simplification, to better enable privatization process

- Commercial code**

- Property rights-land registry, enterprise registry, securities exchange**

- Bankruptcy**

- Tax code**

- Accounting law**

- Export/import**

Ecological protection
Restitution
Labor law

Restoration of Iraqi capital markets

- Perform securities law diagnostic and infrastructure review to identify development needs
- Form stakeholder working groups to support legal, infrastructure and institution development
- Develop Islamic compliant legal and regulatory framework
- Plan and implement fast track restoration of secondary trading infrastructure

Promulgate new legislation or amendments as needed

Prepare "Doing business in Iraq" materials for potential investors and prepare "one stop shop" for all investor inquiries and outreach

Review the business environment to improve ease of doing business

- Identify obstacles to entry and suggest structural changes
- Identify methods to enhance provision of credit

Develop, standardize and approve SOE categorization process

- Prepare standard information questionnaires
- Prepare standard form for categorization recommendations
- Prepare standard procedures for categorization approvals
- Design and implement manipulative SOE electronic database

Conduct the initial SOE categorization process by portfolio

- Review all existing records/information from all sources
- Evaluate the reliability of existing data sources
- Collect additional data as needed and update data- base
- Analyze data and make recommendations for SOE dispositions, restructure or management in accordance with approved disposition, restructure or management models
- Implement disposition or management strategies

Design and implement a system to track the social impact results of the SOE program

Design and implement a PR program for the privatization effort

Create a mechanism for reacting to unsolicited expressions of interest

COALITION PROVISIONAL AUTHORITY ORDER NUMBER X

PRIVATIZATION OF STATE-OWNED ENTERPRISES

Pursuant to my authority as Administrator of the Coalition Provisional Authority ("CPA"), and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003), and the laws and usages of war,

Acknowledging the Governing Council's desire to bring about significant change to the Iraqi economic system, and to ensure that economic change occurs in a manner acceptable to the people of Iraq,

Determined to improve the opportunities for all Iraqis to participate in economic growth and development and to provide an independent and transparent agency to oversee the privatization process,

Noting that developing a privatization plan for Iraq will help to develop infrastructure, encourage local, national and international investments by providing a favorable investment environment, and raise the efficiency, productivity and competitiveness of economic enterprises,

Acting in a manner consistent with the Report of the Secretary General to the Security Council of July 17, 2003, [para 90] concerning the need for the development of Iraq and its transition from a non-transparent centrally planned economy to a market economy characterized by sustainable economic growth through the establishment of a dynamic private sector, and the need to enact institutional and legal reforms to give it effect,

Recognizing that ~~a comprehensive assessment and disposition plan~~ has been completed by the Private Sector Development Directorate, outlining six categories of existing state-owned enterprises and identifying a first-phase group of such enterprises for privatization,

In close consultation with and acting in coordination with the Governing Council, I hereby promulgate the following:

Section 1 Purpose

The purposes of this Order is to provide the framework for the private sector, local, national and international, to participate in development, management, operation, and/or transfer of state-owned enterprises.

- live pass the CPA
- Sunset provision
- remove CPA - assume foreign govt - CPA until then

prohibition on
selling
real estate
(occupation
law)
mineral
+ oil
can't go
to
foreigners

Section 2

Definition

"Privatization" means the adoption of an economic methodology that enhances the role of the private sector in the economy to include public sector enterprises the nature of which requires that they be managed on commercial bases.

Section 3

Establishment of an Iraq Privatization Agency

1. An Iraq Privatization Agency ("Agency") is hereby established to work on behalf of the CPA ~~as part of the CPA~~ to implement and oversee, in coordination with the Private Sector Development Directorate, the privatization of state-owned enterprises. Decisions of the Agency shall be taken by its Board ("Board").
2. **Board Membership:** The Board shall be chaired by the Administrator, or his delegee, and shall consist of the following voting members:
 - a. Minister of Finance,
 - b. Minister of Justice,
 - c. Minister of Planning, - will there be a Ministry of Planning?
 - d. Minister of Trade,
 - e. Governor of the Central Bank,
 - f. Governor of the Trade Bank,
 - g. Concerned Minister when discussing issue or institution related to his/her Ministry,
 - h. Director of the Private Sector Development, or his or her delegee,
 - i. Subject-matter experts, in areas such as valuation or international finance, as recommended by Private Sector Development Directorate and voted on by the other Agency members. *(do you want to decide on a fixed number of experts? Should these experts be non-voting?)*
3. **Responsibilities:** The Agency shall have the following responsibilities:
 - a. Developing an appropriate implementation method for privatization of the state-owned enterprises identified in Attachment A (including any additions or deletions), beginning with the privatization of first-phase state-owned enterprises identified in Attachment B.
 - b. Develop a transparent bidding and award process for private sector procurement.
 - c. Develop transparent processes for the valuation and accounting of state-owned enterprises, which are in accordance with generally accepted principles, and develop standards for inventorying and appraising assets, including real and tangible and intangible personal property.

- d. Approving decisions of sale, lease or transfer of rights of management and operation, in part or in full, to the private sector in order to implement the privatization of an enterprise.
 - e. Recommending to the Administrator legal steps required to accomplish ancillary tasks necessary for effective privatization, which may include promulgation of regulations for industries or sectors and the establishment of regulatory bodies. ✓
 - f. Selecting qualified consultants to determine best method of implementation for an industry or sector.
 - g. Overseeing and tracking progress on privatization activities.
 - h. Reviewing, as necessary, the enterprises listed in Attachment A, and making necessary additions or deletions to the list in accordance with the purpose of this Order and the achievement of sustained economic development and growth.
 - i. Issuing Administrative Instructions necessary for the implementation of this Order, including instructions relating to employees and financial matters of the Agency.
4. Meetings and Decisions: The Board shall convene on notice from its Chair or his delegee, when necessary, but shall meet at least monthly. Meetings shall have a quorum if at least two-thirds of the members of the Agency, including the Chair or his delegee, are present. Decisions, recommendations and Administrative Instructions shall be adopted by a majority vote of the members present. The Chair shall have the deciding vote if the votes are even. The Board may invite other non-voting individuals deemed appropriate to participate in meetings. Decisions, recommendations, and Administrative Instructions will become effective upon approval by the Administrator.
5. Staff: The Agency may hire staff and designate sub-committees necessary for carrying out its responsibilities. *(Are funding and numbers sufficiently covered 3i above?)*

Section 4 Methods of Implementation

1. Restructuring and privatization of state-owned enterprises may be carried out by adopting any of the following methods:
- a. The transfer of ownership of an institution or an enterprise which has been transformed into a company, and restructuring in order to complete its privatization from the public sector to the private sector.
 - b. The transfer of state-owned shares or stocks in companies through total or partial sale.

- c. The consolidation of one or more state-owned enterprises into another where economically efficient.
 - d. To close state-owned enterprises that have little or no business prospects, assets, and/or means of conducting business.
 - e. The transfer of the management of enterprises from the public sector to the private sector pursuant to agreements according to which the private sector shall be entrusted with the management and operation of these enterprises.
 - f. The adoption of one of the following options to establish specific investment enterprises pursuant to agreements reached for this purpose between the public sector and the private sector.
 - i. The private sector builds the enterprise, exploits it and operates it for a specific period then transfers it to the public sector at the end of the said specific period (BOT).
 - ii. The private sector builds the enterprise, transfers its ownership to the public sector while retaining the right to exploit and operate it for a specific period (BTO).
 - iii. The private sector builds the enterprise, owns it, exploits it and operates it for its own account (BOO).
 - iv. The private sector builds the enterprise, owns it, exploits it and operates it then transfers it and its ownership to the public sector (BOOT).
 - v. The private sector rehabilitates the enterprise, operates it for a specific period then transfers it to the public sector at the end of the said specific period (ROT).
 - g. Granting the private sector the right to build a particular enterprise with a monopolistic and exclusive right to exploit it pursuant to a license, concession, franchise or other agreement signed with the Government for this purpose.
 - h. Any other method decided by the Agency.
2. In implementing privatization transactions, the following shall be observed:
- a. Compliance with the principles of transparency, openness and fair competition.
 - b. Evaluation of assets and liabilities of the institution or enterprise in question in more than one of the above referenced implementation methods, according to recognized principles of accounting practices.

Section 5 Integrity of the Agency

1. Disclosure of Information: It is prohibited for any person who has obtained knowledge of confidential information by virtue of his or her work at or with

the Agency to disclose such information in any way to any person whom the provisions of this Order do not entitle to have knowledge thereof. Any person who violates this paragraph will be punished by imprisonment for a period of up to three years and by a fine of not less than ??? *(do we want to list out punishments?)*

2. Participation with Private Sector: It is prohibited for any member of the Agency, or any person working at the Agency, or a consultant or a member of a committee of experts connected to a privatization transaction, to participate, directly or indirectly, in the said privatization transaction. This prohibition also applies to the spouses of the above-described persons, descendants to the first degree and to anyone who has a business, beneficial or ownership relationship in any form with the persons named in this paragraph.
3. Conflicts of Interest: Each and every employee or consultant working at or for the Agency must inform the Chair of the Agency in writing, at the commencement of the execution of any privatization transaction, of any benefit that he/she, his/her spouse, predecessors or descendants to the *second/third* degree or siblings may accrue, directly or indirectly, in return for services rendered to any party which is directly or indirectly connected to the privatization transaction in question.

The Chair of the Agency shall decide on the impact of such benefits on the impartiality of such an employee, consultant or expert involved in the privatization transaction and, accordingly, and in any event, shall have the right to discharge such an employee, consultant or expert from working at the Agency or on the transaction in question.

4. Governance Order: The provisions of the Honest and Transparent Governance, CPA Order No. 43, apply to the members of the Agency, including financial reporting requirements. *(If not deleted in Order)*

Section 6 Golden Share

Irrespective of the provisions of any other legislation, the Board may decide that a share with special voting rights (the "Golden Share") in the enterprise resulting from privatization must be allotted to the Agency, granting the concerned body the right to veto resolutions of the enterprise's Board of Directors (or other governing body of the enterprise) whenever the higher national interest so demands, provided that the Administrator approves of the exercise of such veto right.

Section 7 Publication of Award

1. The Agency shall publish in the Official Gazette a detailed report on each privatization transaction upon its completion stating the following:
 - a. The name of the institution or entity that has been privatized, the method adopted and the procedures followed.
2. The Agency shall provide the following information upon request, if security requirements allow:
 - a. Names of the financial and legal advisors and the experts who were consulted in relation to the privatization transaction in question, in addition to the names of their local agents, if any.
 - b. The name of the entity(ies) with whom the privatization transaction has been closed or the beneficiary thereof and the said entity's local agents, if any.
 - c. Any other information the publication of which is deemed appropriate by the Chair of the Agency

Section 8 Transition Plan for Displaced Employees

The Administrator shall establish a transition severance plan, to include severance pay, retirement, disability, and retraining. *(Not sure how you all want this handled)*

Section 9 Privatization Proceeds Fund

1. A special fund called the "Privatization Proceeds Fund" shall be created pursuant to this Order in which all privatization proceeds shall be deposited. The Privatization Proceeds Fund shall be regulated and administered by the Agency in accordance with Administrative Instructions that will be issued for this purpose, and supervised by the Private Sector Development Directorate.
2. Privatization proceeds shall include all sums accrued from restructuring or privatization transactions performed pursuant to the provisions of this Order.
3. The privatization proceeds shall be utilized, pursuant to a resolution of the Board and the approval of the Administrator, for the following purposes:

- a. Settlement of state debts accumulated by the institutions or enterprises undergoing a restructuring or privatization process and covering the expenses resulting from such a process. *not debt already cancelled?*
- b. Purchase of state debts to benefit from deductions on these debts or to settle such debts through debt-swap deals or by any other method decided by the Board and approved by the Administrator.
- c. Financing economic activities and new investments in infrastructure sectors with feasible economic and social returns and which will assist in achieving sustainable development, provided that such financing is included in the state budget.
- d. Re-qualifying and training of employees working at institutions and organizations undergoing a restructuring or privatization process and settlement of their ensuing financial rights.
- e. Proceeds of investments of the Privatization Proceeds Fund shall be considered revenues for the state/Treasury.

Section 10

Budget and Funding**

****Do you want this section in the Order?**

1. The Agency shall have an independent budget approved by the Administrator.
2. Sources of income of the Agency shall consist of:
 - a. Allocations from privatization proceeds.
 - b. Donations, grants or any other funding sources consented to by the Board and approved by the Administrator.
3. Accounts of the Agency shall be prepared in accordance with recognized principles of accounting and shall be audited by the **Central Board of Audit/ independent certified public accountants.**

Section 11

Effect of Agency Action

Irrespective of the provisions of any other law, and taking into consideration the terms and conditions contained in any agreement arising out of the restructuring of an enterprise or the privatization of an institution, all rights and commitments of such enterprise or institution which have undergone a privatization process will be

Attachment A

Ready Now For Privatization

Company	# Employees	Company	# Employees
Transportation		MIM Continued	
1 Aldilal	753	30 Al Sawari	961
2 Delegates	201	31 Al Qadesia Electrical	2,261
3 Land Transport	840	32 Nassr SC for Mechanical Indus.	2,483
4 Passenger	3,326	33 Al-Majd	547
5 Internet Café	412	34 Woolen Industries SC	3,201
6 Projects	1,039	35 Textile Industries - Hilla	2,712
Trade		36 Leather Industries	2,822
7 Construction Materials	3,385	37 Battery Industries SC	1,929
8 Shopping Center	5,880	38 Mechanical Industries	3,872
9 Auto Wholesale	2,606	39 Cotton Industries SC	6,776
Water		40 Ready Made Wear Indus.	1,515
10 Dijala Company	120	41 Electrical Industries SC	3,158
11 Mech. & Elec. Contr. State Co.	396	42 Textiles	3,317
12 Rafidain Dams Construction Co.	792	43 Rubber Industries	1,201
13 Water Well Drilling	1,650	44 Refractories	1,000
MIM		Housing	
14 Furniture	223	45 Al-Farouq State Construction Co.	1,433
15 General Systems	438	46 Al-Mansour State Construction Co.	1,527
16 Iron and Steel	3,158	47 Al-Rasheed State Construction Co.	1,186
17 Geological Survey and Mining	1,205	48 Hamurabi State Construction Co.	2,351
18 Materials and Construction	3,201	49 Ashur SCC	2,214
19 Training & Rehabilitation	895	50 Al-Fao SCC	3,829
20 Information Systems	165	51 Saad SCC	1,219
21 Hand Woven Carpets	905	52 Al Mutasim	1,439
22 Al Faris	1,334	Tourism	
23 Ur Engineering	3,352	53 Hotels and Resorts	2,352
24 Sammara	2,603		
25 Ninawa	947		
26 Tobacco & Cigarettes	2,246	*TOTAL =	105,650
27 Tires	2,357	*(Includes 3,598 Housing SOE	
28 Glass & Ceramics	2,366	Employees Already Consolidated)	
29 Vegetable Oil Industry	3,750	Total Adjusted =	101,692

Ready Later For Privatization

Company	# Employees	Company	# Employees
MIC		MIM	
1 Al-Noaman	640	20 Mishraq Sulphur	1,278
2 Al-Mansour	676	21 Al Furat Chemical	1,730
3 Al-Ikhaa (Falluja)	2,282	22 Petrochemical	3,872
4 Salahadeen (Tikrit)	2,850	23 Phosphate	3,212
5 Sanareeb	654	24 Northern Fertilizer	1,936
6 Ibn-Majd (Basra)	1,500	25 Southern Fertilizer	2,340
7 Al Rafah	370	26 Northern Cement	2,293
8 Al Majd	547	27 Iraqi Cement	3,310
9 Ibn-Al Waled	785	28 Southern Cement	5,200
10 Tariq (Falluja)	871	29 Ibn Sena	557
11 Al-Nidaa	1,307	30 Al Salam	622
12 Al-Shaheed	1,279	31 Al Zawara	816
13 Hamoorabi (Babylon)	647	Health	
14 Al-Fida	1,285	32 Kimedia	3,027
15 Al-Tahady	400		
16 Al-Rasheed	2,630	TOTAL =	51,776
17 Al-Radhwam	755		
Agriculture			
18 Ag Supplies	1,358		
19 Mesopotamia Seed	747		

Agencies

Company	# Employees	Company	# Employees
Transportation		Housing	
1 Private	1,679	16 National Center for Labs	1,449
Trade		17 National Center for Consultancy	395
2 Grain Board	8,876	MIC (Transfer to MOST)	
3 Food Stuffs	7,607	18 Ibn Rushd	451
4 Grain Processing	2,352	19 Al-Battany	269
5 Export and Import	219	20 Al-Fat'h	186
6 International Fairs	261	21 28 April Research	99
Water		22 Ar-Razi	319
7 Al Kadisiah	621	23 Al Qudis	716
8 Al-Hadba'a	1,280	24 Sakar Al Arab	34
9 Al-Muthana	646	25 Ibn-Firmas	805
10 Al-Fao	862	26 Basil	409
11 Fourat Design	334	27 Al-Melad	790
12 Al Nassr	910	Agriculture	
MIM		28 Animal Resources	492
13 Industrial Development	188	29 Horticulture/ Forestry	773
14 Research and Development to	1,016	30 Veterinary	2,434
15 Specialied Institute for Eng. Indus.	287		
		TOTAL =	36,759

Consolidations

Company	# Employees
MIM	
1 Design and Industrial Const.	581
2 Design and Consultation	810
*Housing	
3 Al Idressy Consultants	285
4 Al Yaum Al Adeem	356
5 Ramadan Mubarak	489
6 Al Tahrir	842
7 Taj Al Ma'arik	280
8 Al Jihad	814
9 Al Anfal	892
*Employees already rolled up by	
TOTAL =	5,349

Non-Privatizations

Company	# Employees
Transportation	
1 Railway	12,290
2 Port	8,652
3 ITPC	2,329
4 Water Transport	1,595
TOTAL =	24,866

Close Downs

Company	# Employees	Company	# Employees
MIM		MIC Continued	
1 17th Nissan	805	13 Al-Qaqa	5,400
2 Car Manufacturing	2,167	14 Nissan	1,860
3 Paper (Basra Plant)	3,153	15 Huteem	5,443
4 Sugar (Nissan Plant)	230	16 Al-Harith	1,382
5 Dairy	1,075	17 Jaber Ben Hayan	925
Iron and Steel (Basrah/Khor Al-Zubiar)		18 Tabooq	534
Transportation		19 Bader	1,631
6 Airline	2,329	20 Al Karama	1,859
Agriculture		21 Al-Ezz	935
7 Industrial Crops	481	22 Al-Uboor	890
MIC		23 Um Almarik	1,560
8 Al Kadisiya	3,943	24 Al Kindi	970
9 Al Zahaf Al-Kaberc	568	25 Al Sumood	1,460
10 Al-Khauarezmi	280		
11 Al-Yarmock	2,709	TOTAL =	43,144
12 Al-Hadhar	555		

Attachment B**First-phase privatizations:**

<u>SOE</u> <u>MINISTRY</u>	<u>PRODUCT OR SERVICE</u>	<u>EMPLOYEES</u>	
Al Dilhal	Tourist busing	753	
Transportation Delegates	Limousine Service	201	
Transportation			
Land Transport	Trucking	840	
Transportation Passenger	Bus Transportation	3,326	
Transportation			
Internet Café	Internet Connectivity	412	
Transportation			
Projects	Project Design	1,039	
Transportation			
Construction Materials	Retailing	3,385	Trade
Shopping Centers	Retailing	5,880	Trade
Auto Wholesale	New Auto Distribution	2,606	Trade
Al-Farouq	Construction	1,433	
Housing			
Al Mansour	Construction	1,527	
Housing			
Al Rasheed	Construction	1,186	
Housing			
Hamurabi	Construction	2,351	
Housing			
Ashur	Construction	2,214	
Housing			
Saad	Construction	1,219	
Housing			
Al Mutasim	Construction	1,439	
Housing			
Hotels/resorts	Tourism	<u>2,352</u>	Culture
	Total	32,163	

SOE SKETCH

Issues:

1. Burn Rate/High Subsidy Requirements/Social Concerns
2. Few Sustainable SOEs
3. Threat to Private Sector
4. Problems with Strategic Transactions
 - a. Inexperience
 - b. Political football

Policy Options

For purposes of discussion, we are considering a passive approach and an active one, depending on our appetite for the work. The elements of each approach can be combined to create something in the middle.

Passive Approach

The passive option is based on taking minimal action and allowing time to reduce the scope and magnitude of the SOE issue. Growth of the real private sector will drive this process naturally, and reasonably quickly, but there are risks that need to be addressed. The risks, a subset of the four issues cited above, and some suggested solutions, follow:

1. Running out of Cash – it is not likely, but it is possible, that SOEs may use up all of the cash budgeted for their salary and other subsidies.

RESPONSES:

- a. Help the government institute VOLUNTARY buyout and retirement programs to lower headcount and burn rate
2. Government Monopolies – it is possible, and maybe probable, that the future government may succumb to pressure to declare SOEs exempt from competition or to move to hobble competition with them.

RESPONSES:

- a. Put legal hurdles in the way of this through the drafting of the anti-trust law currently on the agenda for OGC
- b. Work with IMF and others to educate and discourage official thinking along these lines
- c. Condition bi-lateral or multi-lateral programs on preservation of an open competitive marketplace

No evidence of this

3. Uneven Playing Field – SOEs may take advantage of their position to kill off real private sector competition (especially for reconstruction contracts and subcontracts) by underbidding. This is possible because there is no real requirement that they make a profit, or a market return on assets or equity, and because they have substantially subsidized factor costs. RESPONSES (these have not been reviewed or discussed with the PMO, which will have reasonable and serious concerns about them):

- a. Require the PMO (USAID funds cannot go to SOEs) to review SOE bids with an eye to reasonableness. A more stringent version of this would be to reject any unreasonably low SOE bid or to automatically bump up SOE bids by some amount for purposes of evaluation, but to accept their bids as given if they are still low after the penalty.
- b. Alternatively, the PMO could accept SOE bids only if they are, say, 25% below the low price private bidder. This will go some way to make SOE returns comparable to private returns and at least doesn't reward them for their privileged position.

no chance
salaries
on 1/2 (first bid not)
we're now making law here we did not w/ SOEs in other develop countries

Active Approach

The active approach aims to deal directly with the full suite of SOEs issues using all tools available to us, within the practical political limits. This option focuses in full on each of the four issues noted above. Specifically:

1. Burn Rate/High Subsidy Requirements/Social Concerns
 - a. Cut costs in a socially sensible manner
 - i. Reduce ghost workers (photo id teams)
 - ii. VOLUNTARY Buyouts, pension bonuses
 - iii. Preferential access to vocational training, stipends
 - iv. Preferential access to PSD loan and small business incubator programs
 - b. Increase real profits at "quick recovery/high likelihood" SOEs
 - i. Provide capital, accounting/audit, consulting and other support for enterprises with a good shot at generating cash
 - ii. Create a program that certifies certain SOEs as behaving like economically private companies and exempt them from any PMO or other bid restrictions on _____ ?
2. Few Sustainable SOEs
 - a. For potentially viable SOEs
 - i. See 1b. above
 - b. For "Agency" SOEs

You can not nationally make this happen in 80 days

As soon as this plan is even announced the street they will block & loot the SOEs

Need to develop Ad bank that speaks to Agency status

- i. Move to their owning Ministries as appropriate
- c. For SOEs that are likely not viable
 - i. Isolate them in a structure that allows rapid transition for their employees
 - 1. Re-assign the employees of these companies to MOLSA (not discussed with MOLSA) for preferential access to job placement. Compensate MOLSA via the trust/holding company discussed below
 - ii. Develop disposition plans for the assets, structured in compliance with issues of alienation of government property
- 3. Threat to Private Sector
 - a. Same as under passive approach
- 4. Problems with Strategic Transactions (inexperience, political football)
 - a. Use trust/holding company approach to isolate the non-agency SOEs whether viable or not
 - i. Board of the Trust (or individual company?) would have ultimate responsibility for approving strategic transactions, once that authority can be granted by the post-election sovereign government
 - ii. We could transition the MIM into the trust/holding company, after re-assigning other ministries' SOEs to it
 - b. Establish independent corporate boards for the trust and for the individual companies, even though government ownership continues. Boards might consist of Iraqis and others.
 - i. Supplement the trust and the individual corporations in it with audit, consulting, and strategic transaction services
 - ii. Develop IAS compliant audit systems for the viable companies
 - iii. Prepare books for use in possible JV's and strategic transactions
 - 1. Solicit bids, due post-election for appropriate strategic transactions
 - iv. In the event that bids are unsatisfactory, explore other ways to transfer ownership via ESOPs, IPOs, distributions to a citizen owned mutual fund, and other mechanisms
 - c. Keep up the pressure by encouraging true private sector enterprises that compete with SOEs. We can do this through our FDI initiatives, our consulting programs, and our lending and equity programs.

*Threat to
Private Sector*

SOE SKETCH

This document lays out two proposed approaches to SOEs, each comprising a complete set of actions. These actions have been developed with an eye toward the sensitivities that understandably emerge when this topic is discussed. This document has been minimally discussed with other concerned offices and officials. There will no doubt be considerable input and reaction and we need an opportunity to walk it around and get additional input and ideas.

Issues:

1. Burn Rate/High Subsidy Requirements/Social Concerns
2. Few Sustainable SOEs
3. Threat to Private Sector
4. Problems with Strategic Transactions
 - a. Inexperience
 - b. Political football

Policy Options

For purposes of discussion, we are considering a passive approach and an active one, depending on our appetite for the work. The elements of each approach can be combined to create something in the middle.

Passive Approach

The passive option is based on taking minimal action and allowing time to reduce the scope and magnitude of the SOE issue. Growth of the real private sector will drive this process naturally, and reasonably quickly, but there are risks that need to be addressed. The risks, a subset of the four issues cited above, and some suggested solutions, follow:

1. Running out of Cash – it is not likely, but it is possible, that SOEs may use up all of the cash budgeted for their salary and other subsidies.

RESPONSES:

- a. Help the government institute VOLUNTARY buyout and retirement programs to lower headcount and burn rate
2. Government Monopolies – it is possible, and maybe probable, that the future government may succumb to pressure to declare SOEs exempt

from competition or to move to hobble competition with them.

RESPONSES:

- a. Put legal hurdles in the way of this through the drafting of the anti-trust law currently on the agenda for OGC
 - b. Work with IMF and others to educate and discourage official thinking along these lines
 - c. Condition bi-lateral or multi-lateral programs on preservation of an open competitive marketplace
3. Uneven Playing Field – SOEs may take advantage of their position to kill off real private sector competition (especially for reconstruction contracts and subcontracts) by underbidding. This is possible because there is no real requirement that they make a profit, or a market return on assets or equity, and because they have substantially subsidized factor costs. **RESPONSES** (these have not been reviewed or discussed with the PMO, which will have reasonable and serious concerns about them):
- a. Require the PMO (USAID funds cannot go to SOEs) to review SOE bids with an eye to reasonableness. A more stringent version of this would be to reject any unreasonably low SOE bid or to automatically bump up SOE bids by some amount for purposes of evaluation, but to accept their bids as given if they are still low after the penalty.
 - b. Alternatively, the PMO could accept SOE bids only if they are, well below the low priced private bidder. This will go some way to make SOE returns comparable to private returns and at least doesn't reward them for their privileged position.

Active Approach

The active approach aims to deal directly with the full suite of SOEs issues using all tools available to us, within the practical political limits. This option focuses in full on each of the four issues noted above. Specifically:

1. Burn Rate/High Subsidy Requirements/Social Concerns
 - a. Cut costs in a socially sensible manner
 - i. Reduce ghost workers (photo id teams)
 1. May yield a 25% reduction or more
 2. Could be implemented quickly
 - ii. VOLUNTARY Buyouts, pension bonuses
 - iii. Preferential targeting for vocational training, stipends
 1. Coordinate with PMO to get trainees into jobs

- iv. Preferential access to PSD loan and small business incubator programs
- b. Increase real profits at "quick recovery/high likelihood" SOEs
 - i. Provide capital, accounting/audit, consulting and other support for enterprises with a good shot at generating cash
 - 1. We have the funds and resources to do this
 - ii. Create a program that certifies certain SOEs as behaving like economically private companies and exempt them from any PMO or other bid restrictions (see item 3 in prior section)
- 2. Few Sustainable SOEs
 - a. For potentially viable SOEs
 - i. See 1b. above
 - b. For "Agency" SOEs
 - i. Move to their owning Ministries as appropriate
 - c. For SOEs that are likely not viable
 - i. Isolate them in a structure that allows rapid transition for their employees
 - 1. Re-assign the employees of these companies to MOLSA (not discussed with MOLSA) for preferential access to job placement. Compensate MOLSA via the trust/holding company discussed below
 - a. MOLSA would oversee what amounts to protracted unemployment benefits for these people and would actively try to move them off the rolls and into real jobs
 - b. Supplement the benefits with preferential programs and buyouts as in section 1a above
 - c. The benefits should phase out over time
 - ii. Develop disposition plans for the assets, structured in compliance with issues of alienation of government property
- 3. Threat to Private Sector
 - a. Same as under passive approach
- 4. Problems with Strategic Transactions (inexperience, political football)
 - a. Use trust/holding company approach to isolate the non-agency SOEs whether viable or not
 - i. Board of the Trust (or individual company?) would have ultimate responsibility for approving strategic transactions,

once that authority can be granted by the post-election sovereign government

- ii. We could transition the MIM into the trust/holding company, after re-assigning other ministries' SOEs to it
- iii. Combine MIM and Trade?
- b. Establish independent corporate boards for the trust and for the individual companies, even though government ownership continues. Boards might consist of Iraqis and others.
 - i. Supplement the trust and the individual corporations in it with audit, consulting, and strategic transaction services
 - ii. Develop IAS compliant audit systems for the viable companies
 - iii. Prepare books for use in possible JV's and strategic transactions
 - 1. Solicit bids, due post-election for appropriate strategic transactions
 - iv. In the event that bids are unsatisfactory, explore other ways to transfer ownership via ESOPs, IPOs, distributions to a citizen owned mutual fund, and other mechanisms
- c. Review utility and legality of Joint Ventures and Lease Programs
- d. Keep up the pressure by encouraging true private sector enterprises that compete with SOEs. We can do this through our FDI initiatives, our consulting programs, and our lending and equity programs.

SOE Prioritization / Evaluation Criteria
CPA Ministry of Industry & Minerals
August 18, 2003

Repair and Restart Costs

- Gross cost to repair war and looting damages to a level sufficient to restart operations.
- Total cost per employee to restart operations.
- Security situation at facilities and local area. Ongoing looting and threats to management make it difficult to restart operations.

Ongoing Operating Costs

- Availability of raw materials Company either has in storage or has fully paid for and will receive (mostly OFF contracts approved and funded).
- Value of finished goods in inventory which can fund operations. For example, there are certain Companies which for which we do not ask for MOF funding, not because they should be closed down, but because they can fund operations from sales of finished goods.
- Total cost per employee to maintain ongoing operations (monthly operating losses per employee).
- Fuel needs relative to value of output, and availability of fuel.
- Electricity needs relative to value of output, and availability of electricity.
- Total incremental costs to keep plant operating on a limited basis until privatization is an option.

Potential for Viability in Free Market

- Reasonable gross margins without subsidy benefits.
- Potential to improve profitability (through less expensive suppliers in free market, improved operational efficiencies, expand to gain efficiencies of scale, etc).
- Value and competitiveness of equipment / relative obsolescence.
- Competitive advantages / barriers to entry, including:
 - High capital expenditures to build green-field competition (eg Tire Co.).
 - High transportation costs for imports (eg Cement).
 - Need to be "local" (eg professional services).
- Potential to competitively export Company's products in a free market.
- Opportunities to make new products profitably in the future. Most Companies were limited to producing only what the Ministry ordered them to produce, not necessarily what the market demanded or what they are best suited to produce.

Effects on Other Iraqi Entities

- Total current and historical market share of Company's products within Iraq.
- How critical finished goods are to other Iraqi industries.
- How critical finished goods are to Iraqi consumers.
- Ability and relative cost to satisfy local demand through alternative means (imports, other SOEs or Iraqi private sector) if Company discontinues operations.

- Level of private sector competition in Iraq – If Company directly competes against a thriving Iraqi private sector, we are less interested in subsidizing Company, which may unfairly hurt private sector companies.
- Availability of local raw material sources. This is potentially important for two reasons:
 - Raw material suppliers may be reliant on Company as an important customer.
 - Locally supplied of raw materials tend to be less expensive than imports.

Subjective

- Total number of employees, focusing on larger companies.
- Geographic location, to account for political ramifications of massive layoffs in concentrated or politically sensitive areas.
- Quality of management.
- Quality of employees.

Iraqi MIM and MOF influence on 2003 allocation not accounted for above:

- Even distribution “give them all a chance” populist approach.
- Distribution based on favoritism (eg personal relationships).

All items to be removed after the expiration of the lease, unless the Mansour wishes to purchase any items on a depreciated basis

Physical plant: things that we'll do

- Rental of additional hallway of Baghdadi BBQ
- Strengthening of windows and other security retrofitting
- Removal of latticework and foam "stone" decorations—give to hotel for storage
- Addition of pipe columns for wiring
- Build-out of desktops into existing structures
- Installation of air-conditioning systems
- Installation of local telephone lines

Physical plant: things that they'll do

- Insertion of ten electric outlets in the wall along hallway (five each side)
- Full cleaning of entire rental space, including using antibacterial disinfectants throughout
- Full cleaning of outside areas adjacent to rental space, including back patio space
- Removal of all debris
- Closing open vents from former exhaust fans in kitchen for health reasons
- Addition of temporary wooden (or other) wall to divide hallway of Exchange from BBQ
- Removal of glass wall dividing hallway
- Removal of signs identifying Italian restaurant and barbecue
- Replacement of two front doors, which are broken
- Repair of wooden wall above façade of building
- Removal of stage formerly used for musical entertainment
- Provision of separate entrance for ISX employees, members and officers only

For security

- Deny access to certain (agreed upon) areas to anyone without a badge
- Allow us to create "traffic control lanes" for separate access to pool, sauna, and stock exchange
- Give us separate parking area (they've already agreed to this, but should be reminded)

UNCLASSIFIED

COALITION PROVISIONAL AUTHORITY

BAGHDAD

ACTION MEMO

SEPTEMBER 15, 2003, 1530L

TO: THE ADMINISTRATOR

FROM: Tom Foley, Director, Private Sector Development

SUBJECT: Privatization Plan for Iraqi SOEs

The Private Sector Development team ("PSD") has completed its assessment of state-owned enterprises ("SOEs") and initial privatization planning phases. We present the following conclusions and recommendations for your consideration:

CONCLUSIONS FROM THE ASSESSMENT PHASE

PSD has completed a comprehensive assessment of 153 of 188 fully-owned SOEs and has determined a disposition plan for each. The 39 SOEs not included in PSD's recommendations reside in the Oil, Electricity, and Finance Ministries. Most of the SOEs in these ministries are not candidates for privatization. Any that are would present special situations for which privatization determinations cannot now be made. As a result, we have not included them in this round of assessments and recommendations.

The disposition plans for the 153 SOEs include six categories: ready now privatizations; ready later privatizations; agencies; consolidations; non-privatizations, and; close-downs. Ready now privatizations are SOEs that should be privatized as soon as the resources are in place to implement a privatization. Ready later privatizations are SOEs that are very large, politically

UNCLASSIFIED

UNCLASSIFIED

sensitive, or for some other reason would benefit from delaying implementation of a privatization plan. Agencies are SOEs that should be reclassified as government agencies and remain in the government. Consolidations are SOEs that should be consolidated into another SOE. Non-privatizations are SOE's that should remain government entities. Close-downs are SOEs that have no viable business prospects and should be closed-down.

A number of criteria were used to categorize the SOEs. PSD drew on its analysis as well as the experience and judgment of the PSD group and outside experts. The first criterion was subjective and was whether the product or service the SOE was providing was one that governments can or should provide. PSD and its advisers looked at the decisions other countries had made during their privatization efforts as well as the structures of successful capitalist economies such as the United States. Examples of SOEs that PSD determined should remain government entities are the post office, the food inspection service, and the animal disease control service. Within this group we divided SOEs into ones that were agencies of government and ones that were businesses. For example, the post office was determined to be a business, albeit a non-profitable one, and the food inspection service was determined to be an agency. Thirty SOEs employing approximately 37,000 people were determined to be agencies and PSD proposes reclassifying them as such. Four SOEs employing 25,000 people were determined to be businesses that should be retained by the government and are classified by PSD as non-privatizations.

After it was determined which SOEs should not remain government entities, PSD looked at whether each of these SOEs comprised an entire business. Many SOEs were determined to provide services or products to other SOEs which function more like a department of a company than an entire company. For example, several research and development groups and several engineering services groups function more like corporate service departments than businesses. In other cases, several SOEs provided identical products or services and appeared better off as consolidated entities. These two types of SOEs, nine in all and employing approximately 5,349 people, either have been or should be consolidated into other SOEs.

Among the SOEs remaining, PSD identified ones that had little or no business prospects and/or their assets and means of conducting business had been destroyed. Most of these are SOEs from the Military Industrial Commission that formerly produced military hardware. For these SOEs, 25 in all employing approximately 43,000 people, PSD recommends they be closed-down and their remaining assets sold.

The remaining SOEs are candidates for privatization. PSD analyzed each and made a determination whether it was a candidate to be privatized as soon as practicable or if there were reasons to delay privatization. The criteria used to determine which should be privatized later included size, likely change in value over time, complexity, and political sensitivity. PSD is recommending that of the 85 being recommended for privatization, 53 employing approximately 101,692 people, should be privatized as soon as the implementation resources are in place. 32 SOEs employing approximately 52,000 people should be privatized, but not immediately.

UNCLASSIFIED

UNCLASSIFIED

A summary of PSD's categorization of the 153 SOEs is the following (a detailed list of these SOEs is included as Exhibit 1 to this memorandum):

<u>CATEGORY</u>	<u>SOES</u>	<u>EMPLOYEES</u>
Ready now privatizations	53	101,692
Ready later privatizations	32	51,776
Agencies	30	36,759
Consolidations	9	5,349
Non-privatizations	4	24,866
Close-downs	<u>25</u>	<u>43,144</u>
Total	153	263,586

Within these classifications there are a number of special situations. Most notably they include companies that require significant capital investment for which we would be seeking an investor to provide the capital in exchange for an interest in a subsequent privatization. An example would include the telephone company which may require up to \$2 billion in new capital to repair and modernize its land line system. PSD is analyzing a quasi-privatization plan where the telephone company is dropped into a corporation majority owned by the Iraqi people and the remainder owned by an investor providing capital and expertise. The jointly owned company would subsequently be floated on the Baghdad Stock Sxchange or sold in a second step privatization.

Another category of SOEs not included in the above numbers are the forty-one mixed SOEs which are partly owned by the government and partly owned by private investors. Together the mixed SOEs employ approximately 20,000 people. Most of these companies were traded on the Baghdad Stock Exchange prior to the war. PSD recommends these investments be included in the ready now privatization category indicating that the government's ownership in these companies should be sold as soon as the resources are in place to do so.

FORMATION OF A PRIVATIZATION AGENCY

PSD recommends that the privatization plan be implemented by a privatization agency formed for the purpose of holding, preparing, and disposing of the SOEs in accordance with the recommendations in this memorandum. Privatization agencies of varying forms and varying names were used in all Eastern Block privatization programs. They are critical for gathering the

UNCLASSIFIED

UNCLASSIFIED

resources necessary for implementing a privatization program and to protect the privatization process from politicians and Ministries who have a stake in SOE retention. PSD has studied the experiences of many Eastern Block countries as well as Middle Eastern countries including Egypt, Morocco, and Jordan. Our recommendations regarding the architecture of the privatization agency reflect PSD's judgment as to what has worked best in the past and what is likely to work well in Iraq.

PSD recommends a privatization agency architecture in which the SOEs that have been identified as candidates for privatization, regardless of the proposed timing of their privatization, are moved into a 'holding pen' within the privatization agency. Once in the 'holding pen', the decision to dispose of the SOE should not be easy to reverse. The privatization agency would retain discretion over how and when each SOE was privatized, but all privatizations would be targeted for completion by December 31, 2006. Any SOEs held by the agency on that date would have to terminate its employees and would have one year to liquidate its assets.

The target completion date of December 31, 2006 has been carefully chosen. Privatizations that have proceeded too quickly have suffered adverse effects from insufficiently mature legal and regulatory structures, SOEs insufficiently prepared for the transition, and the private sector insufficiently developed to absorb people displaced by privatization. Privatizations lasting too long have suffered different adverse effects, most notably that initial public enthusiasm tends wane and, as a result, the political will to continue and complete the process fades. A time frame of slightly more than three years takes these factors into consideration as well as the fact that there are far fewer SOEs to privatize in Iraq than in the Eastern Block countries. Furthermore, PSD set an ambitious schedule to provide an impetus for the privatization agency, realizing that if the deadline turns out to be impractical it can be extended by revising the privatization law.

PSD envisions a privatization agency headed by an Iraqi and staffed primarily with Iraqis. PSD estimates a staffing requirement of 50 or more people. The privatization agency would contract with investment banks, accounting firms, and law firms to assist them in their disposition activities. The head of the agency would need to be of unquestionable integrity and good business judgment. In addition, he or she would need to be viewed as legitimate and impartial. The privatization agency would need technical assistance to establish a process for disposing of SOEs that is transparent and that employs many of the principles used elsewhere to ensure ethical practices. For example, the bidding process for companies should be conducted under rules similar to those contained in the U.S. Federal Acquisition Regulations. The formation of the privatization agency and its duties and powers would be set forth in a privatization law which needs to be drafted in the next four weeks and implemented within another four weeks.

PSD believes the privatization agency and privatization plan should be formally announced within four weeks and the SOEs identified for closing or privatization should be transferred to the privatization agency as soon as the privatization law is adopted. PSD recommends that a small group of first step privatizations be started by PSD immediately, but that their disposition be handed over to the privatization agency as soon as the agency is able to handle them. PSD believes some of the first step privatizations can be completed by year end. Most of the remaining ready now privatization SOEs can be completed by the end of 2004. Some SOE privatizations that are very large, politically sensitive, or whose sale or success in the private

UNCLASSIFIED

UNCLASSIFIED

sector will require active capital markets or better established laws and institutions than Iraq now has, may take as long as 2-3 years to complete.

In writing the privatization law and establishing the privatization agency, a lot of care and effort will have to go into ensuring that the desired outcomes of privatization are achieved. In doing so, PSD will have to help the privatization agency develop ways to avoid the undesired outcomes experienced in many of the Eastern Block countries such as asset stripping, improper enrichment of government employees, and the creation of improperly enriched buyers or consolidators of SOE interests post-privatization. PSD is confident this can be done using a 'lessons learned' approach supplemented by CPA and other expert advice.

FIRST STEP PRIVATIZATIONS

PSD has limited resources for implementing privatizations. However, PSD has identified 17 ready now privatizations that PSD could begin privatizing prior to the formation of the privatization agency. These SOEs have been selected because they are modest in size, have good business prospects, will result in modest employee displacement, and their value will not be meaningfully compromised by an early sale. PSD would hope to have five or more of these first step privatizations completed by December 31, 2003. These first step SOEs would provide an opportunity to run a limited trial of the privatization process and to test receptivity to the privatization framework. It would also provide an opportunity on a limited basis for privatization agency employees to learn on a modest sample size.

PSD proposes the following first step privatizations:

<u>SOE</u>	<u>PRODUCT OR SERVICE</u>	<u>EMPLOYEES</u>	<u>MINISTRY</u>
Al Dilhal	Tourist busing	753	Transportation
Delegates	Limousine Service	201	Transportation
Land Transport	Trucking	840	Transportation
Passenger	Bus Transportation	3,326	Transportation
Internet Café	Internet Connectivity	412	Transportation
Projects	Project Design	1,039	Transportation
Construction Materials	Retailing	3,385	Trade
Shopping Centers	Retailing	5,880	Trade
Auto Wholesale	New Auto Distribution	2,606	Trade
Al-Farouq	Construction	1,433	Housing
Al Mansour	Construction	1,527	Housing
Al Rasheed	Construction	1,186	Housing
Hamurabi	Construction	2,351	Housing
Ashur	Construction	2,214	Housing
Saad	Construction	1,219	Housing
Al Mutasim	Construction	1,439	Housing
Hotels/resorts	Tourism	2,352	Culture
	Total	32,163	

UNCLASSIFIED

UNCLASSIFIED

TRANSITION PLAN FOR DISPLACED EMPLOYEES

The 153 SOEs for which PSD is now making disposition recommendations employ approximately 251,806 people. We estimate as many as 100,000 of these employees may not be retained post-disposition. Although this is a large number and will result in transition stress for these individuals and their families, the number is small when compared to most other privatization programs, both in terms of gross numbers and the percentage of the workforce. For example, in most Eastern Block countries, 70% or more of the workforce were employed by the state and in the former Soviet Union the number approached 100%. It is estimated that 50% or more of state-employed workers in these countries, or 35-50% of the workforce, were displaced by privatization. In Iraq, the part of the workforce likely to be adversely affected by privatization is 2% or less. This is important and fortunate for two reasons. First, the political impact of privatization is likely to be less acute in Iraq than it was in the Eastern Block and, second, the cost is far lower of moderating the political impact of privatization by providing a comfortable transition plan for displaced employees.

PSD recommends that displaced workers be provided a transition plan that significantly eases the stress of their transition to post-privatization status. PSD estimates that up to 30% of SOE employees qualify for disability or retirement, but have not taken either because the benefits for each amount to only 35% of an employee's current salaries. PSD recommends that these employees be required to move to disability or retirement status, but that their transition to the lower benefit levels occurs gradually over a three year period. PSD recommends that terminated employees who do not qualify for disability status or retirement receive their current salaries for one year after termination followed by a cumulative annual reduction of 25% of their current salaries for three years or until they obtain another job. PSD believes a cash severance payment will initially be received well, but will shortly lead to political and social problems as many of the recipients of these cash payments will spend the money before they are able to obtain another job.

The severance arrangement should include a program for developing skills and other employment related training. The package should also include a placement service to assist displaced workers in finding new employment. PSD realizes that many factors including the culture of Iraq's recent past present significant additional challenges to fulfilling a goal of providing a smooth and politically trouble free transition during privatization. However, PSD believes the generous transition packages, relatively small affected population, and lengthy and staggered duration of support will greatly alleviate the negative political consequences of the privatization plan.

The cost of such a transition severance plan is estimated to be \$60,000,000 in the first year, \$50,000,000 in the second, \$35,000,000 in the third, \$25,000,000 in the fourth, \$15,000,000 in the fifth, and \$10,000,000 in the sixth. However, if this plan were extended to all SOEs and Ministries the cost could be twice these amounts. The CPA would only bear the cost of this program in the years in which it continues to fund Iraq's deficits. Even if the CPA bore the entire cost, PSD believes spending this money will help assure success of the privatization plan by removing resistance to it and, thereby, speeding and assuring its implementation. In addition,

UNCLASSIFIED

UNCLASSIFIED

PSD believes spending this money will provide important protection against political ill will toward the privatization process.

PSD recommends that the transition severance plan be announced in 4-6 weeks, but not later than the announcement of the privatization plan. People qualifying for disability or pensions would be transferred to their respective plan effective January 1, 2004. Anyone who quits after the announcement of the plan would receive the severance plan benefit, but the start date for calculating the severance benefit would be the announcement date of the plan, not the date of termination. The severance plan would only be available for voluntary terminations up to the time an the SOE announces it won't accept any more voluntary terminations. After that, only people who were involuntarily terminated would qualify for the plan. For involuntary terminations the start date for calculating the severance benefit would be the date of termination.

IRAQI SUPPORT FOR PRIVATIZATION

Privatization presents risks as well as opportunities to a variety of interests in Iraq. Employees are concerned about their jobs, managers are concerned about having to perform in competitive markets, Ministers are concerned about losing important parts of their organizations, businessmen are concerned about whether or not they will be able to bid competitively for SOEs, politicians are concerned about public opinion, and policymakers and government service providers are concerned about the impact of privatization on their constituents. CPA and the Governing Council can expect that initially there will be significant opposition to privatization. This opposition can grow and solidify if a well-conceived and well-executed communication plan is not initiated soon to counter fears and concerns that thousands of jobs will be lost, the SOEs will be given away, and foreigners will end-up owning a lot of former state assets. Interested parties in Iraq must be educated about how privatization works and the specifics of the privatization plan. Iraqis need to be persuaded that privatization is in their long term interest and they must become the primary advocates and drivers of the privatization process.

PSD proposes to commence a communication and outreach effort as soon as the privatization plan is approved. This effort will include meetings with Iraqi business leaders and senior Ministry officials, education of SOE Directors General, and development of a media plan for communicating to the public about privatization and what it means for them. PSD is confident that a well-conceived and well-executed communication plan can alleviate many of the fears surrounding privatization and can create public support for the process, particularly in Iraq where the displaced population will be small while the number who can look forward to better products and services will be large.

UNCLASSIFIED

UNCLASSIFIED

DIRECT NEED FOR ACTION

To successfully implement the proposed privatization plan a number of tasks will need to be completed in the next eight weeks. The critical tasks include:

<u>TASK</u>	<u>TIMING</u>
1. Complete and obtain CPA approval of a Privatization Law	October 15
2. Hire the Head of the Privatization Agency and begin staffing	October 15
3. Develop draft procedures and systems for the Privatization Agency	October 31
4. Develop a comprehensive employee transition plan for approval	October 1
5. Announce Civil Servant Severance and transition plans	October 15
6. Obtain passage of the Privatization Law and begin implementation	November 15
7. Commence five or more first step privatizations	Immediate

COINCIDENT NEEDS

In order for the privatization effort to work, there are several coincident tasks that will need to be completed. PSD depends on other parts of CPA for execution of some of these tasks. The critical tasks are:

<u>TASK</u>	<u>TIMING</u>
1. Foreign Investment law approved	Immediate
2. Commercial law reform implemented	November 15
3. Commercial justice framework and functionality established	June 30, 2004
4. Local credit availability	December 31
5. Comprehensive Subsidy reform	January 1, 2004
6. Stock Exchange and supervisory organization operational	December 31

UNCLASSIFIED

UNCLASSIFIED

Foreign direct investment and the availability of credit are critical to the privatization process. Most of the SOEs to be privatized will probably not be purchased by foreigners, but some of the larger SOEs may depend on foreign bidders to obtain a fair value and may depend on a foreign owner to become or remain viable as a business post-privatization. In addition, and more important, foreign direct investment and the availability of credit are critical to achieving the growth rate in the private sector necessary to create the jobs that will be necessary to absorb employees displaced by privatization. Without foreign direct investment or credit, the number and duration of people out of work from privatization will be considerably larger which will result in increased political discontent.

Developing a well functioning commercial justice system is critical to establishing early-on that illegal activity in the business sector will not go unpunished. Much of the blame for some Eastern Block privatization failures stems from the fact that no functioning commercial justice system existed to enforce commercial laws. As a result, commercial laws were frequently broken and the privatization process was often corrupted.

Government subsidies affect the performance and prospects of many SOEs. Comprehensive subsidy reform will have to precede the sale of these SOEs as potential buyers will be unwilling to buy an SOE until these cost uncertainties are resolved.

APPROVALS SOUGHT

PSD seeks your initial approval regarding these recommendations. Items for immediate action requiring your approval include: 1) commencing the first step privatizations, and; 2) recruiting the head of the privatization agency.

- 1) Approve: _____ Disapprove: _____ Approve with Modification: _____
2) Approve: _____ Disapprove: _____ Approve with Modification: _____

NEXT STEPS

Next steps in the process of implementation will include developing procedures and systems for the agency, developing a draft privatization law, and developing a comprehensive transition severance plan and comprehensive subsidy reform plan.

ATTACHMENTS: AS STATED

COORDINATION: General Counsel, (b)(6)
Economic Policy

UNCLASSIFIED

UNCLASSIFIED

EXHIBIT 1

Ready Now For Privatization

Company	# Employees	Company	# Employees
Transportation		MIM Continued	
1 Aldilal	753	30 Al Sawari	961
2 Delegates	201	31 Al Qadesia Electrical	2,261
3 Land Transport	840	32 Nassr SC for Mechanical Indus.	2,483
4 Passenger	3,326	33 Al-Majd	547
5 Internet Café	412	34 Woolen Industries SC	3,201
6 Projects	1,039	35 Textile Industries - Hilla	2,712
Trade		36 Leather Industries	2,822
7 Construction Materials	3,385	37 Battery Industries SC	1,929
8 Shopping Center	5,880	38 Mechanical Industries	3,872
9 Auto Wholesale	2,606	39 Cotton Industries SC	6,776
Water		40 Ready Made Wear Indus.	1,515
10 Dijala Company	120	41 Electrical Industries SC	3,158
11 Mech. & Elec. Contr. State Co.	396	42 Textiles	3,317
12 Rafidain Dams Construction Co.	792	43 Rubber Industries	1,201
13 Water Well Drilling	1,650	44 Refractories	1,000
MIM		Housing	
14 Furniture	223	45 Al-Farouq State Construction Co.	1,433
15 General Systems	438	46 Al-Mansour State Construction Co.	1,527
16 Iron and Steel	3,158	47 Al-Rasheed State Construction Co.	1,186
17 Geological Survey and Mining	1,205	48 Hamurabi State Construction Co.	2,351
18 Materials and Construction	3,201	49 Ashur SCC	2,214
19 Training & Rehabilitation	895	50 Al-Fao SCC	3,629
20 Information Systems	165	51 Saad SCC	1,219
21 Hand Woven Carpets	905	52 Al Mutasim	1,439
22 Al Faris	1,334	Tourism	
23 Ur Engineering	3,352	53 Hotels and Resorts	2,352
24 Sammara	2,603		
25 Ninawa	947		
26 Tobacco & Cigarettes	2,246		
27 Tires	2,357		
28 Glass & Ceramics	2,366		
29 Vegetable Oil Industry	3,750		
		*TOTAL =	105,650
		*(Includes 3,598 Housing SOE Employees Already Consolidated)	
		Total Adjusted =	101,692

UNCLASSIFIED

UNCLASSIFIED

Ready Later For Privatization

Company	# Employees	Company	# Employees
MIC		MIM	
1 Al-Noaman	640	20 Mishraq Sulphur	1,278
2 Al-Mansour	676	21 Al Furat Chemical	1,730
3 Al-Ikhaa (Falluja)	2,282	22 Petrochemical	3,872
4 Salahadeen (Tikrit)	2,850	23 Phosphate	3,212
5 Sanareeb	654	24 Northern Fertilizer	1,936
6 Ibn-Majd (Basra)	1,500	25 Southern Fertilizer	2,340
7 Al Rafah	370	26 Northern Cement	2,293
8 Al Majd	547	27 Iraqi Cement	3,310
9 Ibn-Al Waled	785	28 Southern Cement	5,200
10 Tariq (Falluja)	871	29 Ibn Sena	557
11 Al-Nidaa	1,307	30 Al Salam	622
12 Al-Shaheed	1,279	31 Al Zawara	816
13 Hamoorabi (Babylon)	647	Health	
14 Al-Fida	1,285	32 Kimedia	3,027
15 Al-Tahady	400		
16 Al-Rasheed	2,630	TOTAL =	51,776
17 Al-Radhwam	755		
Agriculture			
18 Ag Supplies	1,358		
19 Mesopotamia Seed	747		

Agencies

Company	# Employees	Company	# Employees
Transportation		Housing	
1 Private	1,679	16 National Center for Labs	1,449
Trade		17 National Center for Consultancy	395
2 Grain Board	8,876	MIC (Transfer to MOST)	
3 Food Stuffs	7,607	18 Ibn Rushd	451
4 Grain Processing	2,352	19 Al-Battany	269
5 Export and Import	219	20 Al-Fat'h	186
6 International Fairs	261	21 28 April Research	99
Water		22 Ar-Razi	319
7 Al Kadisiah	621	23 Al Qudis	716
8 Al-Hadba'a	1,280	24 Sakar Al Arab	34
9 Al-Muthana	646	25 Ibn-Firnas	805
10 Al-Fao	862	26 Basil	409
11 Fourat Design	334	27 Al-Melad	790
12 Al Nassr	910	Agriculture	
MIM		28 Animal Resources	492
13 Industrial Development	188	29 Horticulture/ Forestry	773
14 Research and Development to	1,016	30 Veterinary	2,434
15 Specialied Institute for Eng. Indus.	287		
		TOTAL =	36,759

UNCLASSIFIED

UNCLASSIFIED

Consolidations

Company	# Employees
MIM	
1 Design and Industrial Const.	581
2 Design and Consultation	810
*Housing	
3 Al Idressy Consultants	285
4 Al Yaum Al Adeem	356
5 Ramadan Mubarak	489
6 Al Tahrir	842
7 Taj Al Ma'arik	280
8 Al Jihad	814
9 Al Anfal	892
*Employees already rolled up by	
TOTAL =	5,349

Non-Privatizations

Company	# Employees
Transportation	
1 Railway	12,290
2 Port	8,652
3 ITPC	2,329
4 Water Transport	1,595
TOTAL =	24,866

Close Downs

Company	# Employees	Company	# Employees
MIM		MIC Continued	
1 17th Nissan	805	13 Al-Qaqa	5,400
2 Car Manufacturing	2,167	14 Nissan	1,860
3 Paper (Basra Plant)	3,153	15 Huteem	5,443
4 Sugar (Nissan Plant)	230	16 Al-Harith	1,382
5 Dairy	1,075	17 Jaber Ben Hayan	925
Iron and Steel (Basrah/Khor Al-Zubiar)		18 Tabooq	534
Transportation		19 Bader	1,631
6 Airline	2,329	20 Al Karama	1,859
Agriculture		21 Al-Ezz	935
7 Industrial Crops	481	22 Al-Uboor	890
MIC		23 Um Almarik	1,560
8 Al Kadisiya	3,943	24 Al Kindi	970
9 Al Zahaf Al-Kaberc	568	25 Al Sumood	1,460
10 Al-Khauarezmi	280		
11 Al-Yarmock	2,709	TOTAL =	43,144
12 Al-Hadhar	555		

UNCLASSIFIED



Foreign
Language

DEPARTMENT OF THE ARMY
HEADQUARTERS, 4TH INFANTRY DIVISION (M)
TIKRIT, IRAQ 06325

Foreign Language

AFYB-GL

21 January 2004

MEMORANDUM FOR MINISTRY OF INDUSTRIAL

SUBJECT: TASK FORCE IRONHORSE CONTRACTOR MEMORANDUM

1. The Sabah Group has high priority in obtaining products as identified below for the United States Army in the Task Force IRONHORSE area of operations. If you have any questions or wish to authenticate this memorandum contact the undersigned. The following products will be used to support US Army facilities (FOBs Anaconda, Gunner, Warhorse):

- Cement-981 tons or more if required

2. The Sabah Group must obtain these products immediately in support of Task Force IRONHORSE priority projects.

3. Supported prices 60,000 Iraqi Dinars per ton.

4. The TF Ironhorse point of contact is (b)(6)

(b)(6)

Steadfast and Loyal

Foreign Language

(b)(6)

To Cdr, 4th ID Attn: ACYS 64.
Subject: Contractor Memorandum.

The Ministry of Industry supports your contractor obtaining 981 tons of cement in phases at the prevailing market price @ the factory at time of purchase. The contractor should be directed @ Iraqi Cement Company with locations in Baghdad & Kirkuk.

(b)(6)

LTC, CA
Senior Advisor, Ministry of Industry
& Minerals

9-5 100

NAME OF AGENCY: STATE OWNERSHIP FUND OF IRAQ (SOF)

PURPOSE: To supervise the sale of all state assets, maximizing values as well as to establish procedures and structures to encourage widespread ownership of these properties:

1. Residential properties (proceeds invested back into Ministries)
2. Agricultural properties (encourage more farming/potential homesteading)
3. Industrial properties, in particular defense industry
4. Land for development (you build on it, we'll give it to you)
5. Green zone properties (international tax-free zone)

TITLE: SOFI will oversee and maintain title to all of the above and would ensure transfer of clean title. Each ministry will provide their list of assets for sale by SOFI, with the proceeds going to the Ministries to be invested in new related infrastructure.

STRUCTURE: CPA issues an order creating the agency which we expect would be supported by the IGC or UN-sponsored interim government. Legal procedures are relatively easy to structure today in light of the authority vested in CPA and likely more problematic difficult in the future.

TIME FRAME: A two and half month schedule is workable to develop a structure and the necessary documentation, if the approval to "proceed" is given in a reasonable time frame. The first privatizations will be focused on residential and land. Gradually, the other state-owned industries will be brought into the process. The first "sell off" will occur in July with the support of the Iraq government.

AGENCY STRUCTURE: SOF will have ministerial rank and will have independence over all ministries in Iraq. The agency will be based on the state agency for privatization (APAPS) in Romania. It will also work within the unique title structures of a sovereign Iraq and the specific issues to assure broad based ownership.

Personnel:

1. Minister
2. Deputy Minister (or vice chairman)
3. Agency department heads for each industry.
4. Legal and financial staff
5. Translators/interpreters
6. Staff of 50 (Iraqis and Advisor staff- currently proposed staff from Romania SOF)

FUNDING: A budget for FY 2005 (12/04) would be developed contemplating the above staffing and legal and financial consultants

EQUIPMENT: Develop with IPCC and Iraqi Recorder a computer model to handle and formulate the mass of data available, leveraging efforts currently under way.

PROPOSED ADVISOR: GBG Consulting, located in both Baghdad and Bucharest, the principals have worked extensively with CPA and can mobilize immediately.

From: (b)(6)

Sent: Wednesday, April 21, 2004 4:32 PM

To: Carpenter, Scott (SES-2); (b)(6)

(b)(6)

CC: (b)(6)

(b)(6)

Murphy, Brian (SES); Kelly, Mike. (AUS)

(b)(6)

Subject: IGC Decision (49) - Removal of Law Restricting Property Purchases

All,

On 20 Apr, my colleague (b)(6) and I, at the request of the IPCC team who had been invited by the IGC Legal Committee, attended an extraordinary IGC Legal Committee meeting convened to discuss IGC Decision (49). The attached decision purports to cancel all current laws restricting Iraqi's from purchasing property. This decision was made on 29 Sep 03 but has never been agreed by AMB Bremer.

The meeting was chaired by Judge Dara who made the following points:

- There were a number of discriminatory laws passed by the former regime that prohibited the purchase of real estate by certain ethnic groups particularly Kurds in the North but also affected other ethnic groups in other locations.
- These laws also restricted the purchase of real estate in Baghdad and other specific locations, unless a person was registered in the area of purchase.
- These laws were contrary to the 1970 Constitution.
- The IGC made the decision to cancel these laws in September because they saw a need to act to redress this discrimination.
- The decision was passed to the Administrator but he did not sign or otherwise approve the decision but did give a direction that the IGC should consult with the CPA.
- They considered that the meeting was the start of the consultation process.
- The IGC still felt there was an urgent need to cancel these laws as soon as possible.
- The decision was in accordance with TAL which prohibits any discrimination on the basis of gender, nationality, religion or origin (Art 12) and provides full and unfettered right to own real property (Art 16 (C)).
- Confirmation of this decision would be an important symbolic step which would strengthen the authority of the IGC and possibly assist the security situation.
- Accordingly, the IGC Legal Committee requested that the CPA consider the decision with a view to providing advice to the Administrator.

I advised the committee that I would take this message back to the CPA and raise the matters above for further consideration. I therefore, request that if you have any views or information on this matter that you provide your input so the OGC can work with anyone with an interest in this area to staff a recommendation to AMB Bremer. Also please advise if you do not think you have any input to this matter or there are others who may need to be consulted.



COALITION PROVISIONAL AUTHORITY
BAGHDAD

**MINISTRY OF TRADE RESPONSE TO THE PROPOSAL BY CPA
GOVERNANCE FOR ESTABLISHMENT OF AN INDEPENDENT
COMMISSION ON IRAQI PUBLIC PROPERTY**

Prepared by R. David Luft, Senior Advisor

UNCLASSIFIED

The Ministry of Trade has been given one day to respond to an unsigned CPA Governance proposal to create a Commission empowered to redistribute all property owned by Iraq's government. The Ministry of Trade does not concur with this proposal. If this proposal is forwarded to the Administrator despite the Ministry of Trade's non-concurrence, it is requested that the reasons for the Ministry of Trade's non-concurrence which are elaborated in the remainder of this paper also be transmitted.

CPA Governance asserts, "After oil, land is Iraq's largest potential revenue base." CPA Governance also estimates that "...75 – 90% of the land in Iraq may be locked up in underutilized state-owned property." It should be noted that there is no discussion of what method was used to determine the percentages in question. Moreover, this percentage range does not distinguish between land that is commercially usable and land that is not commercially usable. A much more relevant figure would be the percentage of commercially usable land that is "underutilized." Moreover, there is no discussion of what constitutes underutilization. This is an important and necessary discussion because from a purely commercial point of view public parks, for example, are often viewed as "underutilized" land.

CPA Governance "recommends establishment of an independent Iraqi commission to hold and manage all (emphasis added) public property." In the lead sentence of the first paragraph of CPA Governance's memorandum, reference is made only to land. The Ministry of Trade presently holds and administers state owned land as an asset pursuant to domestic legislation and governing regulations. However, The Ministry of Trade also holds and administers other state owned property including buildings, approximately 400 warehouses, machinery and equipment, and approximately 3000 trucks. The CPA Governance proposal appears to have as its goal the nullification of this domestic legislation, seizure of title to the Ministry of Trade's assets including property owned by state-owned enterprises without compensation and transference of these assets to a single "commission operating independently of all government ministries and agencies." It is

UNCLASSIFIED

noted that CPA Governance has failed to elucidate and elaborate on a replacement legal regime that would govern the future use and development of the land and other property. Moreover, this proposal, if implemented, would derail negotiations presently being conducted by the Ministry of Trade's shopping center company to lease some of its shopping centers to interested private sector parties, thereby potentially undoing an advanced project which will have the effect of making a State Owned Enterprise (SOE) a privately managed entity. Needless to say, any delay in bringing this lease transaction and other similar ones contemplated by other Ministries to fruition will have the effect of costing the government money.

The threat the CPA Governance proposal poses to the lease negotiations is minor compared to the threat it poses to the continued integrity of the Public Distribution System (PDS) under which every man, woman and child is provided a monthly food ration which continues to be a major element sustaining relative political stability in Iraq. It is because of the PDS that the Ministry of trade owns approximately 400 warehouses, 2000 trucks, a grain storage facility and two grain mills as well as associated equipment. Transfer of this property to Governance's proposed Independent Commission on Iraqi Public Property in the waning days of the Coalition Provisional Authority could well be perceived by the general public as the first step towards abolishing the PDS and thus cause major political instability manifesting itself in food riots and other acts of violence. The negative publicity to be expected from the transfer of PDS related assets to the proposed Commission alone is likely to have a large deleterious effect on US diplomatic relations especially in the Arab speaking world.

In a lengthy discussion with Ahmad Al-Mukhtar, who was the architect of the Public Distribution System (PDS) and is now the Director General for Foreign Economic Relations, he noted that there is already an Iraqi law which makes the Ministry of Finance the owner of all "underutilized" state-owned land in Iraq. Presumably this land owned by the Finance Ministry could be made available to the private sector and payments received could be used for any purpose properly decided by the central government. In the absence of compelling reasons such as malfeasance, it is recommended that the Ministry of Finance be allowed to continue to manage "underutilized" state-owned land.

CPA Governance's memorandum makes numerous assertions for which no supporting data is given, for example, "It is estimated that as much as 90% of property in Iraq may be owned by the State or by state-owned enterprises." (*Who made this estimate using what methods and when?*) "An undetermined amount of this property was wrongfully confiscated from private parties by the former regime (*The implication is that the amount is very large?*), and much of it was redistributed as public property to the Ministries and other government agencies." "Most of the Ministries received more property than necessary for official use." (*What constitutes official use and who determined that most Ministries received more property than necessary and by what method?*) "They continue to exercise control over this property, which has created an unbalanced power base in the Ministries (*What is meant by "an unbalanced power base?"*) by allowing them to distribute excess land as patronage and/or to collect only minimal rent." (*Not one*

UNCLASSIFIED

example of land being distributed as patronage and not one example of a contract with minimal rent is cited.)

The CPA Governance memorandum states, "We envisage a commission operating independently of all government ministries and agencies." *(After creating the Public Integrity Commission and reinvigorating the Board of Supreme Audit, the CPA will create an entity which will harbor massive opportunities for corruption by way of this Commission which will not be subject to investigations by these entities? How very strange.)* The CPA Governance memorandum states further, "The Commission would report directly to the Iraqi Government, thereby remaining independent from all other governmental entities." *(It is totally unclear what is meant by the "Iraqi Government." If it reports to the Iraqi Government then it is a non sequitur to say that it will remain "independent" from all other government entities.)*

On page three, the CPA Governance memorandum states, "Questions of whether and how to apply this program to state-owned property in Kurdish areas need to be explored." This statement contradicts and undermines the statement on page one, "This memo recommends establishment of an independent Iraqi commission to hold and manage all public property." *(Promulgating different treatment for state-owned property in the Kurdish area will undermine the unity of Iraq and be seen as ethnic favoritism.)*

In its conclusion, the CPA Governance memorandum states that the Commission "will have the following benefits:"

"- Providing a mechanism for measured and orderly disposition of public property, preventing possible chaos and land-grabs that might otherwise ensue after June 30;"

(This is an unwarranted conclusion. As I have already pointed out, transfer of PDS property to the Commission is likely to lead to food riots. Making the Commission independent of the Board of Supreme Audit and the Public Integrity Commission will promote land grabs.)

"- Establishing a single point of contact within the Iraqi government with which the U.S., and other governments, and non-governmental organizations could deal in seeking the rights to use land after June 30;"

(This conclusion, if correct, when combined with the statements made in paragraph three of page one creates the appearance of an impropriety.)

"- Ensuring any revenue generated is received and utilized by the central government;"

(This is another unwarranted conclusion because treatment of the Kurdish areas remains undecided.)

"- Ending the former regime's inappropriate use of property for patronage."

(This conclusion seems to imply that the former regime's inappropriate use of property for patronage is continuing and that the CPA has failed to undertake measures to stop

UNCLASSIFIED

Date: April 21, 2004

To: (b)(6) Capt, USN

**From: (b)(6) Chief Financial Officer, CPA
(b)(6) Deputy Chief Financial Officer, CPA**

**Re: State Ownership Fund of Iraq ("SOF" of "SOFI")-
An Opportunity for Fundamental Economic Development**

Background - 90% of property in Iraq is owned by the Government, much of it residential property confiscated or purchased at below market prices by Saddam Hussein's regime. This regime-owned property was then largely distributed to their most favored Ministries as patronage. In turn, the Ministers used this property for their employees (home and job insures loyalty) or to generate income from widely varying rents added to their budgets. A good example is the Ministry of Transportation which owns 64,000 properties despite the fact the actual property needs for Transportation is likely under a hundred. This state owned/patronage structure and percentages is very similar to what was found in the Eastern bloc countries, such as Romania, Bulgaria, etc.

With much of this land having been obtained illegally by the regime, it is expected that post July 1, in excess of 500,000 claims will be filed for compensation or return of these fraudulently obtained properties, representing billions of dollars the new government will not have. To help facilitate the processing of these claims the Iraqi Property Claims Commission ("IPCC") has been set up and funded by 1% of annual DFI revenues (est. \$190M), which most believe will be wholly inadequate to cover the expected legitimate claims. With the exception of efforts by IPCC to handle claims, the only property distribution plan currently being discussed is an effort to redistribute this State-owned property more equitably amongst the various ministries, effectively maintaining the status quo of the former regime, in other words a small number of individuals continuing to control (as well as underutilize) much of the wealth of the nation.

As first seen in the US, then in Europe and now in the former Eastern bloc countries, private ownership of property has been the key to economic growth and wealth creation for a significant portion of their respective populations. It has been the economic engine that has fueled investment and development in these countries, significantly much of it internally generated by small investors.

Challenges- The above illegal actions of the former regime have created three major challenges for the new Iraqi government: 1. Thousands of legitimate property claims need to be equitably resolved costing billions dollars; 2. the Iraqi government not only doesn't have the funds to pay these claims, it needs those funds as well as significant additional funding to balance a looming deficit in 2006 that oil revenues won't cover; and 3. history has shown, without wide spread private ownership of property, and the associated wealth creation, true long term economic growth will be severely limited.

The reality of the IPCC's claims process is clear: **significant land reform is going to occur, whether it is intended or not**, but it will do so at a high cost, using funds that could be better used elsewhere. Unfortunately, this process will do little to create the above noted needed widespread private ownership as well as potentially raise billions for the Iraqi budget from property sales.

With 95% of Iraq's revenues coming from oil exports, it is critical that Iraq modify this land reform process to **monetize the hundred of billions of dollars currently locked up in the State-owned property**. An effort that would over time reduce the percentage of State-ownership from 90% to 20%, as was seen in Romania over a 10-year period. Even if properties are not immediately sold but rented, the Iraq government needs to better manage this huge asset base in order to maximize returns, particularly when compared to the fragmented approach of the various ministries. In addition to providing badly needed revenue diversification, such an effort would also have the additional benefit of helping a number of core businesses that are tied to private ownership and critical to economic growth, from local banks needed for mortgage creation and servicing to property and casualty insurance providers.

In discussions with Iraqis, we learned that land ownership is an extremely sensitive issue. The Saddam regime capitalized on this inability to own your home by promising homes to many to insure loyalty. The primary concern that we heard was that the benefits of any land reform would be limited to only those that currently have money and the rest would be shut out. Consequently, to reach the desired widespread ownership, a lottery system as well as flexible financing structures will need to be developed, as has been the case in other countries.

Compelling Legal and Financial Reasons for Major Change- While time is running short, there are strong legal and financial reasons why we believe this is an opportune time to propose fundamental change to a state-ownership structure that is one of the few remaining legacies of the former regime. From a legal perspective, the IPCC legal processing of the thousands of legitimate claims will create significant land reform, whether the ministries like it or not. Furthermore, as an indication of continuing interest by the Iraqis in this matter, the IGC issued Decision 49 on Sept. 23, 2003 seeking to cancel all current laws restricting Iraqis from owning property, in an attempt to redress rampant discrimination. However the decision was never signed by Amb Bremer and the IGC Legal Committee this past Tuesday (4/20/04) requested that CPA once again consider this decision. **The IGC sees canceling these discriminatory property ownership laws as an important symbolic step to strengthen the authority of the IGC and possibly assist the security situation.** See attached report from Ric Casagrande (4/21/04). Finally, we have learned that Iraq has extensive land and ownership records that should facilitate the legal claims and valuation processes.

The financial reasons are arguably even more compelling. IPCC will not have sufficient revenues to resolve the many claims in a timely manner. More importantly, Iraq will likely face significant budget deficits in FY 2005-06 with a revenue base tied almost entirely to the price of oil. With the billions locked up in state-owned property, currently

generating minimal revenues from rents, Iraq badly needs new funding sources and monetizing this significant asset base represents by far the best way to generate needed revenues while energizing private investment in Iraq. The profound economic and social benefits of private ownership as recently seen in the former Eastern bloc countries speak for themselves, further supporting this effort.

State Ownership Fund- To facilitate this transfer of ownership, we are proposing a "state ownership fund" that is a model that closely resembles structures successfully used elsewhere. The group that we've had ongoing discussions with, GBG Consulting located in Bucharest, brings extensive expertise from similar privatization efforts in Romania. As discussed in the attached term sheet, the Fund would oversee and maintain title to all government-owned title. Working closely with IPCC and the Iraqi land title recorder, the Fund would establish exactly what the State owns, clear title and then put into effect a plan to best monetize the assets, working closely with the Ministry of Finance. Careful consideration needs to be given to methods and structures that would ensure as broad a representation of owners as possible, but ample precedents exist elsewhere.

Timing & Structure- The actual mechanics of such Funds are well established. We would propose utilizing one or several of the more recent privatization efforts, the Romanian structure is largely followed in the attached term sheet. While timing is obviously short and actual sales with clear title will likely need to wait until sovereignty is transferred but establishing the agency and publicly communicating a plan for broad private ownership should be well received and can be done near-term. Much like social security in the US, once announced, a program that has obvious benefits to a large group, becomes politically very difficult to stop by those planning to run for office. (see attached IGC report) We believe a comprehensive plan and organizational structure for a State Ownership Fund can be developed in a matter of weeks and be up and running by June, with strong support for it from the IGC (based on the 4/20 meeting) or in the alternative a UN-sponsored interim government.

Summary- Announcing a plan and a structure for the broad based private ownership of State-owned property prior to July 1, would not only represent the single most important incentive to economic development to date but it would finally end the State's use of property for patronage and corruption.

SOE APPROACH

may Previous efforts at SOE reform have been stalled by keen political sensitivities. *Some transitional* Left unaddressed, however, the SOEs impose high subsidy and other costs, and *what?* they pose real risks. These other costs and risks include the potential for social unrest, perpetuation of a welfare dependence, shortages of key materials (construction, fertilizer, etc.), the creation of government monopolies, and the suppression of private sector industry. This memorandum proposes a program, crafted with an eye to political practicality, for putting the SOEs on a road to reasonable reform, reducing both the high costs, and the risks.

The program, which focuses on the approximately 150 non-oil, non-electricity SOEs, consists of three main parts:

1. Making the Workforce Issues Manageable
2. Saving What is Viable
3. Avoiding Future Problems

The first part of this document goes into detail on these three main elements of the plan, in essence describing what we think should be done. The second part of the document addresses the specific timing and assignments for action on the plan, the "hows" of getting the job done.

In this second section, we specifically identify what we think can be accomplished prior to June 30. Our goal is to get enough launched now so that the future sovereign government will find it easy to make economically logical choices about SOEs.

Part I: Elements of the Reform Plan

Iraq is actually fortunate that its non-energy SOEs comprise no more than 5 percent of its workforce and probably a smaller proportion of its GDP. Certainly, some countries in the former Soviet bloc had it worse. Our proposed approach calls for active, immediate, and relatively painless steps to shrink the size of the payroll subsidy, without forced job reductions. Next we propose to put viable companies on a glide path to reform, allowing maximum economic freedom for appropriately motivated corporate governance structures. Finally, we suggest a few actions to head off inappropriate legal and regulatory actions prior to final decisions by the sovereign government on the long-term status of SOEs.

Making the Workforce Issues Manageable

It is no small thing to reduce the budgeted \$500 million in 2004 salary subsidies (an amount that could increase under certain circumstances) without triggering social troubles among what may be as many as 500,000 SOE employees. However, we have tried to devise modest ways to reduce the size of the problem. Specifically, we suggest

1. **Dealing with "Ghost" Workers.** We have some evidence that some considerable portion, perhaps 20 percent or more, of the SOE payroll consists of "ghost" workers, whose pay is siphoned off by corrupt managers and officials. Field experience suggests that one way to deal with this is through photo identification cards for employees paired with a matching process for pay packets. Such systems are already being deployed within the Iraqi ministries.
2. **Clarifying the Pay Policy.** We believe the Ministry of Finance should issue a joint statement with other SOE-owning Ministries on the issue of compensation, with emphasis on the 4-tier and 11-tier systems. Specifically, the policy should make clear that any shift to an 11-tier system that involves an increase in total payroll outlay must be paid for by the SOE's own funds and will not be supplemented by increased subsidies from the central treasury. If an SOE cannot afford the increase, it should not begin it. [LPB writes, "But I think they already have begun it." Lettie, can you address?]

Taken together, these actions should yield substantial reductions in the payroll subsidy costs and calm the political fears tied to the size of the SOE workforce.

Saving What is Viable

A path must be found to revitalize as quickly as possible those companies which are viable. Our program seeks, then, to deal with viable SOEs first, touching on their control and accounting capabilities, and on the turnaround or expansion of their operations. Subsequently, we propose a program for easing the transition of SOEs.

Viable SOEs

The viable SOEs [LPB asks, "Who defines?" Lettie, can you address?] present special challenges. Our goal is to structure them to become effective

competitors and significant self-supporting employers, while making it as easy as possible for their ownership to change. We also address the issue of performance improvement, particularly for a subset of the viable firms whose improved or restored operations in critical locations may be useful in advancing security and other interests. For this subset, we suggest an emergency action program.

Financial Audits

1. We believe that all viable SOEs should have adequate financial statements that accurately reflect the value of their assets and liabilities. We will initiate contracts for the provision of certain outside services, namely
 - a. An outside audit firm for viable SOEs. This work would begin after the work in the next item is well along.
 - b. An outside accounting firm for each subsidiary company charged with implementing adequate accounting and control systems and procedures in each viable subsidiary, capable of generating auditable financial statements in accordance with international accounting standards.

Performance Improvement

For viable SOEs, we propose an emergency action program to accelerate the improvement or restoration of operations of a select group of critical SOEs. For other viable, but non-critical SOEs, we propose the same performance improvement process, but on a less urgent timetable.

The *Emergency Action Program* consists of the following steps:

1. Identification of viable SOEs in critical areas
2. Approach DFID, Madrid Donors, USAID, and others to see if any turnaround management capability can be deployed on short notice to the selected SOEs. Alternatively, we can consider using other funding sources to compete for provision of appropriate consulting services
3. Perform an initial assessment with an eye toward outlining a directionally correct action plan. This plan does not have to be scientific, or perfect, it just has to be good enough to get things started
4. Review the plan and allocate capital using either the 2004 budget or DFI funds that may be available

There is some money in the 2004 budget for capital improvement. A portion of these funds should be allocated to the priority SOEs. The remainder should be held in reserve to ensure that we can make all the 2004 payrolls. As the ghost worker program kicks in, it will be possible to commit funds from the reserves.

We have also requested \$140 million from DFI for the SOEs. This money would be used for capital equipment and other projects contemplated in the emergency action program and the ghost worker initiatives, as well as for the accounting and audit contracts discussed previously. Without these supplemental funds, it will be difficult to move as broadly as we propose here.

Agency SOEs

We have a list of Agency SOEs, meaning SOEs that really should be continued as government agencies. Examples include the geological survey, water testing service, and building and soil examination. We recommend issuing appropriate orders *reassigning and reclassifying these entities*, a process dependent on the signing of the consolidation order. It is important to do as soon as conditions permit and to include these agencies in the 2005 budgeting process.

Non-Viable SOEs

There are approximately 50 non-viable SOEs, housed in about 5 ministries. The types of business include textiles, paper mills, and, not surprisingly, missiles and explosives. It is our view that there is not time or the resources to devote to these firms before June 30. In the case of some of the military enterprises, there is neither wish to restore them nor any alternative use.

Avoiding Future Problems

There are two potential long-term problems that we should attempt to head off now. The first is to impede any future tendency to carve out a privileged or monopoly position for SOEs, to the disadvantage of real private sector companies. The second is to ensure control over the substantial landholdings embedded in the SOE properties.

With regard to the SOE advantages, we understand that OGC is including useful restrictions in the anti-trust legislation they are drafting. With regard to landholdings, we believe that the most we can accomplish in the near term is an

inventory of the holdings. Additional recommendations may follow on this point.

Part II: Implementation, Timing, and Responsibility

There are a limited set of things we can attempt to get done before June 30. While all of these tasks have been assigned for discussion purposes to SOE resources, it is intended that, wherever possible, implementation be carried out by Iraqis (especially MIM and other ministry officers), based on their understanding of, and agreement, with this plan.

Pre-June 30 Tasks

Here are the most important things we need to get done before June 30 (with the lead responsibility in parentheses). All of these actions are meant to be taken after consultation and coordination with Iraqi counterparts. Completion of some of these tasks is contingent on availability of supplemental funds from DFI. The contingent tasks are marked with an asterisk.

1. Bid, negotiate and sign contracts for control system and audit*
 - a. Bien, Luft
2. Initiate the employee ID process and set a roll out plan (it will take longer than the time remaining to implement, but we can start now)*
 - a. Bien, Finance Senior Advisor and Ministry
3. Develop retirement and voluntary separation plans*
 - a. Carreau
4. Initiate rollout timed with the implementation of the ID.
 - a. Bien
5. Assign someone to head the Emergency Action Program and get it launched. The capital requirements for this are tied to DFI monies.*
 - a. Bien
6. Prepare appropriate orders shifting agency-SOEs to their intended ministries
 - a. Bien
7. Include in the anti-trust law, currently being drafted, provisions impeding the government's ability to create non-oil monopolies, or other preferences for SOEs.
 - a. OGC
8. Work with MOLSA on transition of staff from defunct SOEs
 - a. Senior Advisor, MOLSA

Items for Planning

The anti-corruption and code of ethics

The mixed sector

Leasing

Salaries

MIM Structure and employees including General Director

Factories Structure and employees in factories and companies

The power sector

The building and office depot

The ministry strategy and long term plan

The military industry

Asset including properties

Debaathification

Committees: Investigations, re-employment, ... etc

Visits to factories to set strategy or see IRDC members if there are any reports

Auditing and Inspection

Safety regulations

Environmental Services and regulations

Training Courses: Management, Safety, Environmental, linked database, production, analysis and QC

Employment handbook in factories

CPA/IRDC

Ministry of Industry

Proposal for the Standardized Operating System:

Current plan for the Ministry is to create a standardized operating system and centralized management of information and data across the Ministry and all SOEs (State Owned Enterprises). More specifically, the new system will include integrated e-mail and Internet systems; common applications for function such as human resources, payroll and accounts payable and receivable; facilities for a Centralized Data Center; and standardized information security policies and guidelines. The plan also includes training for Ministry IT staff to ensure long-term sustainability of the system as well as the creation of a national Chief Information Officer Council responsible for coordinating information management activities across ministries

Implementation:

Phase 1.

1. Create and design appropriate forms and applications for the employees , payroll and accounts payable and receivable, supported by a Database, with the coordination of the IT Department.
2. Issuing a uniform electronic picture ID for all the employees; the ID cards will be bar-coded and with a magnetic strip in order to store employee data information.
3. Collect personal data information on each employee of the Ministry and store the data in the Centralized Data System.
4. Restore and collect old records and data on the Ministry and the SOEs, which includes human resources and the Ministry's properties. (This task by itself is a very challenging and difficult issue).

Phase 2.

1. Build a Centralized Data Center and Network System wich includes LAN and WAN for the entire Ministry. The purpose of this System is to centralize information and exchange of Data between the HQ and the rest of the SOEs.
2. Assemble local Servers, Routers and other equipment in the Ministry and SOEs and Network all the sites with each other and to the Center.
3. Search for proper Database Software, which fits with the Ministry's daily operations and personnel. The same System will be used through out the country for the SOEs.
4. Train qualified programmers and technicians to operate the System.
5. Train skilled employees for the purpose of daily Data Entry.
6. Create and design a web-site for the Ministry that includes an E-mail account for the employees.

Introduction

Welcome to new people.
Hafid Al-Daffaee
Omed Sorani

What I want to accomplish today

Ministry Projects and Issues/Lines of Responsibility

ISSUE/PROJECT	WHO	DATE
---------------	-----	------

Ministry Organization

- Current
- DFID
- Strategic Reorganization
- Ministry Transition before 1 July
- Press Office/Media/Public Affairs

SOE Organization

- Current
- Boards
- MICs

Programs/Projects:

- Lease Program
- Tenders
- Joint ventures
- Contracts made before July 1st
- Scrap

Finances

- 2004 Budget
- Operating v. Capital
- Ministry HQ
- SOEs

Power

- Grid
- Re-Allocation Plan
- IPP/Generation Purchases
- Other

Security/Force Protection

- HQ (3 sites): Emergency Management Program,
Document Safeguards
- SOEs
- Minister
- Inspector General
- Threats

Training Programs

- Redundant Employees
- Underskilled Employees
- Management Team

HQ Ministry Building

Information Technology

- Database development
- Oil for Food
- ID Card Employee Program
- Templated Forms

Employee/HR Process

- Job Descriptions
- Employee handbook
- Policies, procedures, etc

Salary Issues

- Ministerial
- SOEs
- Individual

Inspector General

- Staff
- Fraud, corruption programs
- Investigatory Authority

Subsidies

- Fuel
- Electricity
- Salaries

People Needs

- DGs
- Deputy Minister

CPA SENIOR ADVISOR CONTACT LIST

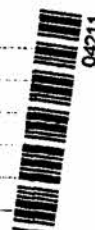
As of: 4/05/2004 (POC: (b)(6) MRCO, Room S101L, DSN: (b)(6))
(NOTE: This list is in MS Outlook address book under ORHA/ORHA Groups/CPA Ministries)

Ministry	Room	DSN Phone	POC's (E-mail addresses are last name and first initial (b)(6) If a middle initial is listed use first (Com 703-343-xxxx) and second initial after last name. Exceptions are indicated.)
1. Agriculture	S217		(b)(6)
2. Communications	S214 & S		
3. Culture	S106		
4. Defense	N220		
4. Displacement and Migration	S108		
5. Education	S206		
6. Electricity	S117		
7. Environment	S109		
8. Finance	S210		
(Central Bank)	S207		
9. Foreign Affairs	S105		
10. Health	S200 & S		
11. Higher Education	S220		
12. Housing & Construction	S115		
13. Human Rights	N105		
14. Industry & Minerals	S107		
15. Interior	S213		
16. Justice	S102		
(Prisons)	S103		
17. Labor & Social Affairs	S202		
18. Municipalities and Public Works	S221		
19. Oil	S110		
20. Planning & Development	S104		
21. Science & Technology	S218		
22. Trade	M213		
23. Transportation	S215		
24. Water Resources	S222		
25. Youth & Sports	S219		
OTH			
• Baghdad Central	N110		
• Civil Affairs	M117		
• Development Cooperation	M209		
• Executive Secretariat	Front Off		
• Governance	N102		
• General Counsel	M115		
• Iraqi Media Network	Green Rm		
• Logistics	N100		
• Ministries Requirements	S101L		
• Operations & Infrastructure	M234 & M		
• Policy, Planning & Analysis	M239		
• Private Sector Development	S107		
• Program Management Office	M234A		
• Program Review Board	S203		
• Religious Affairs (Deewan)	S104		
• Strategic Communications	Green Rm		
• USAID	M123		
• US Consul	Conv. C		

~~FOR OFFICIAL USE ONLY~~

OUR STATE COMPANIES

No	Company Name	Account No.	L/C or Deposit No.	Total Amount	Corresponding Bank
1	State Company for Textile Ind. / Hilla		106 / 1065	289 S.pnd.	Ubaif / London
			106 / 1545	7531.25 S.pnd	Rafidain Bank / London
			106 / 1740	4890 DM	Rafidain Bank / London
			106 / 2733	5099.70 DM	Rafidain Bank / London
			106 / 4600	2600 \$	Rafidain Bank / London
			106 / 4694	21650 H.Gldr	Babo Bank Netherlands
			106 / 4665	369643.75 DM	Rafidain Bank / London
			2836	82598 B.Fr	Rafidain Bank / London
			505 / 436	1462 \$	Berliner Handels Und Frankfurter Bank
			505 / 437	4730 S.Fr.	Union Bank of Switzerland
			505 / 435	5271.33 DM	Berliner Handels Und Frankfurter Bank
			505 / 28	554.50 DM	Rafidain Bank / London
			505 / 658	2159 \$	Jugo Banka Beograd
			505 / 648	16770 S.pnd	Rafidain Bank / London
			50500403009	4056.74 DM	Deutsche Bank AG.
			3183	300 DM	Rafidain Bank / London
			505 / 514	119977 A.shln	Rafidain Bank / London
			106 / 1252	3741000 \$	Bank Purnidaya Jakarta
			106 / 2387	1944665 S.Fr	Bank Purnidaya Jakarta
			106 / 3367	2000 000 \$	Rafidain Bank / London
			106 / 1168	4582000 \$	Bank Purnidaya Jakarta
			106 / 2306	12878.05 DM.	Commerz Bank Frankfurt
			50500401609	119000 \$	Turkiye IS Bank A.S./ Turkey
			50500411162	1164800 \$	United Bank LTD. - Pakistan
			50500411164	2500000 \$	United Bank LTD. - Pakistan
			106 / 4699	191200 \$	Ubay Arp Bank / Italy
			106 / 432	3775000 \$	Indonesia
			50500404218	182255 A.Shln.	Credit Anstalt Bank Verein
			505 / 215	3368.40 S.pnd	Rafidain Bank / London
			106 / 1249	25864 H.Gldr.	Rabo Bank Utrecht
			106 / 3504	30913 B.Fr	Byblos Bank Brussels
			106 / 2949	27019.80 DM.	Deutsche Bank Frankfurt
			50500404129	12225 H.Gldr.	Babo Bank Utrecht
			505 / 212	86681.30 DM	Berliner Handels Und Frankfurter Bank
		21 / 1 / 1090		1548807.02 \$	Rafidain Bank / London
2	State Company for Iron and Steel			9850000 DM.	



04211

				205000 S.pnd	
3	State Co. for Northern Cement		244 / TS	36521 DM	Commerz Bank / Germany
			245	31946.35 DM	Commerz Bank / Germany
			233	228300 F. Fr	Bank National Du Paris
			195 / TS	5268 DM	Berliner Handels Und Frankfurter Bank
			261 / TAM	1168200 Yen	Fuji Bank
			143 / TAM	535607 Yen	Bank of Tokyo
			64 / SII	383659.21 \$	Rafidain Bank / London
			189 / tawseca'a	54286.74 F. Fr	Rafidain Bank / London
			173 / tawseca'a	92500 F. Fr	Rafidain Bank / London
			143 / SII	188300 F. Fr	Rafidain Bank / London
			17 / T / h	16190 DM	Rafidain Bank / London
			97 / SII	49480 F. Fr	Rafidain Bank / London
			48 / tawseca'a	335680 F. Fr	National Du Paris Bank
			223	1765 \$	Sociek Bank - Belgium
			141 / TAM	4432720 Yen	Fuji Bank
			130 / M	31390 \$	Rafidain Bank / London
			105 / SII	201966 F. Fr	Rafidain Bank / London
			23 / tawseca'a	81611.20 F. Fr	Rafidain Bank / London
			158 / MB	16987.10 Aus. Shl	Rafidain Bank / London
			179 / tawseca'a	599123 F. Fr	Rafidain Bank / London
			255 / TAM	419750 Yen	Rafidain Bank / London
			187 / TS	8095.6 DM	Rafidain Bank / London
			101 / SII	181000 F. Fr	Rafidain Bank / London
			169 / TS	28430 DM	Rafidain Bank / London
			144 / SII	95891.75 F. Fr	Rafidain Bank / London
			224 / TS	3903 DM	Rafidain Bank / London
			16 / tawseca'a	86271 DM	Rafidain Bank / London
			33 / tawseca'a	497946 B. Fr	Rafidain Bank / London
			134 / TAM	13689 DM	Rafidain Bank / London
			167 / bh / 2	438800 F.Fr	Rafidain Bank / London
			56 / MB	132456.6 DM	Commerz Bank
			99 / SII	6791 DM	Rafidain Bank / London
			16799/249010202	126000 \$	Middle East & Kuwait Bank
			17803/249010201		
			10387002	54659 \$	Central Bank of Turkey
				601146.76 \$	Rafidain Bank / London
4	Dialah State Co. for Electric Ind.			989.23 \$	Rafidain Bank / London

5	Nasser State Co. for Mechanical Ind.		88 / 3 / 6	3506350.180 DM	
			89 / 3 / 13	121977.500 DM	D.G. Bank - Dusseldorf
			90 / 3 / 18	25814634 I. Lit	Commerz Bank - Dusseldorf
			90 / 3 / 21	83300 DM	Commerz Bank - Dusseldorf
			90 / 3 / 7	386100 DM	Berliner Handels - Frankfurt
			90 / 3 / 31	19000 S. Pnd	Lloyds Bank - London
			90 / 3 / 38	1478505 DM	Berliner Handels - Frankfurt
			90 / 3 / 39	2800000 \$	Uhaif - Bahrain
			90 / 3 / 41	1219416 S. Pnd	Lloyds Bank - London
			90 / 3 / 44	11393266.200 DM	Berliner Handels - Frankfurt
			90 / 3 / 46	45510 DM	Commerz Bank - Dusseldorf
			90 / 3 / 47	2480769 DM	Berliner Handels - Frankfurt
			90 / 3 / 64	833000 DM	Commerz Bank - Dusseldorf
			89 / 3 / 69	882126.500 \$	Banco Nazionale Dellavoro - Roma
			90 / 3 / 72	263500 DM	Commerz Bank - Dusseldorf
			90 / 3 / 80	35375 DM	Commerz Bank - Dusseldorf
			90 / 3 / 81	2805000 DM	Commerz Bank - Dusseldorf
			90 / 3 / 86	164536.200 S. Pnd	Rafidain Bank - London
			90 / 3 / 90	48900 DM	Commerz Bank - Dusseldorf
			90 / 3 / 91	241827 DM	Commerz Bank - Dusseldorf
			90 / 3 / 138	2526000 Yen	Bank of Tokyo - Tokyo
			90 / 3 / 146	3101700 \$	Lloyds Bank - London
			89 / 3 / 147	127464 \$	Tureky Arnakazy - Istanbul
			90 / 3 / 150	391000 DM	Commerz Bank - Dusseldorf
			90 / 3 / 151	64801.080 DM	Commerz Bank - Dusseldorf
			90 / 3 / 159	3457168 DM	Commerz Bank - Dusseldorf
			90 / 3 / 170	281360 DM	Commerz Bank - Dusseldorf
			90 / 3 / 171	51133 DM	Commerz Bank - Dusseldorf
			90 / 3 / 178	265000 S.Pnd	Lloyds Bank - London
			90 / 3 / 180	5196932 S.Pnd	Lloyds Bank - London
			90 / 3 / 184	12010 S.Pnd	Rafidain Bank - London
			90 / 3 / 185	26532000 DM	Commerz Bank - Dusseldorf
			90 / 3 / 192	180000 DM	Berliner Handels - Frankfurt
			90 / 3 / 194	291694.470 S.Pnd	Lloyds Bank - London
			90 / 3 / 196	112000 DM	Commerz Bank - Dusseldorf
			90 / 3 / 199	1451411 A.Shln	Jerozntal Bank - Venice
			90 / 3 / 201	121065 S.Pnd	Rafidain Bank - London
			90 / 3 / 205	114146.790 DM	Commerz Bank - Dusseldorf
			90 / 3 / 207	85334.290 DM	Commerz Bank - Dusseldorf

		90 / 3 / 210	76671.690 DM	Commerz Bank – Dusseldorf
		90 / 3 / 213	875771 DM	Berliner Handels – Frankfurt
		90 / 3 / 214	57700000 L.Lit	Commerz Bank – Dusseldorf
		90 / 3 / 216	9747182.130 DM	Berliner Handels – Frankfurt
		90 / 3 / 217	10500000 DM	Berliner Handels – Frankfurt
		90 / 3 / 218	900000 \$	China Bank – Bakeen
		90 / 3 / 228	586642 DM	Commerz Bank – Dusseldorf
		90 / 3 / 232	147690 DM	Commerz Bank – Dusseldorf
		90 / 3 / 233	1280000 S.Fr	Credit Swiss – Bazel
		90 / 3 / 254	3600000 S.Fr	Banco Nazional Dellavoro – Batland
		90 / 3 / 255	3172400 DM	Banco Nazional Dellavoro – Batland
		90 / 3 / 258	2770000 DM	Banco Nazional Dellavoro – Batland
		90 / 3 / 259	615000 DM	Banco Nazional Dellavoro – Batland
		90 / 3 / 261	46296.140 DM	Deutsche Bank – Dusseldorf
		90 / 3 / 265	353035 F.Fr	National Du Paris
		90 / 3 / 268	2000000 F.Fr	Suseta General – Paris
		90 / 3 / 271	6606 S.Pnd	Rafidain Bank – London
		89 / 3 / 282	399447.530 DM	Deutsche Bank – Dusseldorf
		90 / 3 / 285	6580000 DM	Banco Nazional Dellavoro – Batland
		90 / 3 / 286	123200 F.Fr	
		90 / 3 / 299	541960 S.Cr	Skandinaviska – Stockholm
		90 / 3 / 307	19577.890 DM	Commerz Bank – Dusseldorf
		90 / 3 / 311	233324 DM	Commerz Bank – Dusseldorf
		90 / 3 / 318	546228 S.Fr	Credit Swiss – Bazel
		90 / 3 / 326	3172000 S.Fr	Banco Nazional Dellavoro – Batland
		90 / 3 / 330	2970000 DM	Banco Nazional Dellavoro – Batland
		90 / 3 / 331	3391000 DM	Banco Nazional Dellavoro – Batland
		90 / 3 / 336	1045057 F.Fr	Suseta General – Paris
		89 / 3 / 358	388980 S.Cr	Skandinaviska – Stockholm
		90 / 3 / 363	17659.620 S.Pnd	Lloyds Bank – London
		88 / 3 / 371	884000 DM	West Deutsch lynding Jerozntal
		90 / 3 / 378	63279000 DM	West Deutsch lynding Jerozntal
		89 / 3 / 397	762727.500 S.Cr	Skandinaviska – Stockholm
		89 / 3 / 402	2088000 DM	Berliner Handels – Frankfurt
		90 / 3 / 407	69816 DM	Commerz Bank
		89 / 3 / 408	10922635.5 DM	Berliner Handels – Frankfurt
		90 / 3 / 408	25756 DM	Commerz Bank
		90 / 3 / 417	209250 DM	Commerz Bank
		88 / 3 / 419	230000 DM	Banco Commercianalli Italiano – Milano
		89 / 3 / 421	211500 DM	West Deutsch lynding Jerozntal

	90 / 3 / 433	2382979 F.Fr	Banco Nazionale Dellavoro - Batland
	90 / 3 / 435	602765 \$	Bank of New York
	90 / 3 / 436	76829170 DM	Commerz Bank - Germany
	89 / 3 / 438	157331 DM	Deutsche Bank - Dusseldorf
	89 / 3 / 494	1514667.280 \$	Romanian Trading Bank - Bukharest
	89 / 3 / 500	571876 S.Pnd	Lloyds Bank - London
	89 / 3 / 519	13765000 \$	Egypt National Bank - Cairo
	88 / 3 / 530	41113.250 DM	
	89 / 3 / 553	119000000 DM	Banco Nazionale Dellavoro - Batland
	89 / 3 / 609	72900000 DM	Banco Nazionale Dellavoro - Batland
	89 / 3 / 630	35100 S.Pnd	Lloyds Bank - London
	89 / 3 / 655	470000 F.Fr	
	89 / 3 / 662	360850 F.Fr	
	88 / 3 / 764	15234.880 \$	Rafidain Bank - London
	89 / 3 / 768	1267534.750 DM	Deutsche Bank - Dusseldorf
	89 / 3 / 793	267987 DM	Commerz Bank - Germany
	88 / 3 / 836	60599.900 S.Pnd	
	89 / 3 / 867	29175000 L. Lit	Banco Nazionale Dellavoro - Roma
	89 / 3 / 868	178435 DM	Deutsche Bank - Dusseldorf
	89 / 3 / 944	398340 F.Fr	
	89 / 3 / 978	832940.840 DM	Berliner Handels - Frankfurt
	89 / 3 / 979	2074332.330 DM	Berliner Handels - Frankfurt
	89 / 3 / 980	202873.030 \$	Berliner Handels - Frankfurt
	89 / 3 / 1001	125031.600 \$	Al-ahli Egyptain Bank - Cairo
	89 / 3 / 1015	1647400 S.Cr	Rafidain Bank - Abu Dhabi
	89 / 3 / 1024	72131.500 S.Pnd	Lloyds Bank - London
	89 / 3 / 1037	566800 \$	
	89 / 3 / 1038	210000 \$	Ubaif - New York
	89 / 3 / 1039	359206.250 DM	West Deutsch lynding Jeroztral
	89 / 3 / 1048	6456600 F.Fr	National Du Paris
	89 / 3 / 1057	317218 S.Pnd	Lloyds Bank - London
	89 / 3 / 1084	2630952.750 \$	Bank of New York - New York
	89 / 3 / 1099	338860 \$	Hand Laui Bank - Warsso
	89 / 3 / 1100	1510412.590 S.Pnd	Lloyds Bank - London
	89 / 3 / 1109	122000 S.Fr	West Deutsch Lands - Dusseldorf
	89 / 3 / 1112	1872295 DM	Bayrsch Haybo Bank - Munchin
	88 / 3 / 1114	89820 \$	Ubaif - New York
	89 / 3 / 1123	4024270 DM	Berliner Handels - Frankfurt
	89 / 3 / 1126	1881050 DM	Commerz Bank
	89 / 3 / 1131	187731 S.Fr	West Deutsch Lands - Dusseldorf

		89 / 3 / 1159	2372400 DM	Credit Swiss -- Bazel
		89 / 3 / 1173	8900000 DM	Berliner Handels -- Frankfurt
		88 / 3 / 1231	1703391.700 S.Fr	Credit Swiss -- Bazel
		88 / 3 / 1235	18223.790 \$	Foreign Trading Bank for Economic Affairs
		87 / 3 / 1411	208255.020 DM	D.G. Bank -- Frankfurt
		88 / 3 / 2032	19402.780 DM	Commerz Bank
		88 / 3 / 2218	14353419 \$	China Bank -- Bakeen
		87 / 3 / 2231	48576.650 S.Pnd	
		88 / 3 / 2361	516930.180 DM	Berliner Handels - Frankfurt
		87 / 3 / 2424	3906674.070 DM	D.G. Bank -- Frankfurt
		88 / 3 / 2629	5600 F.Fr	National Du Paris
		88 / 3 / 2906	2639500 \$	Banco Nazionale Dellavoro -- Batland
		88 / 3 / 2912	196299.470 DM	West Deutsch Lands -- Dusseldorf
		88 / 3 / 3019	26950000 DM	Banco Nazionale Dellavoro -- Batland
		88 / 3 / 3020	12716770.370 \$	Banco Nazionale Dellavoro -- Batland
		88 / 3 / 3630	9357.820 DM	Deutsche Bank -- Dusseldorf
		88 / 3 / 3762	994100 \$	
		88 / 3 / 3846	136007.250 DM	
		88 / 3 / 3907	14946.560 S.Pnd	Lloyds Bank -- London
		88 / 3 / 3915	63518 S.Cr	
		88 / 3 / 4177	479445 F.Fr	
		90 / 10 / 5	210000 S.Pnd	Rafidain Bank -- London
		90 / 10 / 27	353376 \$	Hand Lau Bank -- Warsso
		89 / 10 / 33	3656649.950 DM	Berliner Handels -- Frankfurt
		88 / 10 / 39	127000 DM	Berliner Handels
		88 / 10 / 41	2366464 DM	Commerz Bank
6	Iraqi Cement State Co.	56988	9800000 D.Cr	
		56660	35000 \$	
		56667	2000 DM	
		53385	13000 DM	
		55080	18000 K.Dinar	
		56348	280000 F.Fr	
		54892	21000 DM	
		56343	8000 S.Cr	
		56190	144000 DM	
		56346	17000 S.Pnd	
		56647	19000 DM	
		55535	380000 \$	
		57190	47000000 Yen	

	55070	160000 DM
	53382	300000 DM
	56019	303000 DM
	57233	8000 DM
	56989	54000 DM
	53507	3000 \$
	57189	64000000 Yen
	57191	700000 Yen
	57192	2000000 Yen
	56349	2000000 B.Fr
	57096	5000 \$
	55075	90000 DM
	57187	35000 \$
	56661	74000 A.Shln
	54969	9000000 Yen
	56352	388000 B.Fr
	57088	7000000 Yen
	55076	102000 S.Fr
	56993	65000 \$
	54315	3000 DM
	57360	3000000 DM
	56353	4000 DM
	56645	390000 F.Fr
	56648	157000 DM
	53378	510000 F.Fr
	55731	255000 DM
	57281	563000 DM
	56754	563000 DM
	56191	15000 DM
	56252	230000 DM
	56753	26000 DM
	56350	218000 DM
	56651	94000 DM
	56657	32000 DM
	57089	140000 DM
	56344	30000 DM
	57097	11000 DM
	57093	25000 DM
	55079	148000 DM
	56642	305000 B.Fr

			56644	3000000 Yen	
			57188	3800000 Yen	
			56655	92000 \$	
			55808	370000 F.Fr	
			35 / 1803	2000000 \$	
			62 / 88 / 24665	9500000 \$	
			62 / 89 / 25298	4000000 \$	
			506 / 209	500000 DM	
			56854	1000 DM	
			56338	700000 Yen	
			33756	458000 \$	
7	State CO. for Southern Cement			207000 \$	Rafidain Bank / Amman
				19445 F.Fr	Rafidain Bank / Amman
8	State Co. for Cotton Ind.		32648	7500000 H.Gldr	Commerz Bank / Amsterdam
			33820	13000000 DM.	Commerz Bank / Frankfurt
			32458	2884873 DM.	Commerz Bank / Frankfurt
			31957	4191500 DM	Commerz Bank / Frankfurt
			30960	1600000 DM	Barclays Bank / Frankfurt
			33860	4500000 \$	Commerz Bank / Frankfurt
			32412	480000 DM	Crediti Italiano Firenze / Italy
			35092	4167 DM	Dutsche Bank AG. Frankfurt
				-308711.93 \$	-Cash Cover
			55865	3534 DM	Rafidain London
9	State Co. for Ready-Made Clothes	0210101110	11200400166	9222.58 DM	Rafidain London
			112 / 24100	57597 \$	Creditanstalt Bankverein - Vienno-Aus.
			112 / 24089	77731 S.Fr.	Bank Françoise du Commerce Exterieur-France
			112 / 24053	224645873 Yen	Bank of Tokyo - Japan
			11200400298	15571 \$	Commerz Bank Aktien-gesellschaft-G.
			11200400263	13237 \$	Bank De Roma - Milano - Italy
			11200400735	38712 DM	Commerz Bank - Germany
			106 / 1070	56270000 I.L.	Banca Commercial - Italiana
			106 / 2322	21046 DM	Banco de Roma - Italy
			106 / 29473	38387094 I.L.	Ubai - Rome - Italy
			106 / 27398	3974850 I.L.	Ubai - Rome - Italy
10	State Co. for Mechanical Ind.		73 / 3564	295000 S.pnd	Midland Bank - London
			73 / 3572	634600 DM	Commerz Bank - Germany

		73 / 3580	58312 S.pnd	Lloyds Bank - England
		73 / 3584	151750 DM	Dutsche Bank - Germany
		73 / 3591	446045 DM	Commerz Bank - Germany
		73 / 3608	420126 DM	Sustain Bank - Belgium
		73 / 3661	174000 DM	Commerz Bank - Germany
		73 / 3641	26625 DM	Dresdner Bank - Germany
		73 / 3672	792000 DM	Swiss Bank - Switzerland
		73 / 3676	832250 DM	Dresdner Bank - Germany
		73 / 3715	586448 DM	Commerz Bank - Germany
		73 / 3717	13431 H.Gldr	UbaF Bank - London
		73 / 3719	422355 DM	Sustain Bank - Belgium
		73 / 3671	746000 DM	Sustain Bank - Belgium
		73 / 3716	21400 DM	Commerz Bank - Germany
		73 / 3725	2538825 DM	Commerz Bank - Germany
		73 / 3727	3240510 DM	Sustain Bank - Belgium
		73 / 3729	690000 DM	UbaF Bank - London
		73 / 3734	131400 DM	Sustain Bank - Belgium
		73 / 3739	1950 \$	Barkers Bank - England
		73 / 3761	547650 DM	Commerz Bank - Germany
		73 / 3775	760456 DM	Barkers Bank - England
		73 / 3782	86325 S.pnd	Midland Bank - England
		73 / 3786	356400 DM	Sustain Bank - Belgium
		73 / 3787	337760 DM	Commerz Bank - Germany
		73 / 3800	2929488 DM	Sustain Bank - Belgium
		88 / 3 / 3167	38855214 F.Fr	Sustain Bank - Belgium
		73 / 4004	2515 DM	Dutsche Bank
		73 / 3771	287000 \$	Dutsche Bank
		73 / 3938	80740 A.shln.	Creditanstalt / Venice
		73 / 3902	4019 S.pnd	Hong Kong Shanghai / England
		73 / 3773	40685 DM	Commerz Bank
		73 / 3658	150000 \$	Banco De Roma
		73 / 3906	156000 \$	Banco De Roma
		73 / 3857	20640000 DM	Tunis Bank
		73 / 3687	1497215 Y	Bank of Tokyo
		73 / 3747	120973.15A.shl	Creditanstalt / Venice
		73 / 578	3761 \$	Commerz Bank
		73 / 584	4699 \$	Commerz Bank
		73 / 3708	1010000 \$	Dutsche Bank
		73 / 3996	4235000 F.Fr	Commerz Bank / Germany
		73 / 4010	27048000 \$	Commerz Bank / Germany

	73 / 4011	20010000 DM	Commerz Bank / Germany
	73 / 3976	2035000 \$	Credito / Italy
	73 / 3982	535245000 I.L.	Banco De Roma / Italy
	73 / 3979	16675144 \$	Banco De Brazil
	88 / 3 / 2545	993890 DM	Banco De Brazil
	73 / 3810	36195 S.pnd	Lloyds Bank - England
	73 / 3781	257942 DM	Sustain Bank - Belgium
	73 / 3855	1152706 DM	Commerz Bank - Germany
	73 / 3873	106644 S.pnd	Midland Bank - England
	73 / 3789	275942 DM	Sustain Bank - Belgium
	73 / 3875	55490 DM	Commerz Bank / Germany
	73 / 3876	93000 DM	Commerz Bank / Germany
	73 / 3879	235423 S.pnd	Midland Bank - England
	73 / 3880	51725 S.pnd	Midland Bank - England
	73 / 3882	91290 S.pnd	Midland Bank - England
	73 / 3889	245230 DM	Commerz Bank - Germany
	73 / 3897	29808 S.pnd	Midland Bank - England
	73 / 3903	510600 DM	Commerz Bank - Germany
	73 / 3912	37900 DM	Commerz Bank - Germany
	73 / 3914	68530 DM	Commerz Bank - Germany
	73 / 3931	3490950 DM	Commerz Bank - Germany
	73 / 3943	229500 DM	Commerz Bank - Germany
	73 / 3959	18000 \$	Commerz Bank - Germany
	73 / 3965	152460 DM	Commerz Bank - Germany
	7300400107	1123329 \$	Commerz Bank - Germany
	88 / 3 / 387	5414062 DM	Dutsche Bank - Germany
	89 / 3 / 844	8200000 DM	Berliner Handels
	88 / 3 / 3561	11000000 DM	Commerz Bank
	73 / 3647	5160426.4 S.kr.	Post - OCH Kredit Bank
	73 / 3819	104776.03 DM	Commerz Bank
	73 / 3888	193966.20 DM	Commerz Bank
	73 / 3911	1300000 \$	Commerz Bank
	73 / 3949	16642000 \$	Bank of New York
	73 / 3753	2760000 \$	Ceskoslovensk A. Obchodni Bank
	73 / 3973	1511210 S.pnd	Midland Bank PLC
	89 / 3 / 607	40888000 B.Fr	
	73 / 3885	27652855 \$	Banque Bulgaria
	73 / 3856	2733883 \$	Berliner Handels
	88 / 3 / 3625	31747500 F.Fr	Dellavoro

11	State Co. of 17 th April	8121		172500 \$	Alabli Bank - Amman/Jordan
12	Co. of Heavy Eng. Equipment		65628 65642 65567 90/2/195 5061220886	3064.5 DM 1383.19 S. pnd 51900 Y 2218880 DM 209000 \$	Jordanian Commercial Bank - Jordan Kafidain Bank - London Bank of Tokyo - Japan Massen Mahew - Belgium Kafidain Bank - Amman
13	Wassell State Co. for Textile Ind.	02140038701		836306 Euro	Alabli Bank - Amman/Jordan
14	State Co. for Woolen Ind.		89/2/293 89/8/1002 505/568 89/2/356	28421000 DM 176898000 B.Fr 3616150 B.Fr 1523950000 I.L.	West Deutsche Lands Bank - Frankfurt Byblos Bank / Brussels - Belgium Byblos Bank / Brussels - Belgium Banco Nazionale Dellavoro - Roma
15	State Co. for Paper Industries		506/362 506/131 506/360 506/123 31493 2/36498 2/36499 2/36599 2/36510 2/36568 2/36583 2/36364 2/36698 506/231	20396 DM -12448.36 \$ 129900 DM -78750.54 \$ 21543 DM -13144.45 \$ 15700 DM 503235 B.Fr 41745 S.Fr 330 000 S.Fr 48200 S.Fr 179542 \$ 180500 \$ 450564 \$ 22800 DM 8385 DM 33633 DM -20212.55 \$	Commerz Bank AG, Frankfurt -Cash Cover Commerz Bank AG, Frankfurt -Cash Cover Commerz Bank AG, Frankfurt -Cash Cover Deutsche Bank AG, Uden Societe General De Banque / Brussels Midland Bank - London Midland Bank - London Midland Bank - London Bank of New York / U.S.A. Bank of New York / U.S.A. Bank of New York / U.S.A. Bank of New York / U.S.A. Veritius Und West Bank - Hamburg Veritius Und West Bank - Hamburg Commerz Bank AG, Frankfurt -Cash Cover
16	State Co. for Vegetable Oil Ind.		34038 88790/169 88/90/162 262/12668 262/12667	98640 DM 63031.09 DM 107991 DM 6940000 \$ -2842900 \$ 13416000 \$ -2925464 \$	Bayrische Hypotheken Und Wessell Bank / Germany Deutsche Bank - Frankfurt / Germany Deutsche Bank - Frankfurt / Germany Banco Commercial Italiano / Zurich -Interest till 2000 Banco Commercial Italiano / Zurich -Cash Cover till 30/4/1999

			262 / 12422	840000 \$ -756000 \$	Banco Di Roma Bueto Arsizio / Italy -Deposit in Bank of New York
			506 / 247	142600 \$	Banco Di Roma Lecco / Italy
			262 / 13528	28779000 I.L.	Banco Commercial Italiano - Lagnana / Italy
			262 / 12550	407719.77 A.shln	Gironzen Irle Und Bank/ Vienna - Aus.
			506 / 192	28446000 Yen	Bank of Tokyo Ltd. / London
			262 / 13542	623230 B.Fr	Krediet Bank N.V - Brussels/Belgium
			262 / 13390	1443750 B.Fr	Krediet Bank Antwerpen - Belgium
			506 / 426	14504 Den.Kr.	Bank of Denmark - Copenhagen
			506 / 210	350500 DM	Dutsche Bank - Hanover / Germany
			262 / 13442	7000000 DM	Dresdner Bank AG - Coppingen / G.
			262 / 13295	15016 DM	Dresdner Bank AG - Coppingen / G.
			262 / 32767	5076.91 S. Pnd	Midland Bank - London
				3381.60 S.Fr	Jest Manhattan - New York
			506 / 520	4172 DM	Veriuns Und West Bank - Germany
			3 / 3 / 92	4789163.68 \$ 0.4 % Interest	Midland Bank Plc - London -From 1/10/1992
17	State Co. for Drugs Ind. & Medical Appliances - Ninava	8121		90000 \$	Alahli Bank - Amman / Jordan
18	State Company for Tires Industry		88 / 1 / 1144	775000 S.Pnd	Midland Bank - London
			88 / 1 / 1145	1138000 S.Pnd	Midland Bank - London
			89 / 1 / 1160	2575000 S.Pnd	Midland Bank - London
			89 / 1 / 1163	640000 S.Pnd	Midland Bank - London
			89 / 1 / 2072	1375000 S.Pnd	Midland Bank - London
			89 / 1 / 2076	580000 S.Pnd	Midland Bank - London
			89 / 1 / 2079	775000 S.Pnd	Midland Bank - London
			89 / 1 / 2082	697000 S.Pnd	Midland Bank - London
			89 / 1 / 2085	1004000 S.Pnd	Midland Bank - London
			88 / 1 / 598	2536500 S.Pnd	Midland Bank - London
			88 / 1 / 590	2628000 S.Pnd	Midland Bank - London
			88 / 1 / 73	4908750 S.Pnd	Morgan Grenfell Foundation
			89 / 1 / 76	423000 S.Pnd	Gurdyoub Bank
			89 / 74 / 75 / 78	7705000 S.Pnd	Morgan Grenfell Foundation
			88 / 1146 / 2075	3640000 S.Pnd	Midland Bank - London
			89 / 3 / 1167	380000 S.Pnd	Dellavoro B Bank
			89 / 3 / 192	3310000 \$	Dellavoro B Bank
			89 / 2071	1800000 S.Pnd	Midland Bank - London
			89 / 2081 / 2185	3127000 S.Pnd	Midland Bank - London
			89 / 1 / 2087	3120000 S.Pnd	Midland Bank - London

	89 / 2149	1060000 S.Pnd	Midland Bank - London
	88 / 28303	15800000 F.Fr	Credit Lyonnais Paris
		- 1143000 \$	Irving Trust Co.-New York / Ibaaf Bank
	88 / 3 / 3273	3416000 DM	Bayerische Vereins
	89 / 32917	29000 S.Pnd	Rafidain Bank - London
	89 / 33282	2500000 II.Gldr	
	89 / 33283	13669000 A.Sphn	Credit Anstalt Bank Verein
	89 / 33615	990000 S.Pnd	Midland Bank - London
	89 / 33616	540660 S.Pnd	Midland Bank - London
	89 / 33618	413000 S.Pnd	Midland Bank - London
	89 / 33676	132000 S.Pnd	
	89 / 33678	304000 S.Pnd	Rafidain Bank - London
	89 / 33770	12000000 A.Sphn	Credit Anstalt Bank Verein
	89 / 33771	7188000 DM	Commerz Bank AG. Frankfurt
	90 / 34859	424000 S.Pnd	Midland Bank - London
	89 / 34885	66000 S.Pnd	Rafidain Bank - London
	89 / 34962	273000 S.Pnd	Midland Bank - London
	89 / 35130	66000 S.Pnd	Rafidain Bank - London
	90 / 35227	228000 S.Pnd	Rafidain Bank - London
	89 / 35264	780000 DM	Commerz Bank AG. Frankfurt
	89 / 35368	552000 S.Pnd	Midland Bank - London
	89 / 35371	125000 S.Pnd	Rafidain Bank - London
	90 / 35930	10000000 A.Sphn	Credit Anstalt Bank Verein
	90 / 35969	3828000 DM	Commerz Bank AG. Frankfurt
	90 / 35986	358000 \$	Bank of New York
	90 / 35987	415000 \$	Bank of New York
	90 / 35988	3596000 H.Gldr	Commerz Bank AG. Frankfurt
	89 / 36007	1999000 S.Cr	P.K Banken Stockholm
	90 / 36008	579000 S.Pnd	Midland Bank - London
	90 / 36115	439000 \$	Bank of New York
	90 / 36117	1335000 S.Pnd	Midland Bank - London
	88 / 3 / 4224	25762000 \$	Dellavero B Bank
	90 / 55641	75000 S.Pnd	
	89 / 55729	74000 DM	
	90 / 56173	404000 \$	
	90 / 56590	48000 S.Pnd	
	90 / 56591	868000 F.Fr	
	90 / 56624	150000 II.Gldr	
	88 / 56777	336000 B.Fr	
	90 / 56824	17000 II.Gldr	

			90 / 56960	46000 H.Gldr	
			90 / 56961	101000 DM	
			90 / 57070	95000 S.Fr	
			90 / 57235	79000 S.Pnd	
			90 / 57309	7000 S.Pnd	
			89 / 3 / 701	5000000 H.Gldr	Nederlandse Bank
			89 / 3 / 737	1375000 \$	Utaf Bank
			89 / 3 / 798	2250000 S.Pnd	Lloyds Bank
			88 /	560000 S.Pnd	
			89 /	1200000 \$	
			89 /	8600000 \$	
			89 /	2181000 \$	
			88 /	2000000 \$	
			89 /	1829000 S.Pnd	
			88 /	4151000 S.Pnd	
			89 / 32963	237476000 A.Shln	
19	Ur State Co. for Engineering Ind.	621/01/01664/00			Rafidain Bank - London
			89 / 4 / 335	10907.39 \$	Commercial Bank of Kuwait / New York
			89 / 4 / 331	7604884 \$	Commercial Bank of Kuwait / New York
			89 / 10 / 66	3029115 \$	Berliner Handels und Frankfurter Bank
			56764	2816190 \$	Dresdner Bank AG. / D - 8500
			56807	3743.43 DM	Inter Bank Main Branch Esentepe / Acc. No. 1361
			56863	5480 \$	Banque National De Paris - 9 Place Des Ternes 75017
			56866	18320 F.Fr	Paris - Acc. No. 23053740
				84000 F.Fr	Banque National De Paris - 9 Place Des Ternes 75017
			57163	70000 F.Fr	Paris - Acc. No. 23053740
			56918	13844 DM	Banque National De Paris - 9 Place Des Ternes 75017
			57268	2800000 L.Lit	Paris - Acc. No. 23053740
			54714	9670 F.Fr	Deutsche Bank AG. -branch Neustadt /
			55813	5854.68 S. Pnd	Acc. No. 3329646
			56368	1165 DM	Banco Di Roma - Milano / Acc. No. 991
			56626	97234 S. Kr	Due 4 Rue Gailon / Acc. No. 20123
			57400	44690 \$	Midland Bank Plc 243 - London / Acc. No. 60183180
			57398	5400 F.Fr	Deutsche Bank AG. Nuernberg / Acc. No. 314500
					Gothabanken 30 Alingsos / Acc. No. 4032-102-124-6
					U.S. Trust Bank Norfolk AIBA Routing /
					Acc. No. 884-1041333
					Banque De Lunion Europeenne 4/6 / Acc. No. 20146
					1155

			57399	11558 DM	Bayerische Vereins Bank Schwa Bach Blz / Acc. No. 4319575
			505 / 184 89 / 8 / 266	13450000 \$ 115000 DM	Al-Riad Bank -- Saudi Arabia Banca Nazionale Dellavora - Roma / Italy
20	State Co. for Rubber Industries		62 / 89 / 25259	4250000 DM	
21	State Co. for Fertilizers Ind. / Southern		53174	1115000 Yen	Uba / Tokyo
			56378	36563.02 S.Kr	British Bank of Middle
			56971	15652000 Yen	Bank of Tokyo
			57265	8170 S. Pnd	National West London
			57264	317000 Yen	D.A.G. Ubatic
			57305	4495000 Yen	Bank of Tokyo
			57336	495358 Yen	Bank of Tokyo
			57351	32562 DM	Dot G. Bank
			31760	31495000 Yen	
			31557	3185000 \$	
			32065	50693 S. Pnd	
			35305	3077000 \$	
			31310	59442 \$	
			1 / 95	2028525 \$	
				263430 \$	
			11 / 91	269812.06 \$	
			13 / 92	42500 \$	
			262 / 13451	80766.06 \$	
			262 / 13512	7602 18 11. Glr	
			506 / 497	33339 Yen	
			506 / 403	495000 \$	
			506 / 528	3160000 F. Fr	
			506 / 1239	7824305 \$	
			28115	737870 Yen	Uba / Tokyo
			32475	16938500 Yen	Uba / Tokyo
			33584	1568160 Yen	Uba / Tokyo
			33777	2565132 \$	Gulf International / America
			33929	58412 S. Pnd	National West London
			32169	1187000 Yen	Uba / Tokyo
22	State Co. for Automotive Ind.	0001202-34		71489 \$	NBD Bank branch 001 / Detroit-Michigan -USA
			90 / 3 / 120	1766000 \$	Bank of New York

		90 / 3 / 148	3352448250 I. Lit	Ubae -- Rome -- Italy
		90 / 3 / 122	1490000 \$	Bank of New York
		90 / 3 / 121	23159500 DM	Berliner Bank - Germany
		90 / 3 / 266	2027734 \$	Berliner Handels Bank / Frankfurt
		90 / 3 / 248	20000000 DM	
		90 / 3 / 398	71382200 DM	Commerz Bank / Dusseldorf
		7300400085	3576000 \$	Bank Nazionale Dellavoro - Italy
		73 / 3929	875000 DM	Commerz Bank / Frankfurt
		73 / 3956	20983.60 DM	Dresdner Bank AG. -- Frankfurt
		73 / 4007	35000000 DM	Berliner Bank - Germany
23	State Co. for Leather Industries	3453 / 90001	1519992 \$ - 832530 \$	Banco Exterior De Espan -- Barcelona - Deposit in Bank of New York
		3465 / 90002	849500 \$	Ubae Arab Italian Bank -- Roma Covered Bank / UBAF Bank
		35098 / 90022	24100 DM	Dutsche Bank AG. -- Frankfurt Covered Bank / Rafidian -- London
		35234 / 90032	56673 DM	Dutsche Bank AG. -- Frankfurt Covered Bank / Rafidian -- London
		35245 / 90044	840013 DM 701878 DM	Dutsche Bank AG. -- Frankfurt Covered Bank / Rafidian -- London
		35263 / 90048	29000 DM	Dutsche Bank AG. -- Frankfurt Covered Bank / Rafidian -- London
		35419 / 90057	745681 DM - 295943 DM	Dutsche Bank AG. -- Frankfurt - Deposit in Rafidian Bank - London
		35381 / 90063	1156 DM	Bank Nazionale Dellavoro - Italy
		35382 / 90066	7814 DM	Dutsche Bank AG. -- Frankfurt Covered Bank / Rafidian -- London
		35380 / 90067	11052 DM	Dutsche Bank AG. -- Frankfurt Covered Bank / Rafidian -- London
		262/13471/90077	28260 DM	Dresdner Bank AG. Covered Bank / Rafidian -- London
		506 / 68 / 90084	9923 DM	Commerz Bank Covered Bank / Rafidian -- London
		33199 / 89156	24367 DM	Ubae Arab -- Germany Bank Covered Bank / Rafidian -- London
		506 / 98 / 90082	392573810 I. Lit	Bank Nazionale Dellavoro - Italy Covered Bank / Rafidian -- London
		262/13470/90080	562050 F.Fr	Credit Commercial De France Covered Bank / Rafidian -- London
		35308 / 90050	42302 DM	Dutsche Bank AG. -- Frankfurt

			35416 / 90061	3037325800 I. Lit - 100000 \$	Covered Bank / Rafidian -- London Ubae Arab Italian Bank -- Roma - Deposit in Ubae Arab Bank
			35417 / 90060	2239611000 I. Lit	Ubae Arab Italian Bank -- Roma Covered Bank / Ubae Arab -- Roma
			506/69/90051	47847850 I. Lit	Ubae Arab Italian Bank -- Roma Covered Bank / Ubae Arab -- Roma
			35468 / 90068	289320 \$ - 129677 \$	Bank of Taiwan - Deposit in Rafidian Bank -- London
			35383 / 90064	78395 \$	Rafidian Bank -- London Covered Bank / Rafidian -- London
			35386 / 65	583212 \$	Kored Exchange Bank Covered Bank / Midland -- London
			506 / 71 / 90088	17900 \$	Amsterdam Rotterdam Bank
			35262 / 90047	5540 \$	Swiss Credit Bank Covered Bank / Rafidian -- London
			262/13469/90049	9538 \$	Banco Di Roma Covered Bank / Rafidian -- London
			35307 / 90055	89000 \$	Banco Exterior De Espan Covered Bank / Rafidian -- London
			32153 / 89135	100097 \$	Banco Exterior De Espan Covered Bank / Rafidian -- London
			35156 / 90028	16497 DM	Dutsche Bank AG. Covered Bank / Rafidian -- London
			35283 / 90046	22850 \$	UBAF Union De Banque Covered Bank / Rafidian -- London
			32099 / 89123	62640 \$	Ubae Arab Italian Bank -- Roma Covered Bank / Rafidian -- London
			34972 / 89202	165682300 I. Lit	Bank Di Roma Covered Bank / Ubae Arab Italian Bank
			34142 / 89188	62516 S.Pnd	Rafidian Bank -- London Covered Bank / Midland -- London
			34141 / 89220	203222000 I. Lit	Ubae Arab Italian Bank -- Roma Covered Bank / Rafidian -- London
			34251 / 89222	560149 \$ - 26000 \$	Creditanstalt Bank Verein -- Vienna / Austria - Deposit in Rafidian Bank -- London
			506 / 81	255006 DM	Commerz Bank Covered Bank / Rafidian -- London
			33363 / 89167	30391 DM	Dutsche Bank AG. -- Frankfurt Covered Bank / Rafidian -- London
			506 / 149	3870 DM	Barclays Bank PLC -- London

			506 / 80 / 90072	18150 S.Pnd	Covered Bank / Rafidian - London Ubae Arab Italian Bank - Roma Covered Bank / Rafidian - London
			262/13488/90073	627288 II.Gldr - 424508 II.Gldr	Babo Bank - Deposit in Rafidian Bank - London
			13468 / 90074	742 DM	Dresdner Bank AG. Covered Bank / Rafidian - London
			33572 / 89192	464180 \$	UICAF Tokyo Covered Bank / Rafidian - London
			506/99/90070	3302000 I. Lit	Ubae Roma Covered Bank / Rafidian - London
			34252 / 89221	182507 DM	Deutsche Bank AG. - Frankfurt Covered Bank / Rafidian - London
			506/113/90087	2913 \$	Ubae Arab Italian Bank - Roma Covered Bank / Rafidian - London
			33457 / 89191	1095044 \$	
24	Furat State Co. for Chemical Ind.	9174 / 24		49000 \$	Rafidain Bank - Amman
		9174 / 24		53360 \$	Rafidain Bank - Amman
			3521	168000000 A.Shln	Credit Anstalt Bank Verein - Austria
			106 / 1222	128000 DM	Commerz Bank
			106 / 1224	73030000 I. Lit	Ubae Arab Italian Bank - Roma
			106 / 1340	6000 DM	Commerz Bank AG. - Frankfurt
			106 / 1425	70000 S.Fr	Union Bank - Swiss
			106 / 1427	21000 DM	Commerz Bank AG. - Frankfurt
			106 / 1498	18000 DM	B.H.F. Bank - Frankfurt
			106 / 1624	194000 S.Fr	Rafidain Bank - Amman
			505 / 177	32000 S.Fr	Rafidain Bank - Amman
			18913	1000 S.Pnd	Midland Bank - London
			505 / 194	3000 DM	Rafidain Bank - Amman
			106 / 2250	171000 S.Fr	Rafidain Bank - Amman
			106 / 2411	175000 F.Fr	
			106 / 2415	209000 DM	Deutsche Bank Hanover
			106 / 2701	316000 \$	Rafidain Bank - London
			27875	7000 \$	Rafidain Bank - London
			106 / 2864	17000 DM	
			106 / 2866	1000 S.Pnd	Rafidain Bank - London
			106 / 2887	3000 DM	Rafidain Bank - London
			106 / 3014	3000 DM	Rafidain Bank - London
			106 / 3016	3000 DM	Rafidain Bank - London
			106 / 3017	59000 DM	Deutsche Bank AG. - Frankfurt

		106 / 3052	1000 DM	Commerz Bank AG.
		106 / 3055	1000 DM	Commerz Bank AG. - Hamburg
		505 / 313	4000 DM	Rafidain Bank - London
		505 / 314	5000 DM	Rafidain Bank - London
		505 / 330	67000 DM	Rafidain Bank - London
		505 / 331	2000 DM	Rafidain Bank - London
		505 / 340	347000 DM	Kuwait Commercial Bank
		505 / 341	104000 \$	Alriad Bank - Saudi Arabia
		3522	3013000 DM	Commerz Bank AG. - Hamburg
		35944	1899000 \$	
		106 / 58144	284000 \$	Bulgarian Foreign Trading Bank
		505 / 380	169000 \$	Alriad Bank - Saudi Arabia
		505 / 414	61000 DM	Rafidain Bank - London
		505 / 415	52000 DM	Rafidain Bank - London
		106 / 4687	153000 DM	Rafidain Bank - London
		106 / 4690	57000 S.Fr	Differed payment with interest 6% yearly
		106 / 4691	29000 \$	Babo Bank - Nederland
		500405273	21000 DM	
		50500405214	21000 DM	Dutsche Bank
		50500405222	21000 DM	
		50500405265	8000 DM	
		50500405338	66000 S.Fr	Credit Swiss Bank
		50500405354	5000 DM	Rafidain Bank - London
		50500408655	23000 DM	
		50500408663	53000 DM	
		50500408698	45000 DM	
		606/50500411095	475000 \$	Banque Nazionale De Paris
		50540472	48000 DM	
		505405125	15000 DM	
		505405184	73000 DM	
		58424	22000 S.Fr	Credit Swiss Bank
		106 / 58807	156000 DM	Commerz Bank
		505 / 692	1780000 \$	Bank of Tokyo / Germany Branch
		505 / 762	136000000 Yen	Bank of Tokyo
25	Stat Co. for Batteries Industry	264	805 S.Pnd	Lloyds Bank - London
		87 / 57 / 423	46633.82 S.Pnd	Midland Bank - England
		665	109650 \$	
		87 / 833	1279.10 \$	Reimbursing Bank - England
		88 / 1475	1198.88 S.Pnd	Midland Bank - England

		88 / 1720	14490 S.Pnd	Midland Bank -- England
		88 / 2286	580000 S.Pnd	Standard Chartered -- England
		88 / 2545	177390 S.Pnd	Barclays Bank -- London / England
		89 / 2715	36214.05 S.Pnd	Clydas Bank -- England
		89 / 2799	745000 \$	Standard Chartered -- England
		89 / 2959	87428.78 S.Pnd	Clydas Bank -- England
		89 / 2960	650000 \$	Clydas Dole Bank -- England
		89 / 2988	40000000 Yen	Tokai Bank -- Japan
		89 / 3393	67192 S.Pnd	Rafidain Bank -- London
		89 / 3967	814500 DM	Dutsche Bank -- Germany
		89 / 4189	22575 S.Pnd	
		89 / 4190	88518 S.Pnd	Standard Chartered -- England
		89 / 4344	2301500 S.Fr	Isti Bankario -- Italy
		90 / 4516	7650000 Yen	Tokai Bank -- Japan
		90 / 4518	567125 \$	Tokai Bank -- Japan
		90 / 4519	16837500 Yen	Tokai Bank -- Japan
		90 / 4520	802220 \$	Tokai Bank -- Japan
		90 / 4576	88139875 yen	Tokai Bank -- Japan
		90 / 4606	32300.30 \$	Akzm Bank
		90 / 4626	457200 Yen	Tokai Bank -- Japan
		89 / 1065	108090000 B.Fr	UBAF Arab Bank -- Bahrain
		88 / 2303	80243.35 \$	Akzm Bank
		87 / 25305	439000 S.Pnd	Rafidain Bank -- London
		89 / 3078	53253.30 S.Pnd	Banque National -- England
		90 / 34843	45136.14 S.Pnd	Midland Bank -- England
		90 / 35712	94800 S.Pnd	Midland Bank -- England
		89 / 4080	260200 DM	Commerz Bank -- Germany
		51060	16000 \$	Bank of Cyprus Ltd. -- Cyprus
		51667	266 DM	Dutsche Bank -- Germany
		52521	332700 B.Fr	General Bank
		55240	24272.06 \$	
26	State Co. for Construction Industries	109 / 20506	1200000 \$ - 968504 \$	Commerz Bank -- Frankfurt / Germany - Deposit
		109 / 997	563691 \$ - 563691 \$	Dutsche Bank -- Frankfurt / Germany - Deposit
		109 / 497	211861 \$ - 32115 \$	Ubae Italian Bank S.P.A. -- Roma - Deposit
		1 / 56857	9233 \$	Rafidain Bank -- London
		1 / 56483	1931 \$	Rafidain Bank -- London
		1 / 56273	1558 \$	Rafidain Bank -- London

		1 / 55664	600 \$	Rafidain Bank -- London
		1 / 56705	11616 \$	Rafidain Bank -- London
27	Misbraq Sulphur State Company		242395.446 \$	Rafidain Bank -- London
			369656 Euro	Jordanian Arabic Investment Bank -- Jordan
			14100 Euro	Viladilivia Bank for Investment - Amman
			13100 Euro	Viladilivia Bank for Investment -- Amman
			28364 Euro	Rafidain Bank -- Amman
			29750 Euro	Rafidain Bank -- Amman
			89500 Euro	Rafidain Bank -- Amman
			53500 Euro	Iskan Bank for Trading & Financing / Amman
28	State Industrial Design Consultation Co.	89 / 106 / 4048	159227000 DM	Commerz Bank
		89 / 109 / 540	3400000 S.Pnd - 1000000 S.Pnd	Midland Bank -- England - Deposit in Midland Bank
		90 / 1 / 2033	3740000 S.Pnd	Midland Bank -- England
		90 / 505 / 190	3567202000 B.Fr 11360000 \$	
		90 / 35278	117696 S.Pnd - 117696 S.Pnd	Rafidain Bank -- London - Deposit in Rafidain Bank -- London
		90 / 35277	3066917 DM - 1022305 DM	- Deposit
		90 / 506 / 194	347750 \$ - 347750 \$	Banca Commercial Italy - Deposit in Banca Commercial Italy
		90 / 262 / 13418	209880 F.Fr - 209880 F.Fr	Krote Commercial De France - Deposit in Krote Commercial De France
		90 / 262 / 13439	306700 H.Gldr - 306700 H.Gldr	Rotterdam Bank -- Holland - Deposit in Rotterdam Bank
		88 / 109 / 20863	1900000 S.Pnd	British Loan ECGD / Midland Bank
		88 / 109 / 2086	6170000 \$	British Loan ECGD / Midland Bank
		89 / 33463	800000 S.Pnd	British Loan ECGD / Midland Bank
		90 / 1 / 2001	611000 S.Pnd	British Loan ECGD / Midland Bank
		89 / 109 / 591	484191 \$	Yugoslavian Protocol
		89 / 109 / 594	154276 \$	Yugoslavian Protocol
			12440827 \$	Sasha -- Italy
		90 / 505 / 621	10795000 DM	Commerz Bank
		90 / 505 / 622	4068000 \$	Commerz Bank
		90 / 505 / 623	4059600 \$	Commerz Bank
		90 / 505 / 624	1684700 \$	Commerz Bank
		89 / 109 / 494	1609000 K.Dinar	
		90 / 505 / 625	36130500 DM	

			88 / 10 / 58	53827776 \$	BNL
			88 / 10 / 89	9500000 \$	BNL / City Bank USA
			89 / 2 / 27	11200000 S.Pnd	BNL
			89 / 10 / 50	3650000 \$	BNL
			89 / 10 / 51	4750000 \$	BNL / Dellavoro Loan
			89 / 10 / 96	1855475 S.Pnd	Rafidain Bank - London
			89 / 10 / 97	1600000 \$	Rafidain Bank - London
			90 / 35210	1176471 S.Pnd	British Loan ECGD / Midland Bank
			90 / 10 / 44	1497741312 Yen	BNL
			90 / 10 / 46	425000 \$	BNL
			90 / 50500402843	2062114 \$	MBAF
			90 / 50500407144	1560000 S.Pnd	Rafidain Bank - London
			89 / 109 / 664	420000000 Yen	Bank of Tokyo
			89 / 3 / 736	9550000 \$	BNL
			89 / 10 / 89	23400000 \$	BNL
			90 / 505 / 283	1395000 \$	
29	State Co. for Petrochemical Ind. (SCPI)	Co. Acc.		1800030 \$	Rafidain Bank - London
			92 / 30841	7372 \$	
			89 / 31047	1605 \$	
			89 / 31389	2096 S.Pnd	
			89 / 32082	14079 \$	
			89 / 32080	1580 S.Pnd	
			89 / 32246	146250 \$	
			89 / 34034	30281 ILGldr	
			89 / 33275	150438 \$	
			90 / 13492	6150000 DM	
			89 / 30100	1100000 \$	
			89 / 34035	8850 \$	
			89 / 53699	274500 \$	
30	State Co. for Dairy Products	8121		21450 Euro	Rafidain Bank - Amman
31	State Co. for Drugs Ind. & Medical Appliances - Samarra	021/01/01108/00		1395514.30 \$	Rafidain Bank - London

OUR STATE COMPANIES

No	Company Name	Account No.	L/C or Deposit No.	Total Amount	Corresponding Bank
1	State Company for Textile Ind. / Hilla		106 / 1065	289 S.pnd.	Uba / London
			106 / 1545	7531.25 S.pnd	Rafidain Bank / London
			106 / 1740	4890 DM	Rafidain Bank / London
			106 / 2733	5099.70 DM	Rafidain Bank / London
			106 / 4600	2600 \$	Rafidain Bank / London
			106 / 4694	21650 H.Gldr	Babo Bank Netherlands
			106 / 4665	369643.75 DM	Rafidain Bank / London
			2836	82598 B.Fr	Rafidain Bank / London
			505 / 436	1462 \$	Berliner Handels Und Frankfurter Bank
			505 / 437	4730 S.Fr.	Union Bank of Switzerland
			505 / 435	5271.33 DM	Berliner Handels Und Frankfurter Bank
			505 / 28	554.50 DM	Rafidain Bank / London
			505 / 658	2159 \$	Jugo Banka Beograd
			505 / 648	16770 S.pnd	Rafidain Bank / London
			50500403009	4056.74 DM	Deutsche Bank AG.
			3183	300 DM	Rafidain Bank / London
			505 / 514	119977 A.shln	Rafidain Bank / London
			106 / 1252	3741000 \$	Bank Purnidaya Jakarta
			106 / 2387	1944665 S.Fr	Bank Purnidaya Jakarta
			106 / 3367	2000 000 \$	Rafidain Bank / London
			106 / 1168	4582000 \$	Bank Purnidaya Jakarta
			106 / 2306	12878.05 DM.	Commerz Bank Frankfurt
			50500404609	119000 \$	Turkiye IS Bank A.S./ Turkey
			50500411162	1164800 \$	United Bank LTD. - Pakistan
			50500411164	2500000 \$	United Bank LTD. - Pakistan
			106 / 4699	191200 \$	Ubay Arp Bank / Italy
			106 / 432	3775000 \$	Indonesia
			50500404218	182255A.Shln.	Credit Anstalt Bank Verein
			505 / 215	3368.40 S.pnd	Rafidain Bank / London
			106 / 1249	25864 H.Gldr.	Rabo Bank Utrecht
			106 / 3504	30913 B.Fr	Byblos Bank Brussels
			106 / 2949	27019.80 DM.	Deutsche Bank Frankfurt
			50500404129	12225 H.Gldr.	Babo Bank Utrecht
			505 / 212	86681.30 DM	Berliner Handels Und Frankfurter Bank
		21 / 1 / 1090		1548807.02 \$	Rafidain Bank / London
2	State Company for Iron and Steel			9850000 DM.	

				205000 S.pnd	
3	State Co. for Northern Cement		244 / TS	36521 DM	Commerz Bank / Germany
			245	31946.35 DM	Commerz Bank / Germany
			233	228300 F. Fr	Bank National Du Paris
			195 / TS	5268 DM	Berliner Handels Und Frankfurter Bank
			261 / TAM	1168200 Yen	Fuji Bank
			143 / TAM	535607 Yen	Bank of Tokyo
			64 / SH	383659.24 \$	Rafidain Bank / London
			189 / tawseea'a	54286.74 F. Fr	Rafidain Bank / London
			173 / tawseea'a	92500 F. Fr	Rafidain Bank / London
			143 / SH	188300 F. Fr	Rafidain Bank / London
			17 / T / h	16190 DM	Rafidain Bank / London
			97 / SH	49480 F. Fr	Rafidain Bank / London
			48 / tawseea'a	335680 F. Fr	National Du Paris Bank
			223	1765 \$	Sociek Bank - Belgium
			141 / TAM	4432720 Yen	Fuji Bank
			130 / M	31390 \$	Rafidain Bank / London
			105 / SH	201966 F. Fr	Rafidain Bank / London
			23 / tawseea'a	81611.20 F. Fr	Rafidain Bank / London
			158 / MB	16987.10 Aus. Shl	Rafidain Bank / London
			179 / tawseea'a	599123 F. Fr	Rafidain Bank / London
			255 / TAM	419750 Yen	Rafidain Bank / London
			187 / TS	8095.6 DM	Rafidain Bank / London
			101 / SH	181000 F. Fr	Rafidain Bank / London
			169 / TS	28430 DM	Rafidain Bank / London
			144 / SH	95891.75 F. Fr	Rafidain Bank / London
			224 / TS	3903 DM	Rafidain Bank / London
			16 / tawseea'a	86271 DM	Rafidain Bank / London
			33 / tawseea'a	497946 B. Fr	Rafidain Bank / London
			134 / TAM	13689 DM	Rafidain Bank / London
			167 / bh / 2	438800 F.Fr	Rafidain Bank / London
			56 / MB	132456.6 DM	Commerz Bank
			99 / SH	6791 DM	Rafidain Bank / London
			16799/249010202 17803/249010201	126000 \$	Middle East & Kuwait Bank
			10387002	54659 \$	Central Bank of Turkey
				601146.76 \$	Rafidain Bank / London
4	Dialah State Co. for Electric Ind.			989.23 \$	Rafidain Bank / London

5	Nassr State Co. for Mechanical Ind.		88 / 3 / 6	3506350.180 DM	
			89 / 3 / 13	121977.500 DM	D.G. Bank - Dusseldorf
			90 / 3 / 18	25814634 I. Lit	Commerz Bank - Dusseldorf
			90 / 3 / 21	83300 DM	Commerz Bank - Dusseldorf
			90 / 3 / 7	386100 DM	Berliner Handels - Frankfurt
			90 / 3 / 31	19000 S. Pnd	Lloyds Bank - London
			90 / 3 / 38	1478505 DM	Berliner Handels - Frankfurt
			90 / 3 / 39	2800000 \$	Ubaif - Bahrain
			90 / 3 / 41	1219416 S. Pnd	Lloyds Bank - London
			90 / 3 / 44	11393266.200 DM	Berliner Handels - Frankfurt
			90 / 3 / 46	45510 DM	Commerz Bank - Dusseldorf
			90 / 3 / 47	2480769 DM	Berliner Handels - Frankfurt
			90 / 3 / 64	833000 DM	Commerz Bank - Dusseldorf
			89 / 3 / 69	882126.500 \$	Banco Nazionale Dellavoro - Roma
			90 / 3 / 72	263500 DM	Commerz Bank - Dusseldorf
			90 / 3 / 80	35375 DM	Commerz Bank - Dusseldorf
			90 / 3 / 81	2805000 DM	Commerz Bank - Dusseldorf
			90 / 3 / 86	164536.200 S. Pnd	Rafidain Bank - London
			90 / 3 / 90	48900 DM	Commerz Bank - Dusseldorf
			90 / 3 / 91	241827 DM	Commerz Bank - Dusseldorf
			90 / 3 / 138	2526000 Yen	Bank of Tokyo - Tokyo
			90 / 3 / 146	3101700 \$	Lloyds Bank - London
			89 / 3 / 147	127464 \$	Turcky Arnakazy - Istanbul
			90 / 3 / 150	391000 DM	Commerz Bank - Dusseldorf
			90 / 3 / 151	64801.080 DM	Commerz Bank - Dusseldorf
			90 / 3 / 159	3457168 DM	Commerz Bank - Dusseldorf
			90 / 3 / 170	281360 DM	Commerz Bank - Dusseldorf
			90 / 3 / 171	51133 DM	Commerz Bank - Dusseldorf
			90 / 3 / 178	265000 S.Pnd	Lloyds Bank - London
			90 / 3 / 180	5196932 S.Pnd	Lloyds Bank - London
			90 / 3 / 184	12010 S.Pnd	Rafidain Bank - London
			90 / 3 / 185	26532000 DM	Commerz Bank - Dusseldorf
			90 / 3 / 192	180000 DM	Berliner Handels - Frankfurt
			90 / 3 / 194	291694.470 S.Pnd	Lloyds Bank - London
			90 / 3 / 196	112000 DM	Commerz Bank - Dusseldorf
			90 / 3 / 199	1451411 A.Shln	Jerozntral Bank - Venice
			90 / 3 / 201	121065 S.Pnd	Rafidain Bank - London
			90 / 3 / 205	114146.790 DM	Commerz Bank - Dusseldorf
			90 / 3 / 207	85334.290 DM	Commerz Bank - Dusseldorf

		90 / 3 / 210	76671.690 DM	Commerz Bank – Dusseldorf
		90 / 3 / 213	875771 DM	Berliner Handels – Frankfurt
		90 / 3 / 214	57700000 I.Lit	Commerz Bank – Dusseldorf
		90 / 3 / 216	9747182 .130 DM	Berliner Handels – Frankfurt
		90 / 3 / 217	10500000 DM	Berliner Handels – Frankfurt
		90 / 3 / 218	900000 \$	China Bank – Bakeen
		90 / 3 / 228	586642 DM	Commerz Bank – Dusseldorf
		90 / 3 / 232	147690 DM	Commerz Bank – Dusseldorf
		90 / 3 / 233	1280000 S.Fr	Credit Swiss – Bazel
		90 / 3 / 254	3600000 S.Fr	Banco Nazional Dellavoro – Batland
		90 / 3 / 255	3172400 DM	Banco Nazional Dellavoro – Batland
		90 / 3 / 258	2770000 DM	Banco Nazional Dellavoro – Batland
		90 / 3 / 259	615000 DM	Banco Nazional Dellavoro – Batland
		90 / 3 / 261	46296.140 DM	Deutsche Bank – Dusseldorf
		90 / 3 / 265	353035 F.Fr	National Du Paris
		90 / 3 / 268	2000000 F.Fr	Suseta General – Paris
		90 / 3 / 271	6606 S.Pnd	Rafidain Bank – London
		89 / 3 / 282	399447.530 DM	Deutsche Bank – Dusseldorf
		90 / 3 / 285	6580000 DM	Banco Nazional Dellavoro – Batland
		90 / 3 / 286	123200 F.Fr	
		90 / 3 / 299	541960 S.Cr	Skandinaviska – Stockholm
		90 / 3 / 307	19577.890 DM	Commerz Bank – Dusseldorf
		90 / 3 / 311	233324 DM	Commerz Bank – Dusseldorf
		90 / 3 / 318	546228 S.Fr	Credit Swiss – Bazel
		90 / 3 / 326	3172000 S.Fr	Banco Nazional Dellavoro – Batland
		90 / 3 / 330	2970000 DM	Banco Nazional Dellavoro – Batland
		90 / 3 / 331	3391000 DM	Banco Nazional Dellavoro – Batland
		90 / 3 / 336	1045057 F.Fr	Suseta General – Paris
		89 / 3 / 358	388980 S.Cr	Skandinaviska – Stockholm
		90 / 3 / 363	17659.620 S.Pnd	Lloyds Bank – London
		88 / 3 / 371	884000 DM	West Deutsch lynding Jerozntal
		90 / 3 / 378	63279000 DM	West Deutsch lynding Jerozntal
		89 / 3 / 397	762727.500 S.Cr	Skandinaviska – Stockholm
		89 / 3 / 402	2088000 DM	Berliner Handels – Frankfurt
		90 / 3 / 407	69816 DM	Commerz Bank
		89 / 3 / 408	10922635.5 DM	Berliner Handels – Frankfurt
		90 / 3 / 408	25756 DM	Commerz Bank
		90 / 3 / 417	209250 DM	Commerz Bank
		88 / 3 / 419	230000 DM	Banco Commercianalli Italiano – Milano
		89 / 3 / 421	211500 DM	West Deutsch lynding Jerozntal

		90 / 3 / 433	2382979 F.FR	Banco Nazional Dellavoro – Batland
		90 / 3 / 435	602765 \$	Bank of New York
		90 / 3 / 436	76829170 DM	Commerz Bank – Germany
		89 / 3 / 438	157331 DM	Deutsche Bank – Dusseldorf
		89 / 3 / 494	1514667.280 \$	Romanain Trading Bank – Bukharest
		89 / 3 / 500	571876 S.Pnd	Lloyds Bank – London
		89 / 3 / 519	13765000 \$	Egypt National Bank – Cairo
		88 / 3 / 530	41113.250 DM	
		89 / 3 / 553	119000000 DM	Banco Nazional Dellavoro – Batland
		89 / 3 / 609	72900000 DM	Banco Nazional Dellavoro – Batland
		89 / 3 / 630	35100 S.Pnd	Lloyds Bank – London
		89 / 3 / 655	470000 F.Fr	
		89 / 3 / 662	360850 F.Fr	
		88 / 3 / 764	15234.880 \$	Rafidain Bank – London
		89 / 3 / 768	1267534.750 DM	Deutsche Bank – Dusseldorf
		89 / 3 / 793	267987 DM	Commerz Bank – Germany
		88 / 3 / 836	60599.900 S.Pnd	
		89 / 3 / 867	29175000 I. Lit	Banco Nazional Dellavoro – Roma
		89 / 3 / 868	178435 DM	Deutsche Bank – Dusseldorf
		89 / 3 / 944	398340 F.Fr	
		89 / 3 / 978	832940.840 DM	Berliner Handels – Frankfurt
		89 / 3 / 979	2074332.330 DM	Berliner Handels- Frankfurt
		89 / 3 / 980	202873.030 \$	Berliner Handels – Frankfurt
		89 / 3 / 1001	125031.600 \$	Al-ahli Egyptain Bank – Cairo
		89 / 3 / 1015	1647400 S.Cr	Rafidain Bank – Abu Dabi
		89 / 3 / 1024	72131.500 S.Pnd	Lloyds Bank – London
		89 / 3 / 1037	566800 \$	
		89 / 3 / 1038	210000 \$	UbaF – New York
		89 / 3 / 1039	359206.250 DM	West Deutsch lynding Jerozntal
		89 / 3 / 1048	6456600 F.Fr	National Du Paris
		89 / 3 / 1057	317218 S.Pnd	Lloyds Bank – London
		89 / 3 / 1084	2630952.750 \$	Bank of New York – New York
		89 / 3 / 1099	338860 \$	Hand Laui Bank – Warsso
		89 / 3 / 1100	1510412.590 S.Pnd	Lloyds Bank – London
		89 / 3 / 1109	122000 S.Fr	West Deutsch Lands – Dusseldorf
		89 / 3 / 1112	1872295 DM	Bayrsch Haybo Bank – Munchin
		88 / 3 / 1114	89820 \$	UbaF – New York
		89 / 3 / 1123	4024270 DM	Berliner Handels – Frankfurt
		89 / 3 / 1126	1881050 DM	Commerz Bank
		89 / 3 / 1131	187731 S.Fr	West Deutsch Lands – Dusseldorf

		89 / 3 / 1159	2372400 DM	Credit Swiss – Bazel
		89 / 3 / 1173	8900000 DM	Berliner Handels – Frankfurt
		88 / 3 / 1231	1703391.700 S.Fr	Credit Swiss – Bazel
		88 / 3 / 1235	18223.790 \$	Foreign Trading Bank for Economic Affairs
		87 / 3 / 1411	208255.020 DM	D.G. Bank – Frankfurt
		88 / 3 / 2032	19402.780 DM	Commerz Bank
		88 / 3 / 2218	14353419 \$	China Bank – Bakeen
		87 / 3 / 2231	48576.650 S.Pnd	
		88 / 3 / 2361	516930.180 DM	Berliner Handels – Frankfurt
		87 / 3 / 2424	3906674.070 DM	D.G. Bank – Frankfurt
		88 / 3 / 2629	5600 F.Fr	National Du Paris
		88 / 3 / 2906	2639500 \$	Banco Nazionale Dellavoro – Batland
		88 / 3 / 2912	196299.470 DM	West Deutsch Lands – Dusseldorf
		88 / 3 / 3019	26950000 DM	Banco Nazionale Dellavoro – Batland
		88 / 3 / 3020	12716770.370 \$	Banco Nazionale Dellavoro – Batland
		88 / 3 / 3630	9357.820 DM	Deutsche Bank – Dusseldorf
		88 / 3 / 3762	994100 \$	
		88 / 3 / 3846	136007.250 DM	
		88 / 3 / 3907	14946.560 S.Pnd	Lloyds Bank – London
		88 / 3 / 3915	63518 S.Cr	
		88 / 3 / 4177	479445 F.Fr	
		90 / 10 / 5	210000 S.Pnd	Rafidain Bank – London
		90 / 10 / 27	353376 \$	Hand Laui Bank – Warsso
		89 / 10 / 33	3656649.950 DM	Berliner Handels – Frankfurt
		88 / 10 / 39	127000 DM	Berliner Handels
		88 / 10 / 41	2366464 DM	Commerz Bank
6	Iraqi Cement State Co.	56988	9800000 D.Cr	
		56660	35000 \$	
		56667	2000 DM	
		53385	13000 DM	
		55080	18000 K.Dinar	
		56348	280000 F.Fr	
		54892	21000 DM	
		56343	8000 S.Cr	
		56190	144000 DM	
		56346	17000 S.Pnd	
		56647	19000 DM	
		55535	380000 \$	
		57190	47000000 Yen	

		55070	160000 DM	
		53382	300000 DM	
		56019	303000 DM	
		57233	8000 DM	
		56989	54000 DM	
		53507	3000 \$	
		57189	64000000 Yen	
		57191	700000 Yen	
		57192	2000000 Yen	
		56349	2000000 B.Fr	
		57096	5000 \$	
		55075	90000 DM	
		57187	35000 \$	
		56661	74000 A.Shln	
		54969	9000000 Yen	
		56352	388000 B.Fr	
		57088	7000000 Yen	
		55076	102000 S.Fr	
		56993	65000 \$	
		54315	3000 DM	
		57360	3000000 DM	
		56353	4000 DM	
		56645	390000 F.Fr	
		56648	157000 DM	
		53378	510000 F.Fr	
		55731	255000 DM	
		57281	563000 DM	
		56754	563000 DM	
		56191	15000 DM	
		56252	230000 DM	
		56753	26000 DM	
		56350	218000 DM	
		56651	94000 DM	
		56657	32000 DM	
		57089	140000 DM	
		56344	30000 DM	
		57097	11000 DM	
		57093	25000 DM	
		55079	148000 DM	
		56642	305000 B.Fr	

			56644	3000000 Yen	
			57188	3800000 Yen	
			56655	92000 \$	
			55808	370000 F.Fr	
			35 / 1803	2000000 \$	
			62 / 88 / 24665	9500000 \$	
			62 / 89 / 25298	4000000 \$	
			506 / 209	500000 DM	
			56854	1000 DM	
			56338	700000 Yen	
			33756	458000 \$	
7	State CO. for Southern Cement			207000 \$	Rafidain Bank / Amman
				19445 F.Fr	Rafidain Bank / Amman
8	State Co. for Cotton Ind.		32648	7500000 H.Gldr	Commerz Bank / Amsterdam
			33820	13000000 DM.	Commerz Bank / Frankfurt
			32458	2884873 DM.	Commerz Bank / Frankfurt
			31957	4191500 DM	Commerz Bank / Frankfurt
			30960	1600000 DM	Barclays Bank / Frankfurt
			33860	4500000 \$	Commerz Bank / Frankfurt
			32412	480000 DM	Crediti Italiano Firenze / Italy
			35092	4167 DM	Dutsche Bank AG. Frankfurt
				-308711.93 \$	-Cash Cover
			55865	3534 DM	Rafidain London
9	State Co. for Ready-Made Clothes	0210101110	11200400166	9222.58 DM	Rafidain London
			112 / 24100	57597 \$	Creditanstalt Bankverein - Vienno-Aus.
			112 / 24089	77731 S.Fr.	Bank Françoise du Commerce Exterieur-France
			112 / 24053	224645873 Yen	Bank of Tokyo - Japan
			11200400298	15571 \$	Commerz Bank Aktien-gesellschaft-G.
			11200400263	13237 \$	Bank De Roma - Milano - Italy
			11200400735	38712 DM	Commerz Bank - Germany
			106 / 1070	56270000 I.L	Banca Commercial - Italiana
			106 / 2322	21046 DM	Banco de Roma - Italy
			106 / 29473	38387094 I.L	Ubai - Rome - Italy
			106 / 27398	3974850 I.L	Ubai - Rome - Italy
10	State Co. for Mechanical Ind.		73 / 3564	295000 S.pnd	Midland Bank - London
			73 / 3572	634600 DM	Commerz Bank - Germany

	73 / 3580	58312 S.pnd	Lloyds Bank – England
	73 / 3584	151750 DM	Dutsche Bank – Germany
	73 / 3591	446045 DM	Commerz Bank – Germany
	73 / 3608	420426 DM	Sustain Bank – Belgium
	73 / 3661	174000 DM	Commerz Bank – Germany
	73 / 3641	26625 DM	Dresdner Bank – Germany
	73 / 3672	792000 DM	Swiss Bank – Switzerland
	73 / 3676	832250 DM	Dresdner Bank – Germany
	73 / 3715	586448 DM	Commerz Bank – Germany
	73 / 3717	13431 H.Gldr	Ufaf Bank – London
	73 / 3719	422355 DM	Sustain Bank – Belgium
	73 / 3671	746000 DM	Sustain Bank – Belgium
	73 / 3716	21400 DM	Commerz Bank – Germany
	73 / 3725	2538825 DM	Commerz Bank – Germany
	73 / 3727	3240510 DM	Sustain Bank – Belgium
	73 / 3729	690000 DM	Ufaf Bank – London
	73 / 3734	131400 DM	Sustain Bank – Belgium
	73 / 3739	1950 \$	Barkers Bank – England
	73 / 3761	547650 DM	Commerz Bank – Germany
	73 / 3775	760456 DM	Barkers Bank – England
	73 / 3782	86325 S.pnd	Midland Bank – England
	73 / 3786	356400 DM	Sustain Bank – Belgium
	73 / 3787	337760 DM	Commerz Bank – Germany
	73 / 3800	2929488 DM	Sustain Bank – Belgium
	88 / 3 / 3167	38855214 F.Fr	Sustain Bank – Belgium
	73 / 4004	2515 DM	Dutsche Bank
	73 / 3771	287000 \$	Dutsche Bank
	73 / 3938	80740 A.shln.	Creditanstalt / Venice
	73 / 3902	4019 S.pnd	Hong Kong Shanghai / England
	73 / 3773	40685 DM	Commerz Bank
	73 / 3658	150000 \$	Banco De Roma
	73 / 3906	156000 \$	Banco De Roma
	73 / 3857	20640000 DM	Tunis Bank
	73 / 3687	1497215 Y	Bank of Tokyo
	73 / 3747	120973.15A.shl	Creditanstalt / Venice
	73 / 578	3761 \$	Commerz Bank
	73 / 584	4699 \$	Commerz Bank
	73 / 3708	1010000 \$	Dutsche Bank
	73 / 3996	4235000 F.Fr	Commerz Bank / Germany
	73 / 4010	27048000 \$	Commerz Bank / Germany

		73 / 4011	20010000 DM	Commerz Bank / Germany
		73 / 3976	2035000 \$	Credito / Italy
		73 / 3982	535245000 I.L	Banco De Roma / Italy
		73 / 3979	16675144 \$	Banco De Brazil
		88 / 3 / 2545	993890 DM	Banco De Brazil
		73 / 3810	36195 S.pnd	Lloyds Bank – England
		73 / 3781	257942 DM	Sustain Bank – Belgium
		73 / 3855	1152706 DM	Commerz Bank – Germany
		73 / 3873	106644 S.pnd	Midland Bank – England
		73 / 3789	275942 DM	Sustain Bank – Belgium
		73 / 3875	55490 DM	Commerz Bank / Germany
		73 / 3876	93000 DM	Commerz Bank / Germany
		73 / 3879	235423 S.pnd	Midland Bank - England
		73 / 3880	51725 S.pnd	Midland Bank - England
		73 / 3882	91290 S.pnd	Midland Bank - England
		73 / 3889	245230 DM	Commerz Bank – Germany
		73 / 3897	29808 S.pnd	Midland Bank - England
		73 / 3903	510600 DM	Commerz Bank – Germany
		73 / 3912	37900 DM	Commerz Bank – Germany
		73 / 3914	68530 DM	Commerz Bank – Germany
		73 / 3931	3490950 DM	Commerz Bank – Germany
		73 / 3943	229500 DM	Commerz Bank – Germany
		73 / 3959	18000 \$	Commerz Bank – Germany
		73 / 3965	152460 DM	Commerz Bank – Germany
		7300400107	1123329 \$	Commerz Bank – Germany
		88 / 3 / 387	5414062 DM	Dutsche Bank – Germany
		89 / 3 / 844	8200000 DM	Berliner Handels
		88 / 3 / 3561	11000000 DM	Commerz Bank
		73 / 3647	5160426.4 S.kr.	Post – OCH Kredit Bank
		73 / 3819	104776.03 DM	Commerz Bank
		73 / 3888	193966.20 DM	Commerz Bank
		73 / 3911	1300000 \$	Commerz Bank
		73 / 3949	16642000 \$	Bank of New York
		73 / 3753	2760000 \$	Cesxkoslovensk A. Obchodni Bank
		73 / 3973	1511210 S.pnd	Midland Bank PLC
		89 / 3 / 607	40888000 B.Fr	
		73 / 3885	27652855 \$	Banque Bulgaria
		73 / 3856	2733883 \$	Berliner Handels
		88 / 3 / 3625	31747500 F.Fr	Dellavoro

11	State Co. of 17 th April	8121		172500 \$	Alahli Bank - Amman /Jordan
12	Co. of Heavy Eng. Equipment		65628	3064.5 DM	Jordanian Commercial Bank - Jordan
			65642	1383.19 S.pnd	Rafidain Bank - London
			65567	51900 Y	Bank of Tokyo - Japan
			90 / 2 / 195	2218880 DM	Massen Mathew - Belgium
			5061220886	209000 \$	Rafidain Bank - Amman
13	Wasett State Co. for Textile Ind.	02140038701		836306 Euro	Alahli Bank - Amman /Jordan
14	State Co. for Woolen Ind.		89 / 2 / 293	28421000 DM	West Dutsche Lands Bank - Frankfurt
			89 / 8 / 1002	176898000 B.Fr	Byblos Bank / Brussels - Belgium
			505 / 568	3616150 B.Fr	Byblos Bank / Brussels - Belgium
			89 / 2 / 356	1523950000 I.L	Banco Nazionale Dellavoro - Roma
15	State Co. for Paper Industries		506 / 362	20396 DM -12448.36 \$	Commerz Bank AG. Frankfurt -Cash Cover
			506 / 131	129900 DM -78750.54 \$	Commerz Bank AG. Frankfurt -Cash Cover
			506 / 360	21543 DM -13144.45 \$	Commerz Bank AG. Frankfurt -Cash Cover
			506 / 123	15700 DM	Dutsche Bank AG. Uden
			31493	503235 B.Fr	Societe General De Banque / Brussels
			2 / 36498	41745 S.Fr	Midland Bank - London
			2 / 36499	330 000 S.Fr	Midland Bank - London
			2 / 36599	48200 S.Fr	Midland Bank - London
			2 / 36510	179542 \$	Bank of New York / U.S.A.
			2 / 36568	180500 \$	Bank of New York / U.S.A.
			2 / 36583	450564 \$	Bank of New York / U.S.A.
			2 / 36364	22800 DM	Veriuns Und West Bank - Hamburg
			2 / 36698	8385 DM	Veriuns Und West Bank - Hamburg
			506 / 231	33633 DM -20212.55 \$	Commerz Bank AG. Frankfurt -Cash Cover
			34038	98640 DM	Bayerische Hydrotheken Und Wethsel Bank / Germany
			88 / 90 / 169	63031.09 DM	Dutsche Bank - Frankfurt / Germany
			88 / 90 / 162	107991 DM	Dutsche Bank - Frankfurt / Germany
16	State Co. for Vegetable Oil Ind.		262 / 12668	6940000 \$ -2842900 \$	Banco Commercial Italiano / Zurich -Interest till 2000
			262 / 12667	13416000 \$ -2925464 \$	Banco Commercial Italiano / Zurich -Cash Cover till 30/4/1999

			262 / 12422	840000 \$ -756000 \$	Banco Di Roma Bucto Arsizio / Italy -Deposit in Bank of New York
			506 / 247	142600 \$	Banco Di Roma Lecco / Italy
			262 / 13528	28779000 I.L	Banco Commercial Italiano - Lagnana / Italy
			262 / 12550	407719.77 A.shln	Gironzen Irale Und Bank/ Vienna - Aus.
			506 / 192	28446000 Yen	Bank of Tokyo Ltd. / London
			262 / 13542	623230 B.Fr	Krediet Bank N.V - Brussels/Belgium
			262 / 13390	1443750 B.Fr	Krediet Bank Anterwepen - Belgium
			506 / 426	14504 Den.Kr.	Bank of Denmark - Copenhagen
			506 / 210	350500 DM	Dutsche Bank - Hanover / Germany
			262 / 13442	7000000 DM	Dresdner Bank AG - Coppingen / G.
			262 / 13295	15016 DM	Dresdner Bank AG - Coppingen / G.
			262 / 32767	5076.91 S. Pnd	Midland Bank - London
				3381.60 S.Fr	Jest Manhattan - New York
			506 / 520	4172 DM	Veriuns Und West Bank - Germany
			3 / 3 / 92	4789163.68 \$ 0.4 % Interest	Midland Bank Plc - London -From 1/10/1992
17	State Co. for Drugs Ind. & Medical Appliances - Ninava	8121		90000 \$	Alahli Bank - Amman / Jordan
18	State Company for Tires Industry		88 / 1 / 1144	775000 S.Pnd	Midland Bank - London
			88 / 1 / 1145	1138000 S.Pnd	Midland Bank - London
			89 / 1 / 1160	2575000 S.Pnd	Midland Bank - London
			89 / 1 / 1163	640000 S.Pnd	Midland Bank - London
			89 / 1 / 2072	1375000 S.Pnd	Midland Bank - London
			89 / 1 / 2076	580000 S.Pnd	Midland Bank - London
			89 / 1 / 2079	775000 S.Pnd	Midland Bank - London
			89 / 1 / 2082	697000 S.Pnd	Midland Bank - London
			89 / 1 / 2085	1004000 S.Pnd	Midland Bank - London
			88 / 1 / 598	2536500 S.Pnd	Midland Bank - London
			88 / 1 / 590	2628000 S.Pnd	Midland Bank - London
			88 / 1 / 73	4908750 S.Pnd	Morgan Grenfell Foundation
			89 / 1 / 76	423000 S.Pnd	Gurdyoub Bank
			89 / 74 / 75 / 78	7705000 S.Pnd	Morgan Grenfell Foundation
			88 / 1146 / 2075	3640000 S.Pnd	Midland Bank - London
			89 / 3 / 1167	380000 S.Pnd	Dellavoro B Bank
			89 / 3 / 192	3310000 \$	Dellavoro B Bank
			89 / 2071	1800000 S.Pnd	Midland Bank - London
			89 / 2081 / 2185	3127000 S.Pnd	Midland Bank - London
			89 / 1 / 2087	3120000 S.Pnd	Midland Bank - London

		89 / 2149	1060000 S.Pnd	Midland Bank – London
		88 / 28303	158000000 F.Fr - 1143000 \$	Credit Lyonnais Paris Irving Trust Co.-New York / Ubaf Bank
		88 / 3 / 3273	3416000 DM	Bayerische Vereins
		89 / 32917	29000 S.Pnd	Rafidain Bank – London
		89 / 33282	2500000 H.Gldr	
		89 / 33283	13669000 A.Shln	Credit Anstalt Bank Verein
		89 / 33615	990000 S.Pnd	Midland Bank – London
		89 / 33616	540660 S.Pnd	Midland Bank – London
		89 / 33618	413000 S.Pnd	Midland Bank – London
		89 / 33676	132000 S.Pnd	
		89 / 33678	304000 S.Pnd	Rafidain Bank – London
		89 / 33770	12000000 A.Shln	Credit Anstalt Bank Verein
		89 / 33771	7188000 DM	Commerz Bank AG. Frankfurt
		90 / 34859	424000 S.Pnd	Midland Bank – London
		89 / 34885	66000 S.Pnd	Rafidain Bank – London
		89 / 34962	273000 S.Pnd	Midland Bank – London
		89 / 35130	66000 S.Pnd	Rafidain Bank – London
		90 / 35227	228000 S.Pnd	Rafidain Bank – London
		89 / 35264	780000 DM	Commerz Bank AG. Frankfurt
		89 / 35368	552000 S.Pnd	Midland Bank – London
		89 / 35371	125000 S.Pnd	Rafidain Bank – London
		90 / 35930	10000000 A.Shln	Credit Anstalt Bank Verein
		90 / 35969	3828000 DM	Commerz Bank AG. Frankfurt
		90 / 35986	358000 \$	Bank of New York
		90 / 35987	415000 \$	Bank of New York
		90 / 35988	3596000 H.Gldr	Commerz Bank AG. Frankfurt
		89 / 36007	1999000 S.Cr	P.K Banken Stockholm
		90 / 36008	579000 S.Pnd	Midland Bank – London
		90 / 36115	439000 \$	Bank of New York
		90 / 36117	1335000 S.Pnd	Midland Bank – London
		88 / 3 / 4224	25762000 \$	Dellavoro B Bank
		90 / 55641	75000 S.Pnd	
		89 / 55729	74000DM	
		90 / 56473	404000 \$	
		90 / 56590	48000 S.Pnd	
		90 / 56591	868000 F.Fr	
		90 / 56624	150000 H.Gldr	
		88 / 56777	336000 B.Fr	
		90 / 56824	17000 H.Gldr	

			90 / 56960	46000 H.Gldr	
			90 / 56961	101000 DM	
			90 / 57070	95000 S.Fr	
			90 / 57235	79000 S.Pnd	
			90 / 57309	7000 S.Pnd	
			89 / 3 / 701	5000000 H.Gldr	Nederlandsche Bank
			89 / 3 / 737	1375000 \$	Uba Bank
			89 / 3 / 798	2250000 S.Pnd	Lloyds Bank
			88 /	560000 S.Pnd	
			89 /	1200000 \$	
			89 /	8600000 \$	
			89 /	2181000 \$	
			88 /	2000000 \$	
			89 /	1829000 S.Pnd	
			88 /	4151000 S.Pnd	
			89 / 32963	237476000 A.Shln	
19	Ur State Co. for Engineering Ind.	621/01/01664/00		10907.39 \$	Rafidain Bank – London
			89 / 4 / 335	7604884 \$	Commercial Bank of Kuwait / New York
			89 / 4 / 331	3029115 \$	Commercial Bank of Kuwait / New York
			89 / 10 / 66	2816190 \$	Berliner Handels Und Frankfurter Bank
			56764	3743.43 DM	Dresdner Bank AG. / D – 8500
			56807	5480 \$	Inter Bank Main Branch Esentepe / Acc. No. 1361
			56863	18320 F.Fr	Banque National De Parts - 9 Place Des Ternes 75017 Paris - Acc. No. 23053740
			56866	84000 F.Fr	Banque National De Parts - 9 Place Des Ternes 75017 Paris - Acc. No. 23053740
			57163	70000 F.Fr	Banque National De Parts - 9 Place Des Ternes 75017 Paris - Acc. No. 23053740
			56918	13844 DM	Dutsche Bank AG. -branch Neuisenburg / Acc. No. 3329646
			57268	2800000 I. Lit	Banco Di Roma - Milano / Acc. No. 991
			54714	9670 F.Fr	Due 4 Rue Gailon / Acc. No. 20123
			55813	5854.68 S. Pnd	Midland Bank Plc 243 – London / Acc. No. 60183180
			56368	1165 DM	Dutsche Bank AG. Nuernberg / Acc. No. 314500
			56626	97234 S. Kr	Gotabanken 30 Alingsos / Acc. No. 4032-102-124-6
			57400	44690 \$	U.S. Trust Bank Norfolk ABA Routing / Acc. No. 884-1041333
			57398	5400 F.Fr	Banque De Lunion Europeenne 4/6 /Acc. No. 20146 U55

			57399	11558 DM	Bayerische Vereins Bank Schwa Bach Blz / Acc. No. 4319575
			505 / 184	13450000 \$	Al-Riad Bank – Saudi Arabia
			89 / 8 / 266	115000 DM	Banca Nazionale Dellavora - Roma / Italy
20	State Co. for Rubber Industries		62 / 89 / 25259	4250000 DM	
21	State Co. for Fertilizers Ind. / Southern		53174	1115000 Yen	Uba / Tokyo
			56378	36563.02 S.Kr	British Bank of Middle
			56971	15652000 Yen	Bank of Tokyo
			57265	8170 S. Pnd	National West London
			57264	317000 Yen	D.A.G. Ubatic
			57305	4495000 Yen	Bank of Tokyo
			57336	495358 Yen	Bank of Tokyo
			57351	32562 DM	Dot G. Bank
			31760	31495000 Yen	
			31557	3185000 \$	
			32065	50693 S. Pnd	
			35305	3077000 \$	
			31310	59442 \$	
			1 / 95	2028525 \$	
				263430 \$	
			11 / 91	269812.06 \$	
			13 / 92	42500 \$	
			262 / 13451	80766.06 \$	
			262 / 13512	7602 18 H. Glr	
			506 / 497	33339 Yen	
			506 / 403	495000 \$	
			506 / 528	3160000 F. Fr	
			506 / 1239	7824305 \$	
			28115	737870 Yen	Uba / Tokyo
			32475	16938500 Yen	Uba / Tokyo
			33584	1568160 Yen	Uba / Tokyo
			33777	2565132 \$	Gulf International / America
			33929	58412 S. Pnd	National West London
			32169	1187000 Yen	Uba / Tokyo
22	State Co. for Automotive Ind.	0001202-34		71489 \$	NBD Bank branch 001 / Detroit-Michigan –USA
			90 / 3 / 120	1766000 \$	Bank of New York

		90 / 3 / 148	3352448250 I. Lit	Ubae – Rome – Italy
		90 / 3 / 122	1490000 \$	Bank of New York
		90 / 3 / 121	23159500 DM	Berliner Bank - Germany
		90 / 3 / 266	2027734 \$	Berliner Handels Bank / Frankfurt
		90 / 3 / 248	20000000 DM	
		90 / 3 / 398	71382200 DM	Commerz Bank / Dusseldorf
		7300400085	3576000 \$	Bank Nazionale Dellavoro - Italy
		73 / 3929	875000 DM	Commerz Bank / Frankfurt
		73 / 3956	20983.60 DM	Dresdner Bank AG. – Frankfurt
		73 / 4007	35000000 DM	Berliner Bank - Germany
23	State Co. for Leather Industries	3453 / 90001	1519992 \$ - 832530 \$	Banco Exterior De Espan – Barcelona - Deposit in Bank of New York
		3465 / 90002	849500 \$	Ubae Arab Italian Bank – Roma Covered Bank / UBAF Bank
		35098 / 90022	24100 DM	Dutsche Bank AG. – Frankfurt Covered Bank / Rafidian – London
		35234 / 90032	56673 DM	Dutsche Bank AG. – Frankfurt Covered Bank / Rafidian – London
		35245 / 90044	840013 DM 701878 DM	Dutsche Bank AG. – Frankfurt Covered Bank / Rafidian – London
		35263 / 90048	29000 DM	Dutsche Bank AG. – Frankfurt Covered Bank / Rafidian – London
		35419 / 90057	745681 DM - 295943 DM	Dutsche Bank AG. – Frankfurt - Deposit in Rafidian Bank – London
		35381 / 90063	1156 DM	Bank Nazionale Dellavoro – Italy
		35382 / 90066	7814 DM	Dutsche Bank AG. – Frankfurt Covered Bank / Rafidian – London
		35380 / 90067	11052 DM	Dutsche Bank AG. – Frankfurt Covered Bank / Rafidian – London
		262/13471/90077	28260 DM	Dresdner Bank AG. Covered Bank / Rafidian – London
		506 / 68 / 90084	9923 DM	Commerz Bank Covered Bank / Rafidian – London
		33199 / 89156	24367 DM	Ubae Arab – Germany Bank Covered Bank / Rafidian – London
		506 / 98 / 90082	392573810 I. Lit	Bank Nazionale Dellavoro – Italy Covered Bank / Rafidian – London
		262/13470/90080	562050 F.Fr	Credit Commercial De France Covered Bank / Rafidian – London
		35308 / 90050	42302 DM	Dutsche Bank AG. – Frankfurt

					Covered Bank / Rafidian – London
			35416 / 90061	3037325800 I. Lit - 100000 \$	Ubae Arab Italian Bank – Roma - Deposit in Ubae Arab Bank
			35417 / 90060	2239611000 I. Lit	Ubae Arab Italian Bank – Roma Covered Bank / Ubae Arab – Roma
			506/69/90051	47847850 I. Lit	Ubae Arab Italian Bank – Roma Covered Bank / Ubae Arab – Roma
			35468 / 90068	289320 \$ - 129677 \$	Bank of Taiwan - Deposit in Rafidian Bank – London
			35383 / 90064	78395 \$	Rafidian Bank – London Covered Bank / Rafidian – London
			35386 / 65	583212 \$	Kored Exchange Bank Covered Bank / Midland – London
			506 / 71 / 90088	17900 \$	Amsterdam Rotterdam Bank
			35262 / 90047	5540 \$	Swiss Credit Bank Covered Bank / Rafidian – London
			262/13469/90049	9538 \$	Banco Di Roma Covered Bank / Rafidian – London
			35307 / 90055	89000 \$	Banco Exterior De Espan Covered Bank / Rafidian – London
			32153 / 89135	100097 \$	Banco Exterior De Espan Covered Bank / Rafidian – London
			35156 / 90028	16497 DM	Dutsche Bank AG. Covered Bank / Rafidian – London
			35283 / 90046	22850 \$	UBAF Union De Banque Covered Bank / Rafidian – London
			32099 / 89123	62640 \$	Ubae Arab Italian Bank – Roma Covered Bank / Rafidian – London
			34972 / 89202	165682300 I. Lit	Bank Di Roma Covered Bank / Ubae Arab Italian Bank
			34142 / 89188	62516 S.Pnd	Rafidian Bank – London Covered Bank / Midland – London
			34141 / 89220	203222000 I. Lit	Ubae Arab Italian Bank – Roma Covered Bank / Rafidian – London
			34251 / 89222	560149 \$ - 26000 \$	Creditanstalt Bank Verein – Vienna / Austria - Deposit in Rafidian Bank – London
			506 / 81	255006 DM	Commerz Bank Covered Bank / Rafidian – London
			33363 / 89167	30391 DM	Dutsche Bank AG. – Frankfurt Covered Bank / Rafidian – London
			506 / 149	3870 DM	Barclays Bank PLC – London

					Covered Bank / Rafidian – London
			506 / 80 / 90072	18150 S.Pnd	Ubae Arab Italian Bank – Roma
					Covered Bank / Rafidian – London
			262/13488/90073	627288 H.Gldr - 424508 H.Gldr	Babo Bank - Deposit in Rafidian Bank– London
			13468 / 90074	742 DM	Dresdenr Bank AG.
					Covered Bank / Rafidian – London
			33572 / 89192	464180 \$	UBAF Tokyo
					Covered Bank / Rafidian – London
			506/99/90070	3302000 I. Lit	Ubae Roma
					Covered Bank / Rafidian – London
			34252 / 89221	182507 DM	Dutsche Bank AG. – Frankfurt
					Covered Bank / Rafidian – London
			506/113/90087	2913 \$	Ubae Arab Italian Bank – Roma
					Covered Bank / Rafidian – London
			33457 / 89191	1095044 \$	
24	Furat State Co. for Chemical Ind.	9174 / 24		49000 \$	Rafidain Bank – Amman
		9174 / 24		53360 \$	Rafidain Bank – Amman
			3521	168000000 A.Shln	Credit Anstalt Bank Verein – Austria
			106 / 1222	128000 DM	Commerz Bank
			106 / 1224	73030000 I. Lit	Ubae Arab Italian Bank – Roma
			106 / 1340	6000 DM	Commerz Bank AG. – Frankfurt
			106 / 1425	70000 S.Fr	Union Bank – Swiss
			106 / 1427	21000 DM	Commerz Bank AG. – Frankfurt
			106 / 1498	18000 DM	B.H.F. Bank – Frankfurt
			106 / 1624	194000 S.Fr	Rafidain Bank – Amman
			505 / 177	32000 S.Fr	Rafidain Bank – Amman
			18913	1000 S.Pnd	Midland Bank – London
			505 / 194	3000 DM	Rafidain Bank – Amman
			106 / 2250	171000 S.Fr	Rafidain Bank – Amman
			106 / 2411	175000 F.Fr	
			106 / 2415	209000 DM	Dutsche Bank Hanover
			106 / 2701	316000 \$	Rafidain Bank – London
			27875	7000 \$	Rafidain Bank – London
			106 / 2864	17000 DM	
			106 / 2866	1000 S.Pnd	Rafidain Bank – London
			106 / 2887	3000 DM	Rafidain Bank – London
			106 / 3014	3000 DM	Rafidain Bank – London
			106 / 3016	3000 DM	Rafidain Bank – London
			106 / 3017	59000 DM	Dutsche Bank AG. – Frankfurt

		106 / 3052	1000 DM	Commerz Bank AG.
		106 / 3055	1000 DM	Commerz Bank AG. – Hamburg
		505 / 313	4000 DM	Rafidain Bank – London
		505 / 314	5000 DM	Rafidain Bank – London
		505 / 330	67000 DM	Rafidain Bank – London
		505 / 331	2000 DM	Rafidain Bank – London
		505 / 340	347000 DM	Kuwait Commercial Bank
		505 / 341	104000 \$	Alriad Bank – Saudi Arabia
		3522	3013000 DM	Commerz Bank AG. – Hamburg
		35944	1899000 \$	
		106 / 58144	284000 \$	Bulgarian Foreign Trading Bank
		505 / 380	169000 \$	Alriad Bank – Saudi Arabia
		505 / 414	61000 DM	Rafidain Bank – London
		505 / 415	52000 DM	Rafidain Bank – London
		106 / 4687	153000 DM	Rafidain Bank – London
		106 / 4690	57000 S.Fr	Differed payment with interest 6% yearly
		106 / 4691	29000 \$	Babo Bank – Nederland
		500405273	21000 DM	
		50500405214	21000 DM	Dutsche Bank
		50500405222	21000 DM	
		50500405265	8000 DM	
		50500405338	66000 S.Fr	Credit Swiss Bank
		50500405354	5000 DM	Rafidain Bank – London
		50500408655	23000 DM	
		50500408663	53000 DM	
		50500408698	45000 DM	
		606/50500411095	475000 \$	Banque Nazionale De Paris
		50540472	48000 DM	
		505405125	15000 DM	
		505405184	73000 DM	
		58424	22000 S.Fr	Credit Swiss Bank
		106 / 58807	156000 DM	Commerz Bank
		505 / 692	1780000 \$	Bank of Tokyo / Germany Branch
		505 / 762	136000000 Yen	Bank of Tokyo
25	Stat Co. for Batteries Industry	264	805 S.Pnd	Lloyds Bank – London
		87 / 57 / 423	46633.82 S.Pnd	Midland Bank – England
		665	109650 \$	
		87 / 833	1279.10 \$	Reimbursing Bank – England
		88 / 1475	1198.88 S.Pnd	Midland Bank – England

		88 / 1720	14490 S.Pnd	Midland Bank – England
		88 / 2286	580000 S.Pnd	Standard Charterd – England
		88 / 2545	177390 S.Pnd	Barclays Bank – London / England
		89 / 2715	36214.05 S.Pnd	Clydas Bank – England
		89 / 2799	745000 \$	Standard Charterd – England
		89 / 2959	87428.78 S.Pnd	Clydas Bank – England
		89 / 2960	650000 \$	Clydas Dole Bank – England
		89 / 2988	40000000 Yen	Tokai Bank – Japan
		89 / 3393	67192 S.Pnd	Rafidain Bank – London
		89 / 3967	814500 DM	Dutsche Bank – Germany
		89 / 4189	22575 S.Pnd	
		89 / 4190	88518 S.Pnd	Standard Chartered – England
		89 / 4344	2301500 S.Fr	Istiu Bankario – Italy
		90 / 4516	7650000 Yen	Tokai Bank – Japan
		90 / 4518	567125 \$	Tokai Bank – Japan
		90 / 4519	16837500 Yen	Tokai Bank – Japan
		90 / 4520	802220 \$	Tokai Bank – Japan
		90 / 4576	88139875 yen	Tokai Bank – Japan
		90 / 4606	32300.30 \$	Akzm Bank
		90 / 4626	457200 Yen	Tokai Bank – Japan
		89 / 1065	108090000 B.Fr	UBAF Arab Bank – Bahrain
		88 / 2303	80243.35 \$	Akzm Bank
		87 / 25305	439000 S.Pnd	Rafidain Bank – London
		89 / 3078	53253.30 S.Pnd	Banque National – England
		90 / 34843	45136.14 S.Pnd	Midland Bank – England
		90 / 35712	94800 S.Pnd	Midland Bank – England
		89 / 4080	260200 DM	Commerz Bank – Germany
		51060	16000 \$	Bank of Cyprus Ltd. – Cyprus
		51667	266 DM	Dutsche Bank – Germany
		52521	332700 B.Fr	General Bank
		55240	24272.06 \$	
26	State Co. for Construction Industries	109 / 20506	1200000 \$ - 968504 \$	Commerz Bank – Frankfurt / Germany - Deposit
		109 / 997	563691 \$ - 563691 \$	Dutsche Bank – Frankfurt / Germany - Deposit
		109 / 497	211861 \$ - 32115 \$	Ubae Italian Bank S.P.A. – Roma - Deposit
		1 / 56857	9233 \$	Rafidain Bank – London
		1 / 56483	1931 \$	Rafidain Bank – London
		1 / 56273	1558 \$	Rafidain Bank – London

		1 / 55664	600 \$	Rafidain Bank – London
		1 / 56705	11616 \$	Rafidain Bank – London
27	Mishraq Sulphur State Company		242395.446 \$	Rafidain Bank – London
			369656 Euro	Jordanian Arabic Investment Bank – Jordan
			14100 Euro	Viladilivia Bank for Investment - Amman
			13100 Euro	Viladilivia Bank for Investment – Amman
			28364 Euro	Rafidain Bank – Amman
			29750 Euro	Rafidain Bank – Amman
			89500 Euro	Rafidain Bank – Amman
			53500 Euro	Iskan Bank for Trading & Financing / Amman
28	State Industrial Design Consultation Co.	89 / 106 / 4048	159227000 DM	Commerz Bank
		89 / 109 / 540	3400000 S.Pnd - 1000000 S.Pnd	Midland Bank – England - Deposit in Midland Bank
		90 / 1 / 2033	3740000 S.Pnd	Midland Bank – England
		90 / 505 / 190	3567202000 B.Fr	
			11360000 \$	
		90 / 35278	117696 S.Pnd - 117696 S.Pnd	Rafidain Bank – London - Deposit in Rafidain Bank – London
		90 / 35277	3066917 DM - 1022305 DM	- Deposit
		90 / 506 / 194	347750 \$ - 347750 \$	Banca Commercial Italy - Deposit in Banca Commercial Italy
		90 / 262 / 13418	209880 F.Fr - 209880 F.Fr	Krote Commercial De France - Deposit in Krote Commercial De France
		90 / 262 / 13439	306700 H.Gldr - 306700 H.Gldr	Rotterdam Bank – Holland - Deposit in Rotterdam Bank
		88 / 109 / 20863	1900000 S.Pnd	British Loan ECGD / Midland Bank
		88 / 109 / 2086	6170000 \$	British Loan ECGD / Midland Bank
		89 / 33463	800000 S.Pnd	British Loan ECGD / Midland Bank
		90 / 1 / 2001	611000 S.Pnd	British Loan ECGD / Midland Bank
		89 / 109 / 591	484191 \$	Yugoslavian Protocol
		89 / 109 / 594	154276 \$	Yugoslavian Protocol
			12440827 \$	Sasha – Italy
		90 / 505 / 621	10795000 DM	Commerz Bank
		90 / 505 / 622	4068000 \$	Commerz Bank
		90 / 505 / 623	4059600 \$	Commerz Bank
		90 / 505 / 624	1684700 \$	Commerz Bank
		89 / 109 / 494	1609000 K.Dinar	
		90 / 505 / 625	36130500 DM	

			88 / 10 / 58	53827776 \$	BNL
			88 / 10 / 89	9500000 \$	BNL / City Bank USA
			89 / 2 / 27	11200000 S.Pnd	BNL
			89 / 10 / 50	3650000 \$	BNL
			89 / 10 / 51	4750000 \$	BNL / Dellavoro Loan
			89 / 10 / 96	1855475 S.Pnd	Rafidain Bank – London
			89 / 10 / 97	1600000 \$	Rafidain Bank – London
			90 / 35210	1176471 S.Pnd	British Loan ECGD / Midland Bank
			90 / 10 / 44	1497741312 Yen	BNL
			90 / 10 / 46	425000 \$	BNL
			90 / 50500402843	2062114 \$	MBAF
			90 / 50500407144	1560000 S.Pnd	Rafidain Bank – London
			89 / 109 / 664	420000000 Yen	Bank of Tokyo
			89 / 3 / 736	9550000 \$	BNL
			89 / 10 / 89	23400000 \$	BNL
			90 / 505 / 283	1395000 \$	
29	State Co. for Petrochemical Ind. (SCPI)	Co. Acc.		1800030 \$	Rafidain Bank – London
			92 / 30841	7372 \$	
			89 / 31047	1605 \$	
			89 / 31389	2096 S.Pnd	
			89 / 32082	14079 \$	
			89 / 32080	1580 S.Pnd	
			89 / 32246	446250 \$	
			89 / 34034	30281 H.Gldr	
			89 / 33275	150438 \$	
			90 / 13492	6150000 DM	
			89 / 30100	1100000 \$	
			89 / 34035	8850 \$	
			89 / 53699	274500 \$	
30	State Co. for Dairy Products	8121		21450 Euro	Rafidain Bank – Amman
31	State Co. for Drugs Ind. & Medical Appliances - Samarra	021/01/01108/00		1395514.30 \$	Rafidain Bank - London

Iraqi Cement State Co.

Local amount	Currency	Exchange rate	USD equiv
9,800,000.0	DKK	6.2	1,593,495.9
35,000.0	USD	1.0	35,000.0
2,000.0	DM	1.6	1,278.2
13,000.0	DM	1.6	8,308.5
18,000.0	KWD	0.3	62,069.0
280,000.0	FFR	5.2	53,357.2
21,000.0	DM	1.6	13,421.4
8,000.0	CHF	1.3	6,153.8
144,000.0	DM	1.6	92,032.5
17,000.0	GBP	0.6	30,909.1
19,000.0	DM	1.6	12,143.2
380,000.0	USD	1.0	380,000.0
47,000,000.0	JPY	109.0	431,192.7
160,000.0	DM	1.6	102,258.4
300,000.0	DM	1.6	191,734.5
303,000.0	DM	1.6	193,651.8
8,000.0	DM	1.6	5,112.9
54,000.0	DM	1.6	34,512.2
3,000.0	USD	1.0	3,000.0
64,000,000.0	JPY	109.0	587,156.0
700,000.0	JPY	109.0	6,422.0
2,000,000.0	JPY	109.0	18,348.6
2,000,000.0	BFR	32.3	61,973.4
5,000.0	USD	1.0	5,000.0
90,000.0	DM	1.6	57,520.3
35,000.0	USD	1.0	35,000.0
74,000.0	AUS	11.0	6,722.2
9,000,000.0	JPY	109.0	82,568.8
388,000.0	BFR	32.3	12,022.8
7,000,000.0	JPY	109.0	64,220.2
102,000.0	CHF	1.3	78,461.5
65,000.0	USD	1.0	65,000.0
3,000.0	DM	1.6	1,917.3
3,000,000.0	DM	1.6	1,917,344.6
4,000.0	DM	1.6	2,556.5
390,000.0	FFR	5.2	74,318.9
157,000.0	DM	1.6	100,341.0
510,000.0	FFR	5.2	97,186.2
255,000.0	DM	1.6	162,974.3
563,000.0	DM	1.6	359,821.7
563,000.0	DM	1.6	359,821.7
15,000.0	DM	1.6	9,586.7
230,000.0	DM	1.6	146,996.4
26,000.0	DM	1.6	16,617.0
218,000.0	DM	1.6	139,327.0
94,000.0	DM	1.6	60,076.8
32,000.0	DM	1.6	20,451.7
140,000.0	DM	1.6	89,476.1
30,000.0	DM	1.6	19,173.4
11,000.0	DM	1.6	7,030.3
25,000.0	DM	1.6	15,977.9
148,000.0	DM	1.6	94,589.0
305,000.0	BFR	32.3	9,450.9
3,000,000.0	JPY	109.0	27,522.9
3,800,000.0	JPY	109.0	34,862.4
92,000.0	USD	1.0	92,000.0
370,000.0	FFR	5.2	70,507.7
2,000,000.0	USD	1.0	2,000,000.0
9,500,000.0	USD	1.0	9,500,000.0
4,000,000.0	USD	1.0	4,000,000.0
500,000.0	DM	1.6	319,557.4
1,000.0	DM	1.6	639.1
700,000.0	JPY	109.0	6,422.0
458,000.0	USD	1.0	458,000.0
			24,544,594.1

Currency	per EUR
AUS	13.8
BFR	40.3
FFR	6.6
DM	2.0
Currency	per \$
EUR	0.8
JPY	109.0
DKK	6.2
KWD	0.3
CHF	1.3
GBP	0.6
AUS	11.0
BFR	32.3
FFR	5.2
DM	1.6
USD	1.0

State Company for Northern Cement Accounts

Local amount	Currency	Exchange rate	USD equiv
36,521.0	DM	1.6	23,341.1
31,946.4	DM	1.6	20,417.4
228,300.0	FFR	5.2	43,505.1
5,268.0	DM	1.6	3,366.9
1,168,200.0	JPY	109.0	10,717.4
535,607.0	JPY	109.0	4,913.8
383,659.2	USD	1.0	383,659.2
54,286.7	FFR	5.2	10,345.0
92,500.0	FFR	5.2	17,626.9
188,300.0	FFR	5.2	35,882.7
16,190.0	DM	1.6	10,347.3
49,480.0	FFR	5.2	9,429.0
335,680.0	FFR	5.2	63,967.6
1,765.0	USD	1.0	1,765.0
4,432,720.0	JPY	109.0	40,667.2
31,390.0	USD	1.0	31,390.0
201,966.0	FFR	5.2	38,486.9
81,611.2	FFR	5.2	15,551.9
16,987.1	AUS	11.0	1,543.1
599,123.0	FFR	5.2	114,169.6
419,750.0	JPY	109.0	3,850.9
8,095.6	DM	1.6	5,174.0
181,000.0	FFR	5.2	34,491.6
28,430.0	DM	1.6	18,170.0
95,891.8	FFR	5.2	18,273.3
3,903.0	DM	1.6	2,494.5
86,271.0	DM	1.6	55,137.1
497,946.0	BFR	32.3	15,429.7
13,689.0	DM	1.6	8,748.8
438,800.0	FFR	5.2	83,618.3
132,456.6	DM	1.6	84,655.0
6,791.0	DM	1.6	4,340.2
126,000.0	USD	1.0	126,000.0
54,659.0	USD	1.0	54,659.0
601,146.8	USD	1.0	601,146.8
Total			\$1,997,282.3

Currency	per EUR
AUS	13.8
BFR	40.3
FFR	6.6
DM	2.0
Currency	per \$
EUR	0.8
JPY	109.0
AUS	11.0
BFR	32.3
FFR	5.2
DM	1.6
USD	1.0

State Company for Southern Cement Accounts

Local amount	Currency	Exchange rate	USD equiv
207,000.0	USD	1.0	207,000.0
19,445.0	FFR	5.2	3,705.5
			210,705.5

Currency	per EUR
AUS	13.8
BFR	40.3
FFR	6.6
DM	2.0
Currency	per \$
EUR	0.8
JPY	109.0
DKK	6.2
KWD	0.3
CHF	1.3
GBP	0.6
AUS	11.0
BFR	32.3
FFR	5.2
DM	1.6
USD	1.0

Iraqi Cement State Co.

Local amount	Currency	Exchange rate	USD equiv
9,800,000.0	DKK	6.2	1,593,495.9
35,000.0	USD	1.0	35,000.0
2,000.0	DM	1.6	1,278.2
13,000.0	DM	1.6	8,308.5
18,000.0	KWD	0.3	62,069.0
280,000.0	FFR	5.2	53,357.2
21,000.0	DM	1.6	13,421.4
8,000.0	CHF	1.3	6,153.8
144,000.0	DM	1.6	92,032.5
17,000.0	GBP	0.6	30,909.1
19,000.0	DM	1.6	12,143.2
380,000.0	USD	1.0	380,000.0
47,000,000.0	JPY	109.0	431,192.7
160,000.0	DM	1.6	102,258.4
300,000.0	DM	1.6	191,734.5
303,000.0	DM	1.6	193,651.8
8,000.0	DM	1.6	5,112.9
54,000.0	DM	1.6	34,512.2
3,000.0	USD	1.0	3,000.0
64,000,000.0	JPY	109.0	587,156.0
700,000.0	JPY	109.0	6,422.0
2,000,000.0	JPY	109.0	18,348.6
2,000,000.0	BFR	32.3	61,973.4
5,000.0	USD	1.0	5,000.0
90,000.0	DM	1.6	57,520.3
35,000.0	USD	1.0	35,000.0
74,000.0	AUS	11.0	6,722.2
9,000,000.0	JPY	109.0	82,568.8
388,000.0	BFR	32.3	12,022.8
7,000,000.0	JPY	109.0	64,220.2
102,000.0	CHF	1.3	78,461.5
65,000.0	USD	1.0	65,000.0
3,000.0	DM	1.6	1,917.3
3,000,000.0	DM	1.6	1,917,344.6
4,000.0	DM	1.6	2,556.5
390,000.0	FFR	5.2	74,318.9
157,000.0	DM	1.6	100,341.0
510,000.0	FFR	5.2	97,186.2
255,000.0	DM	1.6	162,974.3
563,000.0	DM	1.6	359,821.7
563,000.0	DM	1.6	359,821.7

Currency	per EUR
AUS	13.8
BFR	40.3
FFR	6.6
DM	2.0
Currency	per \$
EUR	0.8
JPY	109.0
DKK	6.2
KWD	0.3
CHF	1.3
GBP	0.6
AUS	11.0
BFR	32.3
FFR	5.2
DM	1.6
USD	1.0

Iraqi Cement State Co.

Local amount	Currency	Exchange rate	USD equiv
9,800,000.0	DKK	6.2	1,593,495.9
35,000.0	USD	1.0	35,000.0
2,000.0	DM	1.6	1,278.2
13,000.0	DM	1.6	8,308.5
18,000.0	KWD	0.3	62,069.0
280,000.0	FFR	5.2	53,357.2
21,000.0	DM	1.6	13,421.4
8,000.0	CHF	1.3	6,153.8
144,000.0	DM	1.6	92,032.5
17,000.0	GBP	0.6	30,909.1
19,000.0	DM	1.6	12,143.2
380,000.0	USD	1.0	380,000.0
47,000,000.0	JPY	109.0	431,192.7
160,000.0	DM	1.6	102,258.4
300,000.0	DM	1.6	191,734.5
303,000.0	DM	1.6	193,651.8
8,000.0	DM	1.6	5,112.9
54,000.0	DM	1.6	34,512.2
3,000.0	USD	1.0	3,000.0
64,000,000.0	JPY	109.0	587,156.0
700,000.0	JPY	109.0	6,422.0
2,000,000.0	JPY	109.0	18,348.6
2,000,000.0	BFR	32.3	61,973.4
5,000.0	USD	1.0	5,000.0
90,000.0	DM	1.6	57,520.3
35,000.0	USD	1.0	35,000.0
74,000.0	AUS	11.0	6,722.2
9,000,000.0	JPY	109.0	82,568.8
388,000.0	BFR	32.3	12,022.8
7,000,000.0	JPY	109.0	64,220.2
102,000.0	CHF	1.3	78,461.5
65,000.0	USD	1.0	65,000.0
3,000.0	DM	1.6	1,917.3
3,000,000.0	DM	1.6	1,917,344.6
4,000.0	DM	1.6	2,556.5
390,000.0	FFR	5.2	74,318.9
157,000.0	DM	1.6	100,341.0
510,000.0	FFR	5.2	97,186.2
255,000.0	DM	1.6	162,974.3
563,000.0	DM	1.6	359,821.7
563,000.0	DM	1.6	359,821.7

Currency	per EUR
AUS	13.8
BFR	40.3
FFR	6.6
DM	2.0
Currency	per \$
EUR	0.8
JPY	109.0
DKK	6.2
KWD	0.3
CHF	1.3
GBP	0.6
AUS	11.0
BFR	32.3
FFR	5.2
DM	1.6
USD	1.0

$\frac{50}{\text{محلہ}}$
 ۱. $\frac{1}{\text{محلہ}} = \frac{1}{\text{محلہ}}$

A decision has been taken to Freeze all the accounts of the government companies and offices and also the partial companies

Dhiyaa' Habeeb Al-Khaiyoon
July 6, 2003

Following to our instructions at July.6, 2003 we decided
to unFreeZ the accounts of the partial companies

Munir Mohammed Sa'aid

Sep.18, 2003

We noticed that some of our branches sent the papers of withdrawing from the accounts of the partial Companies to the general administration. So we want to ensure what we sent in Sep. 18, 2003

Muniy Mohammed Sa'aid
Oct. 19, 2003

∴ DIRECTOR GENERAL, RAFFAIA BANK
DIRECTOR GENERAL, RAKED BANK

This note is to confirm that existing CPA policy with respect to mixed ownership companies is that they are to have unfettered access to their accounts. Any account of a mixed ownership company that has been frozen should be unfrozen with immediate effect.

(b)(6)

ADVISER
MINISTRY OF FINANCE
17/08/2003

MINISTRY OF INDUSTRY & MINERALS

Reference: 61

Date: 24/1/2004

For (b)(6) Interim Advisor to MIM.

Sub: Recovery of Iraqi assets.

Dear Sir,

Reference to the letter dated December 02, 2003 from (b)(6) (b)(6) addressed to (b)(6) concerning the Iraqi frozen assets, we enclose to you herewith, a list of the companies which are under the control of this ministry, together with all the information about the assets which were previously treated as frozen outside Iraq. Our concerned people in the ministry are still investigating whether there are more and will assist with the information as soon as they are available.

You are requested to inform us about the arrangement taken and the information about each asset you succeed to transfer to the Development fund for Iraq.

Thanking you for your cooperation.

Yours Faithfully,



Mohammed Tofiq Rahim
Minister of Industry & Minerals.

CC to (b)(6) SR. Advisor to the Ministry of Finance.

UNCLASSIFIED

EB/ESC/TFS: (b)(6)

03/09/04 647-5027

(b)(6)

(b)(6)

INITIALS

APPR: EAW/JSW
DRAFT: JSA ok
CLR 1: PSI ok
CLR 2: GGO ok
CLR 3: GSO ok
CLR 4: SHI ok
CLR 5: MMC ok
CLR 6: PSU ok
CLR 7: MMO ok
CLR 8: IWE ok
CLR 9: CCO ok
CLR 10: MWI ok
CLR 11: AGO ok
CLR 12: DED ok
CLR 13: DCA ok
CLR 14: JPU ok
CLR 15: AGA
CLR 16: AWA ok
CLR 17: DLA ok
CLR 18:
CLR 19:
CLR 20:

~~SENSITIVE~~

PRIORITY USUN NEW YORK, ALGIERS PRIORITY, BEIJING
PRIORITY, BERLIN PRIORITY BRASILIA PRIORITY +

E.O. 12958: N/A

TAGS: EFIN, PREL, UNSC, IQ

SUBJECT: IRAQI ASSETS: ADDITION OF ENTITIES SUBJECT TO
UNSCR 1483, PARAGRAPH 23 (A)

1. ~~(SBU)~~ SUMMARY AND ACTION REQUESTED: USUN should pass to UK mission ONLY and embassies should pass to host governments the names in paragraph 4 of the entities that the USG plans on March 18 to propose for addition to the list of entities identified as "the previous Government of Iraq or its state bodies, corporations, or agencies" referred to in paragraph 23(a) of UNSCR 1483 of May 22, 2003. Paragraph 23 of this Security Council Resolution requires all Member States to freeze and cause the immediate transfer to the Development Fund for Iraq (DFI) of the funds, financial assets or economic resources located outside Iraq as of the date of the resolution of entities meeting the paragraph 23 (a) definition. Talking points are at paragraph 2. Additional point for Bucharest is at paragraph 3. End summary and action requested.

2. ~~(SBU)~~ Talking Points:

-- The USG has identified the entities below as meeting the UNSCR 1483, Paragraph 23 (a) definitions and plans on

March XX to propose their addition to the 1518 Committee list of such entities.

-- The USG notes that UN Member states are obliged by UNSCR 1483, paragraph 23 (a) to freeze and cause the transfer to the Development Fund for Iraq of the "funds or other financial assets or economic resources of the previous Government of Iraq or its state bodies, corporations, or agencies located outside Iraq as of the date of this resolution (May 22, 2003)."

-- We urge your government to support the 1518 Committee's listing of these entities.

-- We have taken a number of steps to minimize any possible disruption of ongoing activities by the listed entities, including thoroughly vetting the list, which was originally compiled by the Department of the Treasury, with the Coalition Provisional Authority.

-- Significantly, the list will be submitted to the UN with the same chapeau used in the November 21, 2001 UN 661 Committee listing of Iraqi public entities. This language emphasizes that the obligation to freeze and transfer assets of Iraqi public companies, including parastatals, to the DFI applies only to funds or financial assets located outside of Iraq on 22 May 2003, and does not require freezing the funds of these entities deposited with or by, or that have otherwise accrued to them, after 22 May 2003.

-- The USG is reviewing other entities for possible inclusion on a list of entities meeting the definitions in paragraph 23.

-- In order to avoid any possible asset flight, we ask that you keep this information strictly confidential until such time as the names are actually added to the UN list and made publicly available.

3. ~~(SPH)~~ Additional talking Point for Bucharest: Our Mission at the UN looks forward to working closely with your Mission, as chair of the 1518 Committee, on this issue.

4. ~~(SSC)~~ List of Entities:

- 1. IRAQI STATE ENTERPRISE FOR FOODSTUFFS TRADING, P.O. Box 548, Baghdad, Iraq;
- 2. AGRICULTURAL NATIONAL ESTABLISHMENT IN ABU-GREIB, Baghdad International Airport, General Street, Baghdad, Iraq
- 3. AL HASSAKA SPINNING PROJECT, P.O. Box 46, Al Hassaka Al Azizeh, Iraq
- 4. AL-HILAL INDUSTRIAL COMPANY, P.O. Box 2147 Alwiya, Al-Za'Faraniya, Baghdad, Iraq
- 5. AMANAT AL-ASIMA, P.O. Box 11151 - Masarif, near Baghdad Muhafadha, Al-Kishia, Baghdad, Iraq
- 6. ANIMAL HEALTH DEPARTMENT, THE, P.O. Box 22055 Al-Shaikh Omar Street, Baghdad, Iraq
- 7. ARAB IRAQI COMPANY FOR LIVESTOCK DEVELOPMENT, P.O. Box 29041, Baghdad, Iraq
- 8. ARAB WOOD MANUFACTURING COMPANY, P.O. Box 293 Ninevah, Ninevah, Iraq
- 9. ATH THAWRA HOUSE FOR PRESS AND PUBLISHING, P.O. Box 2009, Uqba Bin Nafia Square, Baghdad, Iraq
- 10. AUTOMOBILE STATE ENTERPRISE, Near Andulus Square, Off Nidal Street, P.O. Box 3270, Baghdad, Iraq
- 11. BABYLON PROJECT, Hashmiya District, Babylon, Iraq

- 12. BAGHDAD MUNICIPALITY, Khulafa Street, Khulafa Square, Baghdad, Iraq
- 13. BAGHDAD STOCK EXCHANGE, The White Palace, Al Nidhal Street, P.O. Box 5157, Baghdad, Iraq
- 14. CENTRAL PETROLEUM ENTERPRISE, P.O. Box 5271, Khulafa Street, Khuilani Square, Baghdad, Iraq
- 15. CHEMICAL, PETROCHEMICAL, MECHANICAL AND METALURICAL TRAINING CENTER, P.O. Box 274, Ashar, Basrah, Iraq
- 16. DIRECTORATE GENERAL OF BAGHDAD ELECTRICITY DISTRIBUTION, P.O. Box 24042 Al-Jumhuriya Street, Building 66, Baghdad, Iraq
- 17. DIRECTORATE GENERAL OF CONTRACTS AND PURCHASING, P.O. Box 552, Baghdad, Iraq
- 18. DIRECTORATE GENERAL OF GENERATION AND TRANSMISSION OF ELECTRICITY, P.O. Box 1058 Al-Masbah, Building 4/356, Baghdad, Iraq
- 19. DIRECTORATE GENERAL OF GEOLOGICAL SURVEY AND MINERAL INVESTIGATION, P.O. Box 986 Alwiya, Al Sadoon Park Area, Baghdad, Iraq
- 20. DIRECTORATE GENERAL OF GOVERNORATE ELECTRICITY DISTRIBUTION, P.O. Box 20107 New Baghdad Aqaba Bin Nafii Square, Baghdad, Iraq
- 21. DIRECTORATE GENERAL OF MEDICAL SUPPLIES (a.k.a. DIRECTORATE GENERAL OF MEDICAL APPLIANCES), P.O. Box 17041, Baghdad, Iraq; P.O. Box 17014, Al-Hurriya, Baghdad, Iraq
- 22. DIRECTORATE GENERAL OF MINOR PROJECTS AND RURAL ELECTRIFICATION, P.O. Box 788 Al-Karradah Al-Sharkiya, Arasat Al-Hindiya No. 81, Building No. 137/327, Baghdad, Iraq

- 23. DIRECTORATE OF TRAINING CENTRE FOR IRON AND STEEL,
P.O. Box 421 Basrah Khor Al-Zubair, Basrah, Iraq
- 24. DIRECTORATE OF TRANSFORMERS PROJECT, P.O. Box 21
Baquba, Diala, Iraq
- 25. DIWANIYA STATE COTTON TEXTILE COMPANY (a.k.a.
DIWANIYA COTTON STATE COMPANY), P.O. Box 79, Diwaniya,
Qadisiya, Iraq; P.O. Box 15, Diwaniyah, Iraq
- 26. ELECTRONIC INDUSTRIAL COMPANY, P.O. Box 11359
Za'afaraniya, Baghdad, Iraq
- 27. FACTORY OF MANUFACTURING SPARE PART FOR
AGRICULTURAL MACHINERY, Karh - Otaefia, near Steel Bridge,
Baghdad, Iraq
- 28. FINE TEXTILE STATE COMPANY, P.O. Box 2, Hilla, Iraq
- 29. GENERAL AGRICULTURAL ESTABLISHMENT IN DALMAG,
Ahrar, Kut, Iraq
- 30. GENERAL AGRICULTURAL ORGANIZATION IN KHALIS, THE,
P.O. Box 564, Al-Khalis, Diala Muhafadha, Al-Khalis, Iraq
- 31. GENERAL ESTABLISHMENT FOR STATE FARMS, P.O. Box
21035, General Ramadi Street, Entrance of Agaruf Street,
Baghdad, Iraq
- 32. GENERAL ESTABLISHMENT FOR AGRICULTURAL
ORGANIZATIONS, THE, P.O. Box 21015, Battawin, Baghdad,
Iraq
- 33. GENERAL ESTABLISHMENT FOR BAKERIES AND OVENS
(a.k.a. GENERAL ESTABLISHMENT OF BAKERIES AND OVENS), Al
Nidhal Street, Near Saddoun Park, P.O. Box 109, Baghdad,
Iraq; Milla, Iraq; Basrah, Iraq; Kerbala, Iraq; Diwaniya,
Iraq; Najaf, Iraq; Mosul, Iraq; Arbil, Iraq; Kirkuk, Iraq;
Nasiriya, Iraq; Samawa, Iraq; Baquba, Iraq; Amara, Iraq;
Sulaimaniya, Iraq; Dohuk, Iraq

- 34. GENERAL ESTABLISHMENT FOR DESIGNS AND RESEARCH, P.O. Box 6061 Aamiriya, 7 Nisan, Aamiriya, Iraq
- 35. GENERAL ESTABLISHMENT FOR FLOUR MILLS (a.k.a. STATE ENTERPRISE OF FLOUR MILLS), Entrance to Hurriyah City, P.O. Box 170, Baghdad, Iraq; P.O. Box 17011, Entrance of Huriah City, Baghdad, Iraq
- 36. GENERAL ESTABLISHMENT FOR GRAIN TRADING (a.k.a. GRAIN BOARD OF IRAQ) (a.k.a. STATE ORGANIZATION OF GRAIN), P.O. Box 329, Bab Al Mouadham-Midan, Baghdad, Iraq; P.O. Box 2261 Allque, Irkheta, Karada Al-Shakira, Baghdad, Iraq
- 37. GENERAL ESTABLISHMENT FOR HOSPITALITY AFFAIRS, P.O. Box 240, Hay Al-Wihda, Al-Wathik Square, Baghdad, Iraq
- 38. GENERAL ESTABLISHMENT FOR MAIN OUT PALL DRAIN, P.O. Box 113, Nassiriyah, Iraq
- 39. GENERAL ESTABLISHMENT FOR THARTHAR PROJECT, P.O. Box 21, Fallouja, Iraq
- 40. GENERAL ESTABLISHMENT FOR TRANSPORT OF GENERAL CARGO (a.k.a. STATE ENTERPRISE FOR GENERAL CARGO TRANSPORT), A H Al Baghdadi Building, Jumhuriya Street (Near Khullani Square), P.O. Box 5745, Baghdad, Iraq; P.O. Box 5745, Al Jumhurya, Building No. 33, Baghdad, Iraq
- 41. GENERAL ESTABLISHMENT FOR TRAVEL AND TOURIST SERVICES, P.O. Box 10028 - Karrada, No. 19, Hay Al-Wadha, Mahala (904), Baghdad, Iraq
- 42. GENERAL ESTABLISHMENT FOR WOOLLEN TEXTILE (a.k.a. WOOLLEN TEXTILE STATE COMPANY), P.O. Box 9114, Khadumiya, Baghdad, Iraq
- 43. GENERAL ORGANIZATION FOR AGRICULTURAL PRODUCE TRADING, THE, P.O. Box 1033 Al-Tahreer Square, South Gate, Baghdad, Iraq
- 44. IDLEB COMPANY FOR SPINNING, P.O. Box 9, Idleb, Iraq

- 45. IDRISI CENTRE FOR ENGINEERING CONSULTANCY (ICEC),
Museum Square, Karkh, P.O. Box 14077, Baghdad, Iraq
- 46. INDUSTRIAL COMPLEX - DIALA, P.O. Box 7 Baquba,
Diala, Iraq
- 47. INDUSTRIAL COMPLEX IN BAQUBA, Khan Al Pasha Bldg,
Samawal Street, P.O. Box 5819, Baghdad, Iraq
- 48. IRAQI BICYCLES & METAL TUBINGS COMPANY, P.O. Box
1176 Al-Mahmoudya, Al-Mamoudya, Baghdad, Iraq
- 49. IRAQI BROADCASTING AND TELEVISION ESTABLISHMENT,
Broadcasting & TV Building, Salihiya, Karkh, Baghdad, Iraq
- 50. IRAQI CEMENT STATE ENTERPRISE, Muaskar Al Rashid
Street, P.O. Box 2050, Alwiyah, Baghdad, Iraq
- 51. IRAQI COMPANY FOR CARTON MANUFACTURIES, P.O. Box
29029 Za'Faraniya, Baghdad, Iraq
- 52. IRAQI FAIRS ADMINISTRATION, Baghdad International
Fair, Al Mansour, P.O. Box 6188, Baghdad, Iraq
- 53. IRAQI LIFE INSURANCE COMPANY, Aqaba Bin Nafie
Square, P.O. Box 989, Baghdad, Iraq; P.O. Box 989,
Karradah Al Sharkiya, Baghdad, Iraq
- 54. IRAQI NATIONAL OIL COMPANY (INOC)
(Subsidiary/Associated Companies: CENTRAL PETROLEUM
ESTABLISHMENT; NORTHERN PETROLEUM ORGANISATION; SOUTHERN
PETROLEUM ORGANISATION; STATE ESTABLISHMENT FOR
EXPLORATION OF OIL AND GAS; GAS AND STATE ESTABLISHMENT OF
OIL TANKERS), Jumhuriya Street, Khullani Square, P.O. Box,
476, Baghdad, Iraq; P.O. Box 1, Kirkuk, Iraq; P.O. Box
240, Basrah, Iraq
- 55. IRAQI NEWS AGENCY, 28 Nissan Complex, Al Salihiya,
Baghdad, Iraq

-- 56. IRAQI OIL TANKERS COMPANY (a.k.a. IRAQI OIL TANKERS ENTERPRISE), P.O. Box 37, Basrah, Iraq

-- 57. IRAQI REFRESHMENT COMPANY, P.O. Box 2339 Alwiyah, Za'Faraniya, Industrial Area, Baghdad, Iraq

-- 58. IRAQI STATE EXPORT ORGANIZATION, P.O. Box 5670, Sadoon Street, Baghdad, Iraq

-- 59. IRAQI STATE IMPORT ORGANISATION (a.k.a. IRAQI STATE ORGANISATION OF IMPORTS), P.O. Box 5642, Al Masbah, Hay Babile Area, 29 Street 16 Building No. 5, Baghdad, Iraq

-- 60. IRAQI TEXTILE STATE ESTABLISHMENT (a.k.a. IRAQI STATE TEXTILE COMPANY), Al Nawab Street, Khadhumia, P.O. Box 9106, Baghdad, Iraq

-- 61. IRAQI TOBACCO STATE ESTABLISHMENT (a.k.a. IRAQI TOBACCO STATE ENTERPRISE), Karrada Al Sharkiya, Nadhimiya, P.O. Box 10026, Baghdad, Iraq; P.O. Box 10026, Jumhuriya Street, Khallani Square, Baghdad, Iraq

-- 62. IRAQI TRADING STATE COMPANY (a.k.a. IRAQI TRADING STATE ESTABLISHMENT), P.O. Box 17, Al Masbah, Baghdad, Iraq

-- 63. KUT COTTON TEXTILE STATE COMPANY (a.k.a. TRAINING CENTRE FOR TEXTILE INDUSTRIES/KUT) (a.k.a. KUT INDUSTRIAL COMPANY), P.O. Box 25, Kut, Iraq; Kut Opp, Al-Zahra Town, Iraq; P.O. Box 5613, South Gate, Kut, Iraq

-- 64. LIGHT INDUSTRIES COMPANY, P.O. Box 164 Baghdad, Za'Faraniya, Baghdad, Iraq

-- 65. MECHANICAL TRAINING CENTRE/NASSIRIYA, P.O. Box 65 Nassiriyah, Nassiriyah, Iraq

-- 66. MEDICAL CITY ESTABLISHMENT, Baghdad, Iraq

-- 67. MINISTRY OF OIL [IRAQ], P.O. Box 6178, Baghdad, Iraq

- 68. MINISTRY OF YOUTH, DIRECTORATE GENERAL OF PLANNING AND FOLLOW UP, IMPORT SECTION, P.O. Box 19055, Palestine Street, near Al-Shaab Stadium, Baghdad, Iraq
- 69. MAYSAN SUGAR STATE ENTERPRISE, P.O. Box 9, Amara, Maysan, Iraq; P.O. Box 3028, Maysan, Iraq
- 70. MISHRAQ SULPHUR STATE ENTERPRISE, P.O. Box 54, Al ishraq-Ninawa, Mosul, Iraq
- 71. MODERN PAINT INDUSTRIES COMPANY, P.O. Box 2436 Alwiya, Baghdad, Iraq
- 72. MOSUL BUILDING MATERIALS STATE COMPANY, P.O. Box 13, Mosul, Iraq
- 73. MOSUL STATE COMPANY FOR TEXTILE, P.O. Box 18, Mosul, Iraq
- 74. MOSUL SUGAR STATE COMPANY (a.k.a. MOSUL SUGAR STATE ENTERPRISE), P.O. Box 42, Gizlany Street, Mosul, Iraq
- 75. NAHRAWAN AGRICULTURAL ESTABLISHMENT, P.O. Box 20195, New Baghdad, Nahrawan, Baghdad, Iraq
- 76. NASSIRITYAH THERMAL POWER STATION, P.O. Box 31, Nassiriyah, Iraq
- 77. NATIONAL CENTRE FOR ENGINEERING AND ARCHITECTURAL CONSULTANCY, Rashid Street, P.O. Box 11387, Baghdad, Iraq
- 78. NATIONAL CHEMICAL AND PLASTIC COMPANY, P.O. Box 2302 Alwiya/Baghdad Za'afaraniya, Baghdad, Iraq
- 79. NATIONAL COMPANY FOR FOOD INDUSTRIES, P.O. Box 3210 Baghdad, Za'afaraniya, Baghdad, Iraq
- 80. NATIONAL COMPUTER CENTRE, P.O. Box 3267, Saadoun Nafoora Square, Baghdad, Iraq

- 81. NATIONAL ENTERPRISE FOR EQUIPMENT MARKETING AND MAINTENANCE, P.O. Box 12014 Al-Daura, Bayaa, Baghdad, Iraq
- 82. NATIONAL HOUSE FOR PUBLISHING, DISTRIBUTING AND ADVERTISING, Al Jamhuriya Street, Baghdad, Iraq
- 83. NATIONAL INSURANCE COMPANY [IRAQ], Khullani Street, P.O. Box 248, Baghdad, Iraq; Aman Building, Khullani Square, Baghdad, Iraq
- 84. NATIONAL STATE COMPANY FOR TEXTILE, P.O. Box 5664, Kadhumia, Baghdad, Iraq
- 85. NATIONAL TOBACCO STATE COMPANY (a.k.a. NATIONAL TOBACCO STATE ENTERPRISE), P.O. Box 6, Arbil, Iraq
- 86. NENAWA GENERAL STATE ENTERPRISE, P.O. Box 13, Mosul, Iraq
- 87. NEW CONSTRUCTION MATERIALS INDUSTRIES COMPANY, P.O. Box 5603 Baghdad, Tahreer Square, Baghdad, Iraq
- 88. NORTH REFINERIES COMPANY, Baiji, Iraq
- 89. NORTHERN CEMENT PUBLIC ENTERPRISE, P.O. Box 1, Sulaimaniya, Iraq
- 90. NORTHERN CEMENT STATE ENTERPRISE, P.O. Box 1, Sulaimaniyah, Iraq
- 91. RAFIDAIN COMPANY FOR BUILDING DAMS (formerly known as STATE ORGANISATION FOR DAMS), Saddoun St., Baghdad, Iraq; P.O. Box 5982, Al-Masbah, Baghdad, Iraq
- 92. RAFIDAIN STATE ORGANIZATION FOR IRRIGATION PROJECTS, PO Box 14186 Baghdad-Bab-al-Mu'adham, Near Engineering College, Baghdad, Iraq
- 93. RAYON STATE ESTABLISHMENT (a.k.a. RAYON STATE COMPANY), P.O. Box 11230, Hindiya, Babylon, Iraq

- 94. READY MADE CLOTHES CO. SA, PO Box 5769 Baghdad,
Masbah - Arasat Al-Hindiya, Baghdad, Iraq
- 95. SARCHINAR STATE CEMENT ENTERPRISE, P.O. Box 1,
Sarchina, Sulaimaniya, Iraq
- 96. SOUTH REFINERIES COMPANY, Basra, Iraq
- 97. SOUTHERN CEMENT ENTERPRISE (a.k.a. SOUTHERN CEMENT
STATE ENTERPRISE), P.O. Box 5, Samawah, Iraq
- 98. SPECIALISED INSTITUTE FOR ENGINEERING INDUSTRIES,
P.O. Box 5798, South Gate, Al-Jumhuriyah St., Bldg No.
192, Baghdad, Iraq
- 99. STATE AGRICULTURAL ESTABLISHMENT IN ISHAQI, Dujail
- Salah Eldin, Iraq
- 100. STATE AGRICULTURAL ESTABLISHMENT IN MUSSAYIB,
Mussayib Establishment, Babylon, Iraq
- 101. STATE BATTERY MANUFACTURING ESTABLISHMENT (a.k.a.
STATE BATTERY MANUFACTURING ENTERPRISE), P.O. Box 190, Al-
Waziriyah, Safi El-Din, Al-Hilli St., Baghdad, Iraq
- 102. STATE CO. FOR PLASTIC BAGS INDUSTRIES IN TIKRIT,
P.O. Box 12, Muhafadha Salah Aldin, Tikrit, Iraq
- 103. STATE COMPANY FOR DRUGS AND MEDICAL APPLIANCES
(KIMADIA) (a.k.a. GENERAL ESTABLISHMENT FOR DRUGS &
MEDICAL APPLICANCES (KIMADIA)), Mansour City, P.O. Box
6138, Baghdad, Iraq
- 104. STATE COMPANY FOR ELECTRICAL INDUSTRIES (a.k.a.
STATE ENTERPRISE FOR ELECTRICAL INDUSTRIES) (a.k.a. STATE
ENTERPRISE FOR ELECTRICAL INDUSTRIES/ELECTRICAL LAMPS)
(a.k.a. STATE ENTERPRISE FOR GENERATION AND TRANSMISSION
OF ELECTRICITY), P.O. Box 1118, Waziria, Baghdad, Iraq;
P.O. Box 9145, Al-Kadhmiyah, Al-Taji, Baghdad, Iraq; 4/356
Al Masbah Bldg, P.O. Box 1098, Baghdad, Iraq

- 105. STATE COMPANY FOR FAIRS AND COMMERCIAL SERVICES, BAGHDAD AL NIDHAL STREET, P.O. Box 5642-5760, Baghdad, Iraq
- 106. STATE COMPANY FOR MACHINERY (a.k.a. GENERAL ESTABLISHMENT FOR MACHINERY AND IMPLEMENT REPAIR), Sara Camp, P.O. Box 2218, Baghdad, Iraq; P.O. Box 12050, Al-Doura, Baghdad, Iraq
- 107. STATE COMPANY FOR OIL PROJECTS (a.k.a. STATE ORGANIZATION FOR OIL PROJECTS), Ministry of Oil Complex, Port Said St., P.O. Box 198, Baghdad, Iraq; P.O. Box 198, Sadoon St., Baghdad, Iraq
- 108. STATE CONTRACTING BUILDINGS COMPANY (a.k.a. STATE COMPANY FOR BUILDING CONTRACTS), P.O. Box 19036, Al Nahda Area, Baghdad, Iraq
- 109. STATE CONTRACTING INDUSTRIAL PROJECTS COMPANY, P.O. Box 5784, Baghdad, Iraq
- 110. STATE CONTRACTING PILING AND FOUNDATIONS COMPANY (a.k.a. STATE CONTRACTING COMPANY FOR PILING AND FOUNDATIONS), P.O. Box 22072, Al-Nahtha, Near Sharki Baghdad Station, Baghdad, Iraq
- 111. STATE CONTRACTING WATER AND SEWAGE PROJECTS COMPANY (a.k.a. STATE ORGANIZATION FOR WATER AND SEWAGE) (a.k.a. GENERAL ESTABLISHMENT FOR WATER AND SEWAGE PROJECTS) (a.k.a. GENERAL ESTABLISHMENT FOR IMPLEMENTING WATER AND SEWERAGE PROJECTS) (a.k.a. GENERAL ESTABLISHMENT FOR OPERATION WATER AND SEWERAGE PROJECTS), Street No. 52, Alwiya, P.O. Box 5738, Baghdad, Iraq; P.O. Box 1011, Basil Square, Baghdad, Iraq; P.O. Box 1011, Al Wathba Square, Baghdad, Iraq
- 112. STATE ENGINEERING COMPANY FOR INDUSTRIAL DESIGN AND CONSTRUCTION, Nidhal St, P.O. Box 5614, Baghdad, Iraq
- 113. STATE ENTERPRISE FOR ALUMINUM SEMI PRODUCTS, P.O. Box 38, Nasiriyah, Iraq

- 114. STATE ENTERPRISE FOR ASBESTOS AND PLASTIC (a.k.a. ASBESTOS AND PLASTIC INDUSTRIES STATE ENTERPRISE), Zaaфарania, Muasker Al-Rasheed, P.O. Box 2418, Baghdad, Iraq
- 115. STATE ENTERPRISE FOR AUTOMOTIVE INDUSTRY (a.k.a. STATE ENTERPRISE FOR AUTOMOTIVE INDUSTRIES), P.O. Box 138, Iskandariya-Babylon, Iraq
- 116. STATE ENTERPRISE FOR BRICKS INDUSTRIES, Khalid Bin Walid Street, Baghdad, Iraq; P.O. Box 3007, St 52, The Unity Square, Baghdad, Iraq
- 117. STATE ENTERPRISE FOR CABLES AND WIRES (a.k.a. STATE CABLES AND WIRES ENTERPRISE), P.O. Box 44, Nassiriyah, Iraq
- 118. STATE ENTERPRISE FOR CONCRETE INDUSTRIES, Abu Ghraib, P.O. Box 6188, Baghdad, Iraq
- 119. STATE ENTERPRISE FOR DAIRY PRODUCTS, P.O. Box 11183, Baghdad, Iraq
- 120. STATE ENTERPRISE FOR DRINKS AND MINERAL WATER (formerly known as STATE ENTERPRISE FOR SOFT & ALCOHOLIC DRINKS), P.O. Box 5689, Sara Khatoon Camp, Baghdad, Iraq; P.O. Box 2108, Al-Za'afaraniya, Baghdad, Iraq
- 121. STATE ENTERPRISE FOR DRUG INDUSTRIES (a.k.a. STATE COMPANY FOR DRUG PRODUCTS), P.O. Box 271, Samara, Iraq
- 122. STATE ENTERPRISE FOR FERTILIZER INDUSTRIES, P.O. Box 74, Basrah, Iraq
- 123. STATE ENTERPRISE FOR GLASS AND CERAMIC INDUSTRIES, Ramadi, Al Anbar, Iraq
- 124. STATE ENTERPRISE FOR GYPSUM INDUSTRIES, Nidhal Street, P.O. Box 3176, Baghdad, Iraq; P.O. Box 3176, Sa'doon St., Baghdad, Iraq

-- 125. STATE ENTERPRISE FOR HANDWOVEN CARPETS (a.k.a. HAND WOVEN CARPETS STATE COMPANY), Al Nasir Sq., Arbil, Iraq

-- 126. STATE ENTERPRISE FOR IRON AND STEEL INDUSTRIES, Khor Al Zubair, P.O. Box 309, Basrah, Iraq; P.O. Box 438, Khur Al-Zubair, Basrah, Iraq

-- 127. STATE ENTERPRISE FOR IRRIGATION PROJECTS, Karantina, Near Sarafiya Bridge, Baghdad, Iraq

-- 128. STATE ENTERPRISE FOR LEATHER INDUSTRIES (a.k.a. STATE LEATHER INDUSTRIES COMPANY), Karrada Al Sharkiya, Hurriya Sq, P.O. Box 3079, Baghdad, Iraq

-- 129. STATE ENTERPRISE FOR LIGHT WEIGHT CONCRETE AND SAND LIME BRICKS INDUSTRIES, P.O. Box 416 Bashrah, Kerbala, Iraq

-- 130. STATE ENTERPRISE FOR MARKETING EQUIPMENT AND MAINTENANCE, Daura, P.O. Box 12014, Baghdad, Iraq

-- 131. STATE ENTERPRISE FOR MECHANICAL INDUSTRIES, P.O. Box 5763, Iskandariya, Iraq; P.O. Box 367, Iskandariyah-Babylon Governate, Iraq

-- 132. STATE ENTERPRISE FOR PETROCHEMICAL INDUSTRIES, Khor Al Zubair, P.O. Box 933, Basrah, Iraq

-- 133. STATE ENTERPRISE FOR PHOSPHATES, P.O. Box 5954, East Gate, Sadoon St., Baghdad, Iraq; P.O. Box 5954, South Gate, Al-Kaim, Anbar, Baghdad, Iraq

-- 134. STATE ENTERPRISE FOR PULP AND PAPER INDUSTRIES, P.O. Box 248, Hartha District, Basrah, Iraq

-- 135. STATE ENTERPRISE FOR RAW BUILDING MATERIALS, P.O. Box 5890, Alwiya, Near Unknown soldier, Saadoun Street, Baghdad, Iraq

- 136. STATE ENTERPRISE FOR RUBBER INDUSTRIES, P.O. Box 71, Diwaniya, Iraq
- 137. STATE ENTERPRISE FOR SALTS, P.O. 2330 Aiwiya, Unknown Soldier, Baghdad, Iraq
- 138. STATE ENTERPRISE FOR SHOPPING CENTERS, P.O. Box 3095, Al Wahda District, Khalid Bin Al Waleed St., Baghdad, Iraq; P.O. Box 3095, Andalus Sq., Baghdad, Iraq
- 139. STATE ENTERPRISE FOR TEXTILE AND SPINNING PRODUCTS IMPORTING AND DISTRIBUTION (a.k.a. STATE ORGANISATION FOR TEXTILE INDUSTRIES), Al Zawria Bldg., Al Hindiya, P.O. Box 5856, Baghdad, Iraq; P.O. Box 5817, Al-Nidhal St., Baghdad, Iraq
- 140. STATE ENTERPRISE FOR VEGETABLE OILS, P.O. Box 2379, Muaskar Al Rashid Rd., Baghdad, Iraq
- 141.. STATE ENTERPRISE FOR WOOD INDUSTRIES, Abu Sukhair, P.O. Box 20, Najaf, Iraq; Manadhira, Al-Najaf, Iraq
- 142. STATE ESTABLISHMENT OF AGRICULTURE IN DUJAILA / DUJAILA AGRO-INDUSTRIAL COMPLEX, PO Box Aioroba, K 29 Oroba, Kut, Iraq
- 143. STATE ESTABLISHMENT FOR THE MANAGEMENT OF TOURIST UTILITIES, P.O. Box 1113, Khalid Ibn Al-Waleed St., Baghdad, Iraq
- 144. STATE ESTABLISHMENT FOR AGRICULTURAL MARKETING, Eastern Karrda, Baghdad, Iraq
- 145. STATE ESTABLISHMENT FOR HOUSING IMPLEMENTATION OF SOUTHERN AREA, PO Box 16, Misan, Iraq
- 146. STATE ESTABLISHMENT FOR IRAQI STORES, P.O. Box 26, Rashid Street, Baghdad, Iraq
- 147. STATE ESTABLISHMENT FOR OIL REFINING AND GAS PROCESSING, P.O. Box 3069, Sa'doon St., Baghdad, Iraq

Al Bakr University, Baghdad, Iraq; P.O. Box 96101, Abu Nuvas St., Baghdad, Iraq; P.O. Box 26061, Al Wazeria, Baghdad, Iraq; Swaira-Hafria, Wasst Muhafadha, Iraq; P.O. Box 1045, Waziriyah, Baghdad, Iraq

-- 160. STATE ORGANISATION FOR ANIMAL PRODUCTION, Zafaraniya Area, Near Post Office, Baghdad, Iraq; P.O. Box 3073, Karadde Charkieya/Erkhaita, Baghdad, Iraq

-- 161. STATE ORGANISATION FOR BUILDINGS (a.k.a. STATE ORGANIZATION OF BUILDING) (a.k.a. DESIGN AND STUDIES SECTION) (a.k.a. GENERAL ESTABLISHMENT OF BUILDINGS FOR CENTRAL REGION) (a.k.a. GENERAL ESTABLISHMENT OF BUILDINGS FOR NORTHERN REGION) (a.k.a. GENERAL ESTABLISHMENT OF BUILDINGS FOR SOUTHERN REGION), Museum Square, Karkh, Baghdad, Iraq; Mosul, Left Side, Near Al Hurya Bridge, P.O. Box 368, Baghdad, Iraq; Karkh, Karadat Mariam, Baghdad, Iraq; Maysan, Iraq

-- 162. STATE ORGANISATION FOR CHEMICAL INDUSTRIES, Jumhuriya St., Khullani Sq., P.O. Box 5424, Baghdad, Iraq

-- 163. STATE ORGANISATION FOR CONSTRUCTION INDUSTRIES, P.O. Box 2101, Masbeh Square, Baghdad, Iraq

-- 164. STATE ORGANISATION FOR ELECTRICITY (a.k.a. STATE ORGANISATION OF ELECTRICITY, Southern Electrical Region) (a.k.a. STATE ORGANISATION OF ELECTRICITY/DEPT OF COMPUTING AND STATISTICS), Off Jumhuriya St/Bldg 166, Nafoora Square, P.O. Box 5796, Baghdad, Iraq; P.O. Box 230, Basrah, Iraq; P.O. Box 14171 Jumhuriya St., Maidan Bldg No. 9, Baghdad, Iraq

-- 165. STATE ORGANISATION FOR ENGINEERING INDUSTRIES, Ministry of Industry Bldg, Al Nidal St., P.O. Box 5614, Baghdad, Iraq; P.O. Box 3093, Tayaran Sq., Baghdad, Iraq

-- 166. STATE ORGANISATION FOR FISHERIES (a.k.a. STATE FISHERIES ORGANISATION) (a.k.a. STATE ENTERPRISE FOR SEA FISHERIES) (a.k.a. STATE ENTERPRISE FOR INLAND FISHERIES),

P.O. Box 3296, Near Aqaba Bin Nafa Sq., Baghdad, Iraq;
P.O. Box 260, Basrah, Iraq

-- 167. STATE ORGANISATION FOR INDUSTRIAL DEVELOPMENT,
Khullani Square, Khulafa St., Baghdad, Iraq

-- 168. STATE ORGANISATION FOR IRRIGATION PROJECTS (a.k.a.
GENERAL ESTABLISHMENT FOR IRRIGATION PROJECTS), Northgate,
Karanteena, P.O. Box 148, Baghdad, Iraq; Al-Muadham, Near
Engineering College, P.O. Box 14186, Baghdad, Iraq

-- 169. STATE ORGANISATION FOR LAND RECLAMATION (a.k.a.
GENERAL ESTABLISHMENT FOR PLANTATION AND DEVELOPMENT OF
THE RECLAIMED LANDS) (a.k.a. GENERAL ESTABLISHMENT FOR
EXECUTION OF LAND RECLAMATION CONTRACTS) (a.k.a. GENERAL
ESTABLISHMENT FOR LAND RECLAMATION OF CENTRAL AND NORTHERN
AREAS) (a.k.a. GENERAL ESTABLISHMENT FOR LAND RECLAMATION
OF SOUTHERN AREAS), Amiriya, Abu Gharib, P.O. Box 6161,
Baghdad, Iraq; P.O. Box 6061, Aamrlya 7, Nisan, Iraq; P.O.
Box 609, Al-Sadoon St., Baghdad, Iraq; P.O. Box 27, Wasit
Province, Kut, Iraq

-- 170. STATE ORGANISATION FOR OIL PRODUCTS AND GAS
DISTRIBUTION (a.k.a. STATE ORGANIZATION FOR DISTRIBUTION
OF OIL PRODUCTS AND GAS), Khayam Cinema St., Southgate,
P.O. Box 302, Baghdad, Iraq

-- 171. STATE ORGANISATION FOR ROADS AND BRIDGES (a.k.a.
STATE ESTABLISHMENT OF BRIDGES CONSTRUCTION) (a.k.a. STATE
ESTABLISHMENT FOR MIDDLE AREA (ROADS)) (a.k.a. STATE
ESTABLISHMENT OF CONSTRUCTION OF ROADS (SOUTHERN AREA))
(a.k.a. STATE ESTABLISHMENT OF CONSTRUCTION OF ROADS
(NORTHERN AREA)) (a.k.a. STATE ESTABLISHMENT OF
CONSTRUCTION OF ROADS (MIDDLE AREA AROUND ELPHURATE))
(a.k.a. STATE ESTABLISHMENT OF EXPRESSWAY ROADS), Karradat
Mariam, Karkh, P.O. Box 917, Baghdad, Iraq; Nassiriyah,
Iraq; Kirkuk, Iraq; Hilla, Iraq; Yousufia, Iraq

-- 172. STATE ORGANISATION FOR TECHNICAL INDUSTRIES,
Khullani St., Baghdad, Iraq

- 173. STATE ORGANISATION FOR TOURISM, P.O. Box 2387, Alwiyah, Saadoon St., Karrada Al Basra, Baghdad, Iraq; Al-Masbah, Near Al-Fatih Sq., Baghdad, Iraq
- 174. STATE ORGANIZATION FOR AGRICULTURAL MARKETING, Karkh, Nisoor Sq., Baghdad, Iraq
- 175. STATE ORGANIZATION FOR FOOD INDUSTRIES, P.O. Box 2301, Alwiya, Camp Sarah Khatoon, Baghdad, Iraq
- 176. STATE ORGANIZATION FOR MINERALS, P.O. Box 2330, Sa'doon Street, Baghdad, Iraq
- 177. STATE ORGANIZATION OF HOUSING, PO Box 5824, Jumhuriya Street, Baghdad, Iraq
- 178. STATE SEWING COMPANY, P.O. Box 14007, Waziriya, Baghdad, Iraq
- 179. STATE STEEL PIPES COMPANY, P.O. Box 352, Um Qasr, Basrah, Iraq
- 180. STATE TRADE ORGANISATION FOR CAPITAL GOODS, D Al Ijtimai Bldg, Jumhuriya St. (Al Khullani Sq.), P.O. Box 5948, Baghdad, Iraq; 235/306 Husam Aldin St., Near Al-Fateh Sq., Baghdad, Iraq
- 181. STATE TRADE ORGANISATION FOR CONSUMER GOODS, Al Masbah Area, Aqaba Ibn Nafaa Sq., Baghdad, Iraq; P.O. Box 322, Al-Masbah, Baghdad, Iraq
- 182. STATE TRADING COMPANY FOR CONSTRUCTION MATERIALS, P.O. Box 602-5720, Baghdad, Iraq; Al-Karradah Al Sharkiya, P.O. Box 5720, Baghdad, Iraq
- 183. STATE TRADING ENTERPRISE FOR EQUIPMENT AND HAND TOOLS, Khalid Al Bin Al Waleed St., P.O. Box 414, Baghdad, Iraq; Camp Sarah, New Baghdad St., Baghdad, Iraq
- 184. STATE TRADING ENTERPRISE FOR MACHINERY, P.O. Box 2218, Camp Sarah, Baghdad, Iraq

-- 185. STATE TRADING ENTERPRISE FOR PRECISION INSTRUMENTS
(a.k.a. STATE ESTABLISHMENT FOR PRECISION INSTRUMENTS),
Saadoun St., P.O. Box 3164, Baghdad, Iraq

-- 186. STEEL AND TIMBER STATE ENTERPRISE (a.k.a. STATE
TRADING ENTERPRISE FOR STEEL AND TIMBER), Arasat Al Hindya
St., Salman Daoud Al Haydar Bldg, P.O. Box 602, Baghdad,
Iraq

-- 187. SULAIMANIYAH SUGAR STATE COMPANY (a.k.a.
SULAIMANIYA SUGAR STATE ENTERPRISE), P.O. Box 5,
Sulaimaniyah, Iraq

-- 188. TAJI INDUSTRIAL COMPLEX, PO Box 526
Baghdad/Alwyiyah Kadhmiyah/Taji, Baghdad, Iraq

-- 189. VOCATIONAL TRAINING CENTRE FOR ENGINEERING AND
METALLIC INDUSTRIES (a.k.a. VOCATIONAL TRAINING CENTRE FOR
ENGINEERING), Iskandariya-Babil, Iraq

-- 190. WOOLLEN INDUSTRIES FACTORY OF ARBIL (a.k.a.
WOOLLEN TEXTILE STATE COMPANY IN ARBIL), P.O. Box 101,
Arbil, Iraq

-- 191. WOOLLEN TEXTILE STATE EST IN NASSIRIYAH (a.k.a.
WOOLLEN TEXTILE STATE COMPANY IN NASIRYA), P.O. Box 108,
Nassiriyah, Iraq

Y

E:DCADE CIA:JPULJU DOJ:AGACKI TREAS:AWALLWORK
WHA/BSC:DLARGENT S/ES: S/ES-O NSC:

Y

BUCHAREST PRIORITY
COTONOU PRIORITY
ISLAMABAD PRIORITY
LONDON PRIORITY
LUANDA PRIORITY
MADRID PRIORITY
MANILA PRIORITY

MOSCOW PRIORITY
PARIS PRIORITY
SANTIAGO PRIORITY

YY

Salary Progression Chart Monthly salaries in Iraqi Dinar (000)

<u>Grade</u>	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
SUPER A	2250	2283	2316	2400	2483	2566	2650	2733	2817	3000
SUPER B	1500	1583	1666	1750	1833	1916	1999	2083	2166	2249
1	740	760	780	800	820	840	860	880	900	920
2	574	589	605	620	636	651	667	682	698	713
3	444	456	468	480	492	504	516	528	540	552
4	342	352	361	370	379	389	398	407	416	426
5	264	271	278	285	292	299	306	314	321	328
6	204	209	215	220	226	231	237	242	248	253
7	157	162	166	170	174	179	183	187	191	196
8	125	128	132	135	138	142	145	149	152	155
9	102	105	107	110	113	116	118	121	124	127
10	83	86	88	90	92	95	97	99	101	104
11	69	71	73	75	77	79	81	83	84	86

(b)(6)

From: (b)(6)
Sent: Sunday, April 25, 2004 9:42 PM
To: (b)(6)
Subject: FW: SCP payroll part II

-----Original Message-----

From: (b)(6)
Sent: Friday, March 05, 2004 8:24 AM
To: (b)(6)
Cc: (b)(6)

(b)(6)
Subject: SCP payroll part II

All,

The processed we used at SCP to get a grip on salaries of workers is the following CPA policy. It is most difficult for the ghosts to come up with IDs and bank accounts in a timely manner. The bank account requirement also takes the money out of the cooked books of the accounting and administrative departments.

CPA policy...."Workers receiving their first month's pay under the new salary system will be required to provide recognizable photo identification. In subsequent payments, a bank account number where workers would like future wages to be deposited will be required."....

CATB40 printed this policy out in Arabic and English and distributed out to the real workers that show up for IDs and they understand they then need to go open a bank account. They accounting and admin bad guy then not get their hands on the money.

Combine this with the CATB40 recommended reduction of SOE salary from the Ministry of Finance down to 40%... the workers with average real/accounted for workers, with IDs and bank accounts (and their families) will not be disadvantaged because of the corrupt management of the SOEs. the published reduction with these pay implementation procedures will force the management to get the SOEs running if the management wishes to receive their salaries in the future.

Coalition Provisional Authority SALARY IMPLEMENTING INSTRUCTIONS

The Iraqi Governing Council and the CPA Administrator have approved new salary scales to Iraqi civil servants and other Iraqi government employees. These instructions will explain the new structure and provide implementing instructions for the transition from the current four grade structure.

The new salary scale is the result of extensive study and interaction of a Salary Task Force composed of representatives of the Iraqi Ministries and government and out side pay experts brought in for the project. The Iraqi working group studied the issue for over a month and made valuable recommendations that form the basis for the plan.

The plan takes into consideration all those who are currently receiving salary payments under the four grade program. Their salaries will remain at their current levels unless their experience, productivity and performance will cause them to be slotted at a higher grade. Those grand-fathered under this save pay formula will remain at their pay level until promotions and longevity increases catch up to them. Thus all current Iraqi government

employees will receive the same or greater pay under this system compared to the current system.

The new system is based on pay for work. No one will receive special bonuses or stipends. The workers pay will be based entirely on the base salary in the scale and not/not on other supplementary pays. The workers will be expected to work a normal Iraqi work week of at least 35 hours in order to be paid. Shift workers, those working overtime, and other similar issues will be compensated within salary scale limits by management decisions.

Transition to the new pay scale will take place over the next few months starting in most cases on 1 October 2003. The Iraqi task force is working on bench-mark job positions to aid managers in their decision about where an individual is placed on the scale. As Ministries and commissions and State owned industries complete their slate of employee assignments, the Ministry of Finance and Ministry of Planning will work together to ensure worker distribution conforms to the affordability percentage per grade. If they do not, then the situation will be considered by the Iraqi Salary Working group to resolve the distribution either by reclassification of some workers or a nation-wide cross-leveling.

Once these classifications are finalized then the new salary scale will enter into effect the next month for that particular organization. No one can be paid under the new scale and job classification until the end of October pay dates, as the salaries will be paid in the new Iraqi dinar. All wages will be paid in Iraqi Dinars. Those payments taking place after October 15 will be paid with the new Iraqi dinar on a one-for-one basis.

Workers receiving their first month's pay under the new salary system will be required to provide recognizable photo identification. In subsequent payments, a bank account number where workers would like future wages to be deposited will be required.

Ministries will provide workers' names, identification numbers to both the Ministry of Planning and the Ministry of Finance, and a new grade/step classification for each employee. Once it is ascertained that the Ministry or Agency's list and grade structure is completed and approved by the Ministry of Finance, the salary funds will be included in the Ministry or Agency's operating budget for each remaining month in 2003 and will be the basis for a salary budget line in the 2004 budget.

(b)(6)

Get a FREE online computer virus scan from McAfee when you click here.
<http://clinic.mcafee.com/clinic/ibuy/campaign.asp?cid=3963>

(b)(6)

From: (b)(6)
Sent: Sunday, April 25, 2004 9:41 PM
To: (b)(6)
Subject: FW: SCP Payroll

-----Original Message-----

From: (b)(6)
Sent: Tuesday, March 02, 2004 7:20 AM
To: (b)(6)
Cc: (b)(6)
Subject: SCP Payroll

(b)(6)

I have the employees coming in for picture IDs and it looks like we are on track for 1,600 workers. I believe I still need to add back the Iran War Widows, is this correct or how do the widows receive their money in the future?

I'm also telling the workers they need to open individual bank accounts and their pay will go directly to that account.

The SCP seniors management in the accounting and admin departments are nervous:)

Once I have the IDs complete and bank account numbers do I turn that in to the Ministries of Finance, and Industry and Minerals? and if so to who?

(b)(6)

Find things fast with the new MSN Toolbar - includes FREE pop-up blocking!
<http://clk.atdmt.com/AVE/go/onm00200414ave/direct/01/>

Furniture plant	223
General Systems	867
Iron & Steel	4988
Geological survey & Mining	1151
Materials & Construction	3353
Training & Rehabilitation	965
Information System	165
Hand Woven Carpets	585
Al-Faris	1309
Ur Engineering	3157
Sammara	2535
Ninawa	921
Tobacco & Cigarettes	2403
Tires	2752
Glass & Ceramic	2302
Vegetable Oil Industry	3299
Al Sawari	930
Al-Qadisia Electric	2218
Nassir State Co. for Mechanical Ind	2492
Woolen Industries SC	3400
Textiles Industries - Hilla	2687
Leather Industries	2774
Battery Industries SC	1906
Mechanical Industries	3758
Cotton Industries	6914
Ready Made Wear Ind.	3396
Electrical Industries SC	3508
Textiles	3257
Rubber Industries	1232
Refractories	692
Mishraq Sulphur	1256
Al-Furat Chemical	1718
Petrochemical	3914
Phosphate	3115
Northern Fertilizer	1297
Southern Fertilizer	2549
Northern Cement	2241
Ministry's Head quarter	530
Al-Sumood	1736
Al-Nassr Al-Athem	2104
Iraqi Cement	2691
Southern Cement	5294
Ibn Sina	587
Al-Zawraa	866
Industrial Development	188
Research and Development to MOST	960

Specialized Institute for Eng. Indus.	348
Design and Industrial Consultation	458
17th Nissan	825
Car Manufacturing	2694
Paper	3660
Sugar	1710
Dairy.	1860

2004 year?) Plan Budget

Exp Prepared

THAO, ID

SECTOR	SALARIES	GOODS	SERVICES	CONTRACTS & SERVICES	PURCHASE FOR RESALE	DEBIT INTERESTS	DEPRECIATION	TRANSFERABLE EXPENSES	OTHER EXPENSES	TOTAL	REVENUES	PROFIT	CAPATELIZED ASSETS
CONSTRUCTION	52860000	197242830	22054850	900000	15000000	2306000	8186742	1891060	881100	302322572	475752720	173430148	21783152
TEXTILE	35515000	91183000	3376250	1200000	50000	335000	735000	89000	202750	132882000	141877055	8218055	1872250
MEDICAL	8260000	20206500	3601000	0	103000	0	585000	148000	50000	32850500	48630000	15879500	5300000
FOOD	15311000	127180631	4558750	0	0	1750000	1287500	895800	168000	151152481	159548600	8396119	1750000
CHEMICAL	55406183	129523478	8988000	0	0	985000	3470500	1571000	2357000	202311139	315881041	113649902	19888500
ENGINEERING	50273000	169718410	7019000	965000	20000	1503000	1541000	87850	359500	231494860	271006505	39511645	5037500
SERVICES	9413900	8091550	3578250	10327000	300000	100	321500	140500	365000	30535800	36146000	6610200	2393300
TOTAL	227039063	741123387	83183100	13392000	15473000	6879100	17127242	4828190	4384350	1083429352	1448921921	385492569	68034702

BID

BALANCE FOR COMPANY 2004

THAO. ID

NO.	THE COMPANY	SALARIES	GOODS	SERVICES	CONTRACTS & SERVICES	PURCHASE FOR RESALE	DEBIT INTERESTS	DEPRECIATION	TRANSFERABLE EXPENSES	OTHER EXPENSES	TOTAL	REVENUES	PROFIT	CAPATIALIZED ASSETS
1	Northern state co. for Cement	5760000	48715000	2500000	0	0	1500000	2000000	100000	100000	80676000	122019200	61344200	10200000
2	Suothern state co. for Cement	21000000	76000000	12750000	0	0	250000	5500000	1500000	500000	117600000	168981520	61481620	5148152
3	Iraqi state co. for Cement	13000000	58662000	3300000	0	15000000	350000	650000	68000	102000	91132000	143460000	62328000	4000000
4	state co. for Refractories Industry	1100000	1029430	192000	0	0	0	140742	50	100	2482322	3400000	937678	100000
5	state co. for Glass & Ceramics Industry	3800000	7694400	700000	0	0	200000	500000	24000	24000	12742400	14500000	1767600	1110000
6	state co. for Industrial Construction	5000000	2973000	553000	50000	0	1000	250000	50000	100000	8877000	11876000	2899000	500000
7	state co. for Geological Survey & Mining	2950000	1469000	1939850	800000	0	0	130000	135000	50000	7473880	9916000	2442180	860000
8	Baghdad Factory for Furniture	450000	700000	120000	50000	0	5000	16000	14000	5000	1360000	1600000	240000	75000
	TOTAL	62860000	197242630	22054860	900000	15000000	2306000	9188742	1891050	881100	302322672	476762720	173430148	21793162

THAO. ID

[illegible]

THAO. 83

NO.	THE COMPANY	SALARIES	GOODS	SERVICES	CONTRACTS & SERVICES	PURCHASE FOR RESALE	DEBIT INTERESTS	DEPRECIATION	TRANSFERABLE EXPENSES	OTHER EXPENSES	TOTAL	REVENUES	PROFIT	CAPITALIZED ASSETS
16	state co. for Drugs & Medical Supplies Industry - Samnang	6280000	9825000	2677000	0	100000	0	365000	130000	37000	19414000	31500000	12086000	4900000
17	state co. for Drugs & Medical Supplies Industry - Narves	1980000	10380500	924000	0	3000	0	270000	18000	13000	13594500	17130000	3593600	400000
	TOTAL	8260000	20205500	3601000	0	103000	0	635000	148000	50000	32908500	48630000	15679600	5300000

THAO, ID

[illegible]

NO.	THE COMPANY	SALARIES	GOODS	SERVICES	CONTRACTS & SERVICES	PURCHASE FOR RESALE	DEBIT INTERESTS	DEPRECIATION	TRANSFERABLE EXPENSES	OTHER EXPENSES	TOTAL	REVENUES	PROFIT	CAPATIALIZED ASSETS
22	Suothern state co. for Fertilizer Industry	6300000	23152000	700000	0	0	0	400000	100000	60000	30712000	48040000	17328000	650000
23	Northern state co. for Fertilizer Industry	9550000	14600000	940000	0	0	0	170000	10000	15000	25285000	62100000	36815000	700000
24	Thal Al-sawary state co. for Chemical Industries	1500000	1428000	230000	0	0	55000	40000	10000	30000	3293000	4174000	881000	2014000
25	state co. for Batteries Industries	4000000	7525680	520000	0	0	0	250000	60000	70000	12425680	14040000	1614340	450000
26	Mishraq Sulphar state co.	2200000	2028000	495000	0	0	0	173500	60000	50000	5006500	18100000	13093500	2105000
27	state co. for Petrochemical Industries	8500000	22500000	2000000	0	0	500000	700000	200000	2000000	36400000	60630000	24430000	2500000
28	Al-furat state co. for Chemical Industries	3096163	8585178	871000	0	0	0	200000	20000	35000	12807341	14781000	1973659	1000000
29	state co. for Tires Industries - Najaf	4000000	8738073	500000	0	0	100000	400000	5000	10000	13753073	15798838	2045765	164500
30	state co. for Rubber Industries	1800000	4577875	200000	0	0	50000	120000	2000	15000	6764875	7600403	835528	3560000
31	state co. for Phosphate	6000000	21001225	1667000	0	0	0	732000	1051000	2000	30453225	38675000	8221775	720000
32	state co. for Paper Industries	8460000	15387465	875000	0	0	280000	285000	53000	70000	25410465	31821800	6411335	5910000
33	Ibn Cena co.	1000000	595000	261000	25000	0	0	15000	15000	8000	1919000	2107000	188000	115000
	TOTAL	55406163	129523476	8998000	0	0	985000	3470500	1571000	2357000	202311139	315961041	113649902	19888500

NO.	THE COMPANY	SALARIES	GOODS	SERVICES	CONTRACTS & SERVICES	PURCHASE FOR RESALE	DEBIT INTERESTS	DEPRECIATION	TRANSFERABLE EXPENSES	OTHER EXPENSES	TOTAL	REVENUES	PROFIT	CAPATELIZED ASSETS
34	state co. for Vehicles Industries	3820000	35199820	396000	10000	0	0	50000	10000	1000	39486820	41417500	1930680	250000
35	Nassr state co. for Mechanical Industries	3710000	8700000	400000	100000	0	8000	324000	8000	25000	13275000	23335000	10060000	390000
36	state co. for Mechanical Industries	5160000	21339090	1261000	50000	0	245000	172000	30000	20000	28277090	34135600	5888510	570000
37	state co. for Electrical Industries	7200000	13303500	1000000	5000	20000	500000	120000	1500	100000	22260000	30200000	7950000	667500
38	Al-qadesia state co. for Electrical Industries	6750000	15243000	443000	0	0	750000	300000	10000	20000	23810000	28721505	5205505	700000
39	Al-faris state co.	4000000	10000000	840000	300000	0	0	135000	11450	15000	16301480	19304000	4002850	475000
40	state co. for Iron & Steel Industry	6700000	4820000	42000	0	0	0	0	0	98000	11660000	6000000	-5660000	0
41	UR state co. for Engineering Industries	5500000	55363000	585000	0	0	0	150000	2500	25000	61625800	66625500	5000000	675000
42	17 - Nissan state co.	950000	1975000	905000	30000	0	0	40000	0	5000	3905000	4385000	480000	390000
43	Al-somod for Steel Industry co.	1983000	1163000	380000	20000	0	0	200000	16500	30500	3793000	5872400	2079400	100000
44	Al-nassr Al-athem state co.	4500000	2610000	767000	450000	0	0	50000	8000	20000	8405000	11010000	2605000	620000
	TOTAL	60273000	189716410	7019000	965000	20000	1503000	1641000	97950	359500	231494880	271006505	39511645	5037500

NO.	THE COMPANY	SALARIES	GOODS	SERVICES	CONTRACTS & SERVICES	PURCHASE FOR RESALE	DEBT INTERESTS	DEPRECIATION	TRANSFERABLE EXPENSES	OTHER EXPENSES	TOTAL	REVENUES	PROFIT	CAPATIALIZED ASSETS
45	state co. for Industrial Design & Construction	1200000	2500000	1557000	10000000	0	0	15000	2000	266000	15540000	17100000	1560000	530000
46	state co. for Industrial Design & Engineering Constructions	1949000	80000	96000	200000	0	0	15000	70000	10000	2414000	3375000	961000	760000
47	state co. for Information Systems	288000	19550	182250	0	300000	100	33500	1500	3000	827900	1100000	272100	155000
48	Specialized Institute for Engineering Industries	500000	100000	80000	10000	0	0	30000	0	20000	840000	1106000	266000	45000
49	state co. for Electronic Systems	1213900	2265000	697000	0	0	0	65000	25000	6000	4291900	5835000	1543100	275000
50	state commission for Research & Development	2000000	400000	350000	12000	0	0	75000	17000	46000	2900000	3025000	125000	250000
51	state commission for Training & Rehabilitation	1560000	702000	447000	105000	0	0	38000	25000	12000	2889000	3695000	806000	76300
	Industrial Development co.										0		0	
	Al-zawraa co.										0		0	
											0		0	
52	Industrial Development co.	603000	25000	173000	0	0	0	30000	0	2000	833000	910000	77000	300000
53	Al-zawraa co.	1240000	1800000	2500000	0	0	0	0	0	0	5540000	6000000	460000	0
	TOTAL	9413900	6091550	3576250	10327000	300000	100	321500	140500	365000	30536800	36146000	5610200	2393300

To : (b)(6) CPA Senior Adviser MIM
From : Michael Gillibrand, DFID Consultant MIM
Subject : Issues relating to Salary Increases for SOE employees
Date : March 19, 2004

The following are some policy factors arising in connection with the 4-11 tier issue – as of today. These are likely to change in the next few days as more information emerges.

I am sure you have covered these matters already, but at the least it will provide you with a health check that you have already dealt with the main factors – and more. If you want some elaboration or a paper on any item for your own policy recommendation please contact me. Each point is kept brief – hopefully not to the point of obfuscation. It is quite a long list, but if we do not have sufficient information to be confident that we have covered all these issues I would be concerned that we are moving towards a decision in haste rather than balanced judgement.

1. **Need for a comprehensive solution to the salary increase.** We are obviously dealing with the done deed of Order No 30, but staff salaries are always a delicate matter, and the combination of salaries, the quasi-civil service status of SOE staff, restructuring of SOEs, staff retrenchment, and privatisation, is a potentially combustible mixture. Hence it would seem appropriate to assess all the relevant factors affecting the decision – not just the budgetary issues – so as to ensure that 4-11 does not emerge as some form of SOE 9-11. We all think that we always take a comprehensive and integrated approach to problems, but the lessons of experience are that governmental decisions are usually compartmentalised. In this case it may be especially important that a broad view is taken to cover all the factors involved in the SOE salary increase, that it is not treated as exclusively a budgetary matter, and that we aim for a solution not just a decision. I raise this matter because some of the proposals which were mooted could be interpreted to advance a decisive but narrow financial approach and then ‘tough out’ the downstream implications.

Action. Agree on a comprehensive approach to find a solution to most of the issues – or go for a rapid decision with damage limitation measures, in full appreciation of what we do not know as well as what we do know.

2. **Legal Factors.** This is obviously your area, but the wording in Order No. 30 strikes me as unequivocal – the 11 tier system and all other provisions of the Order apply to state enterprises. I bow to your legal opinion, but after going through similar issues elsewhere I would have thought that the Order would create a rational expectation among all staff of all SOEs that they are entitled to 11 tier pay, and that the CPA/government is statutorily and contractually bound to provide that pay. In the event it appears that there is already a not entirely rational expectation that the 40% pay rise is applicable to the 4 tier system, as a preliminary to the move towards the 11 tier system, so management of expectations will be one of many essential tasks.

My own experience of ILO labour contract guidelines, and of international administrative law, is that the employer is bound to pay according to the statutory/contractual levels, and that government and inter-governmental agencies cannot use the argument of budget deficit, or of negative business conditions, to avoid fulfilling their salary obligations.

The implications are that an administrative approach which can be interpreted as restricting the extension of 11 tier rights (such as by only recognising those SOES which have already implemented the system, or setting a short time limit on the implementation) might give rise to allegations of sleight-of-hand and accusations of perfidy (traditionally targeted at us guys in Albion).

Consequently, to the legal layperson's eye, the first step is a legal assessment of the statutory right of the SOE staff to the 11 tier system, of the responsibility of the SOEs to fund their own staff salaries, and of the liability of the CPA/government to pay if the SOEs are unable to do so. Then at least we shall know the baseline. I have seen too many governmental organisations get sued and lose their managerial credibility as well as public and staff trust because they did not call their lawyers first.

Action - identify the legal baseline, and explain to all involved so as to manage expectations.

3. **MIM and other Ministry Budget factors.** My initial enquiries indicate that the essential budget needs for the restoration of operations and partial restructuring of the MIM SOE's are :

- a) \$ 350 million to restore operations for the potentially viable factories(Dr. Waleed's figure)
- b) \$ 300 million to restore electricity to only the high priority construction materials factories (Dr. Waleed's figures)
- c) \$ 560 million for the 11 tier system
- d) \$ 150 million for a voluntary redundancy and retraining programme (on a rule of thumb of 6 months salary package for up to 50% of the total workforce – my own estimate as I have not yet seen much discussion of a redundancy package to)

Total \$ 1,360 million.

Item a) may be too high, and item b) may be too low, and there are numerous other restructuring and development costs which are not even addressed, but these appear to be indicative levels of financial needs.

We know that the MIM allocation was \$ 1 billion, evidently whittled down to \$600 million, but this leaves the question of what will be the 'needs deficit' ? The discussions rapidly identified that the choice is the 11 tier system at a cost of \$560 million and little else for MIM, or tier 4 salaries plus some electricity. But will electricity be of much use if there is no money for any other essential materials or refurbishment of the factories to keep the factories operating ? There is little point in throwing good money after bad by solving one problem but not others which still keep the factories completely or mostly unoperational.

Once the needs are identified it may also be possible to identify alternative sources of finance for essential needs, deploy these as soon as possible, and use available funds to cover interim deficits. For example, the World Bank would never fund salary increases for SOEs, but they would fund voluntary redundancy packages after July 1st, and it is conceivable that EC or Japanese bilateral funds would fund restructuring and maintenance costs to get key factories operational (but only for repair and maintenance costs, not new investment capital costs).

- Action –**
- (1) assess the realistic needs of MIM and all other SOE-owning ministries,
 - (2) compare these with the allocation of available budgets to the Ministries
 - (3) assess the needs deficits
 - (4) identify any alternative potential sources of funds

4. **Consistent approach and policy among all ministries.** I think it goes without saying that there needs to be policy and practice consistency across the board in accordance with the law. Some agencies may be able to find arguments for treatment as special cases, but too many anomalies will undermine government credibility and management effectiveness.

Action – all ministries to follow a similar approach to sustain consistency, and at least an understanding of the reasons when there are any deviations from standard practice.

5. **Clarification of strategic objectives.** The discussions and briefing notes on this issue seem to have concentrated on options and their implications and risks, but I for one am not entirely clear about the objectives to be achieved (probably due to the lack of understanding of the new kid on the block). In my previous lives I have tended to start with the approach of what are we ultimately trying to achieve and how does this issue materially affect the single or multiple objectives? Otherwise we would just be tidying the deckchairs on the Titanic.
- are we simply applying fiscal discipline and ensuring that we operate within our financial means for each ministry?
 - do we need to kick-start the economy?
 - do we need to selectively save the good parts of the industrial fabric, and surgically remove the unviable parts (with anaesthetic)?
 - do we need to prevent public unrest above all – even at a high price?
 - do we want to commence long term restructuring of the economy as a whole?

Once we have clarified the strategic objectives and arranged a hierarchy of objectives we can assess how this matter of SOE salaries fits into the broader strategy as a means of achieving other strategic goals, and we can design effective salary policies and management methods which contribute to these goals.

- Actions**
- clarify the hierarchy of strategic objectives
 - use a cost-benefit framework to assess the viability of the various options (check the financial costs of each option and compare to the financial, economic, social, political and military benefits)

6. **Identify need and scope for parallel reforms.** Once the strategic objectives have been fixed, it should be possible to work out the most effective salary policy and reforms, and the appropriate parallel reforms which will help implement the salaries policy and achieve other objectives. For example, if it is necessary to surgically remove large numbers of redundant workers from the SOEs this could be facilitated by a large scale training and redeployment programme to fit them into the reconstruction projects.

Actions – following the hierarchy of objectives, identify direct and parallel reforms to achieve multiple objectives.

7. **Materiality of total public sector staff numbers and budgets.** Within this strategic framework, is it worth looking at the SOE salary costs in the context of the costs of the whole public sector reform programme ? According to the World Bank/IMF reports, there is a total of about 1,500,000 public sector employees (presumably including all teachers, health workers, military, police as well as civil servants), with about 400,000 SOE staff (27% of the total) of which 110,000 are in MIM SOEs (7% of the total). What are the total SOE salary costs as a proportion of the total public sector salary costs, and in particular, what are the incremental SOE (and MIM) salary costs to pay for the 11 tier system ?

If we find (for example) that the MIM SOEs account for just 7% of the number of public sector employees but 15% of public sector wage costs, we know we have a problem and can explain to the SOEs – and their colleagues whose salaries are a lot lower – that they appear to be the fat cats on the block. But if the MIM SOEs account for say less than 5% of total wage costs, there may be good strategic reasons for paying the 11 tier increments, keeping the staff and encouraging the kick-start of the industrial economy – leaving many restructuring problems to be sorted out later.

Action – collect data on the total public sector employment and costs, and assess the relative size and cost of the SOEs in the totality (ref email of 14 March).

8. **Need and capacity for micro-managing reforms.** The lessons of experience are that there will be no simple solutions which can be achieved through an administrative order : there will be either a tough decision requiring the implementation of a wide range of measures to limit the damage, or there will be a comprehensive solution which will require a wide range of parallel reforms to manage. Either way it will be necessary to mobilise a number of international and national agencies to implement changes at the national, sectoral, regional and local levels, which will need intensive programme management.

Action – identify the type and extent of the reform programmes, assess the current institutional capacities, and draw up critical path for implementation.

9. **Buy time.** Many effective reforms can be achieved with sufficient time to do them properly, in particular to implement the parallel reforms which are needed to facilitate the core process (in this case restructuring). Proverbially, time means money, and it may be necessary to find additional funds to cover transitional costs, in a form of 'SOE chapter 11'. The guiding principle is that if the economic,

social and political benefits to be gained by extra time outweigh the financial costs of continuing to pay salaries and operating costs for a short transitional period, and especially if the likely remedial costs of cleaning up the damage caused by rapid action are greater than the costs of the parallel reforms, then it makes sense to try to find the extra funds for the additional transitional reform costs. This could be done by re-allocations from other parts of the CPA/Iraqi budget on grounds of materiality, or by seeking funds from other donors.

Action – identify the time needed to implement comprehensive reforms, assess the cost requirements, and seek funding.

10. The Bottom Line. Where does all this lead ? Based on no reliable data whatsoever, murky information, and just a week in country, my shot in the dark is:

- A. Carry out Rapid Review exercise to complete needs assessment for each SOE-owning ministry, clarify strategic objectives, identify parallel reforms and institutional capacities, and assess costs of reforms – and of not reforming.
- B. Announce that all persons with an employment contract with any SOE is legally entitled to 11 tier status in accordance with Order No, 30
- C. Clarify that CPA/Ministry of Finance will provide funds for all employees to continue salary levels on 4 tier basis as an interim measure. Confirm that under past Iraqi government practice each SOE was responsible for paying salaries to their own staff, and that this policy and practice is re-affirmed.
- D. Announce Rapid Industrial Restructuring Plan funded by CPA/Ministry of Finance to provide electricity, water, transport links and other essential public services, and to refurbish potentially viable SOEs to an 'optimised' level of operation which would enable them to pay the 11 tier salaries to their staff from their own earned revenues, meet urgent supply needs of Iraq, to the best of their current break-even capacity, and help kick start the economy. Gain World Bank and other multilateral/bilateral support for these industrial reconstruction programmes, especially after July 1st. Medium term refurbishments requiring additional working capital would depend on these additional donor funds. No capital investment for new or expanded product lines – only for essential refurbishments.
- E. Announce Rapid Redeployment Plan for employees of unviable factories. Those factories which would not be able to support all their employees at 11 tier salaries would be assisted to redeploy redundant staff. All staff approaching retirement age to be given lump-sum early retirement package; all other staff to be placed in redeployment and retraining schemes, linked especially to the infrastructure reconstruction programme, and essentially to skills training for longer term sustainable employment. This would need to include a social impact analysis. Funding from World Bank and other donors.

- F. Both C and D will depend on implementation of rapid SOE diagnostic survey to assess the potential of each SOE for privatisation or else closure as unviable in a competitive open market.
- G. Then there will need to be comprehensive privatisation and private sector development strategy, as part of a national competitiveness strategy, which typically takes two to five years to prepare and implement.



COALITION PROVISIONAL AUTHORITY
BAGHDAD

ACTION MEMO

DATE 19 December 2003

THRU: DIRECTOR, PRIVATE SECTOR DEVELOPMENT
FOR OFFICE OF MANAGEMENT AND BUDGET

FROM: (b)(6) Deputy Advisor, Ministry of Industry and Minerals

SUBJECT: 2004 Salary: Reallocating Unused Funds

Request reallocating unused salary subsidy for the Ministry of Industry and Minerals State Owned Enterprises (SOE) to provide the Ministry of Industry and Minerals funding for SOE and MIM operations and capital expenditure.

The Ministry of Finance intends to continue paying salary subsidy for 2004 for SOE. This subsidy is estimated to be \$197 million (to include employees and FPS). For 2003 the annualized subsidy for the same MIM portfolio of companies equaled \$190 million. Given the status of the MIM SOE portfolio this subsidy for salary is not necessary. The MIM recommends that the payroll subsidy for 2004 be in the order of \$151 million dollars. The balance (\$45,091,800) would be used for the following uses:

- Provide an Army rent subsidy (totaling \$4.85 million) for those SOE negatively impacted by the occupation of Coalition forces.
- Fund the MIM's "reclassified" SOE to Agency enterprises (totaling \$15.06 million) that require operational and capital funding to conduct their public missions (Geological Survey, Training and Development, Industrial Development).

The remaining balance of \$30.04 million would provide the MIM a contingency fund to use for operations, worthwhile capital expenditure or unforeseen contingencies. Two specific issues that the MIM would utilize the balance for would be:

- The Minister of Industry and Minerals would prefer to substitute the salary subsidy for a severance subsidy for 2004. He recommends a voluntary severance program for his employees with the proviso that they be given one years salary up front. This proposal will be beneficial for the MIM's leasing program by making the SOE more attractive to potential lessees
- A portion of the balance could be used to pay off the outstanding Accounts Payables to private sector creditors (now an obligation of the MoF). This outstanding A/P equals \$100 million.

UNCLASSIFIED



COALITION PROVISIONAL AUTHORITY
BAGHDAD

In addition the MIM prefers to hold the SOE salary for 2004 to 2003 "base" levels. The new salary schedule (which the \$197 million represents) would provide funds that would be used for production bonuses (not profit bonuses) and thus incentivize the work force. This would substantially lower the proposed \$151 million salary subsidy (estimated by another \$20-30 million).

In addition the MIM proposes to use the monetized assets (from the sale of existing inventory such as sulfur and sponge iron) firstly for capital projects (i.e. rebuild Mishraq Sulfur) which make economic sense and secondly for operational and other contingency issues (such as paying off the balance of the A/R to private sector creditors).

It should be noted that the MIM is doing everything possible to limit the financial drain that the SOE represents to the Treasury. The leasing of the non performing SOE is an example of this effort. The MIM would like to use the proceeds of performing SOE to provide credit for overdue obligations, unforeseen operational expenses and to pursue capital projects that make economic sense.

Request decisions on the following:

- To rationalize the use of the subsidy salary to those firms that require the need (limit the salary subsidy to \$151 million vice \$197 million)

Approve:

Disapprove:

Approve with modification:

- To apply a portion of the unused salary subsidy to cover Coalition rent expenditures and operational and capital expenditure budgeting for "Agency Reclassification" enterprises (\$19.91 million)

Approve:

Disapprove:

Approve with modification:

- To apply the remaining balance (\$30.04 million) of the salary subsidy to: 1) fund a voluntary severance package that will provide one years salary up front for employees who desire to take advantage of the program; 2) fund the remaining A/P balance for those firms that will not be cash flow positive in 20004; 3) and to fund operations, worthwhile capital expenditures or unforeseen contingencies.

Approve:

Disapprove:

Approve with modification:

- To hold the SOE salary for 2004 to 2003 "base" levels. The new salary schedule (which the \$197 million represents) would provide funds that would be used for production bonuses (not profit bonuses) and thus incentivize the work force. Request conceptual approval until MIM develops the details.

UNCLASSIFIED



**COALITION PROVISIONAL AUTHORITY
BAGHDAD**

Approve:

Disapprove:

Approve with modification:

- To use the monetized assets (from the sale of existing inventory such as sulfur and sponge iron) firstly for capital projects which make economic sense and secondly for operational and other contingency issues.

Approve:

Disapprove:

Approve with modification:

ATTACHMENTS: 2004 SOE Subsidy Spreadsheet

COORDINATION:

UNCLASSIFIED

MIC
(1,000 ID)

12 month

State Owned Enterprise	2000 Subsidy	Cash Inflows			Cash Expenses									Total Cash Flow (Needs)
		Revenue from 2004 Production	Revenue from Preexisting Inventory	Total Cash Inflows	SOE Employee Salaries	SOE Contract Salaries	TOTAL SOE Salaries	Total Operating Expenses	Operating Cash Flow	Security	Outstanding A/P	Capex	Misc. Cash Expenses	
Mic Administration					560,280	0	560,280		(560,280)	98,000	10,000,000	2,000,000	9,000,000	(21,658,280)
Al Shaheed					2,081,040	0	2,081,040		(2,081,040)	97,440				(2,178,480)
Al Tahady					638,719	0	638,719		(638,719)	69,600				(708,319)
Al Ikhaa					3,813,106	0	3,813,106		(3,813,106)	97,440				(3,910,546)
Al Noaman					1,029,314	0	1,029,314		(1,029,314)	69,800				(1,098,914)
Al Mansour					1,072,536	0	1,072,536		(1,072,536)	69,600				(1,142,136)
Ibn Majed					2,638,118	0	2,638,118		(2,638,118)	69,600				(2,707,718)
Al Salam					1,203,802	0	1,203,802		(1,203,802)	41,760				(1,245,562)
Training center					144,072	0	144,072		(144,072)	42,000				(186,072)
Jaber ben Hayan					1,447,123	0	1,447,123		(1,447,123)	97,440				(1,544,563)
Al Yarmuk					4,334,966	0	4,334,966		(4,334,966)	41,760				(4,376,726)
Al Ezz					1,674,437	0	1,674,437		(1,674,437)	41,760				(1,716,197)
Tareq					1,434,317	0	1,434,317		(1,434,317)	69,600				(1,503,917)
Hammurabi					1,018,109	0	1,018,109		(1,018,109)	69,600				(1,087,709)
Al Kadissiya					4,858,428	0	4,858,428		(4,858,428)	41,760				(4,900,188)
Ibn Al Walid					1,482,341	0	1,482,341		(1,482,341)	41,760				(1,524,101)
Al Fidaa					2,057,028	0	2,057,028		(2,057,028)	41,760				(2,098,788)
Al Karama					3,661,030	0	3,661,030		(3,661,030)	69,600				(3,730,630)
Al Rashed					3,665,832	0	3,665,832		(3,665,832)	69,600				(3,735,432)
Azahr al Kabir					137,669	0	137,669		(137,669)	41,760				(179,429)
Um Almarek					1,948,174	0	1,948,174		(1,948,174)	41,760				(1,989,934)
Uboor					1,989,794	0	1,989,794		(1,989,794)	41,760				(2,031,554)
Al Qaqa					8,588,292	0	8,588,292		(8,588,292)	69,600				(8,657,892)
Bader					2,610,905	0	2,610,905		(2,610,905)	41,760				(2,652,665)
Tabook					851,626	0	851,626		(851,626)	69,600				(921,226)
Al Hadhar					915,658	0	915,658		(915,658)	41,760				(957,418)
Al Radhwan					1,216,608	0	1,216,608		(1,216,608)	41,760				(1,258,368)
7 Nissan					4,245,322	0	4,245,322		(4,245,322)	41,760				(4,287,082)
Al Hareth					2,220,310	0	2,220,310		(2,220,310)	69,600				(2,289,910)
Al Nidaa					2,050,625	0	2,050,625		(2,050,625)	41,760				(2,092,385)
Al Kindi					1,562,381	0	1,562,381		(1,562,381)	41,760				(1,604,141)
Sanahareeb					1,080,540	0	1,080,540		(1,080,540)	41,760				(1,122,300)
Salahuddeen					4,642,320	0	4,642,320		(4,642,320)	41,760				(4,684,080)
Ibn Rushd					717,158	0	717,158		(717,158)	41,760				(758,918)
Hutteen					8,761,178	0	8,761,178		(8,761,178)	97,440				(8,858,618)

Soes who are on the 11 Tier schedule

NO	Name of Company	Foreign Language
1	center of the Ministry	
2	state co. for Vehicles Industries	
3	Nassr state co. for Mechanical Industries	
4	state co. for Mechanical Industries	
5	Al-qadesia state co. for Electrical Industries	
6	Al-somod for Steel Industry co.	
7	Al-nassr Al-athem state co.	
8	Suothern state co. for Fertilizer Industry	
9	Northern state co. for Fertilizer Industry	
10	That Al-sawary state co. for Chemical Industries	
11	state co. for Batteries Industries	
12	Mishraq Sulphar state co.	
13	Al-furat state co. for Chemical Industries	
14	state co. for Tires Industries - Najaf	
15	state co. for Rubber Industries	
16	state co. for Cotton Industries	
17	state co. for Hand Woven Carpets	
18	state co. for Ready Made Wear Industries	
19	state co. for Textile Industries - Hilla	
20	state co. for Leather Industries	
21	Wasit co. for Textile Industries	
22	Northern state co. for Cement	
23	Suothern state co. for Cement	
24	Iraqi state co. for Cement	
25	state co. for Industrial Construction	
26	state co. for Geological Survey & Mining	
27	state co. for Vegetable Oils Industry	
28	state co. for Industrial Design & Construction	
29	state co. for Industrial Design & Engineering Constructions	
30	Industrial Development co.	
31	state co. for Drugs & Medical Supplies Industry - Sammraa	
32	state co. for Drugs & Medical Supplies Industry - Naniwa	

* pay full salaries

Soes who are on the 4 Tier schedule

NO	Name of Company	Foreign Language
1	state co. for Electrical Industries	
2	Al-faris state co.	
3	state co. for Iron & Steel Industry	
4	UR state co. for Engineering Industries	
5	17 - Nissan state co.	
6	state co. for Petrochemical Industries	
7	state co. for Phosphate	
8	state co. for Paper Industries (TAPI)	
9	Ibn Cena co.	
10	state co. for Woolen Industries	
11	state co. for Refractories Industry	
12	state co. for Glass & Ceramics Industry	
13	Baghdad Factory for Furniture	
14	state co. for Dairy Products	
15	state co. for Tobaccos & Cigarettes	
16	state co. for Sugar Industry	
17	state co. for Information Systems	
18	Speacialized Institute for Engineering Industries	
19	state co. for Electronic Systems	
20	state commission for Research & Development	
21	state commission for Training & Rehabilitation	
22	Al-zawraa co.	

Soes who are on the 4 Tier schedule

NO	Name of Company	Foreign Language
1	state co. for Electrical Industries	
2	Al-faris state co.	
3	state co. for Iron & Steel Industry	
4	UR state co. for Engineering Industries	
5	17 - Nissan state co.	
6	state co. for Petrochemical Industries	
7	state co. for Phosphate	
8	state co. for Paper Industries (TATI)	
9	Ibn Cena co.	
10	state co. for Woolen Industries	
11	state co. for Refractories Industry	
12	state co. for Glass & Ceramics Industry	
13	Baghdad Factory for Furniture	
14	state co. for Dairy Products	
15	state co. for Tobaccos & Cigarettes	
16	state co. for Sugar Industry	
17	state co. for Information Systems	
18	Speacialized Institute for Engineering Industries	
19	state co. for Electronic Systems	
20	state commission for Research & Development	
21	state commission for Training & Rehabilitation	
22	Al-zawraa co.	

4 July 2003

MOF # 07-02

**CPA policy on Payment of Public Sector Salaries in July
2003**

This policy applies to all State employees and employees of State Corporations and other self-financed entities. See below for more details.

All allowances, bonuses, supplements and any other additions to salaries remain suspended.

Salaries will be paid in US dollars according to the following schedule:

Salary Grade	Previous Civil Service Grade	July salary scale in Southern Iraq	July salary scale in Kurdish provinces	Memo: April salary scale in Southern Iraq	Memo: April salary scale in Kurdish provinces	Memo: May and June salary scale
Grade 4	6 and below	\$60 plus 7500 dinars in 250 notes	\$65	100,000 ID	\$50	\$60
Grade 3	3-5	\$120 plus 7500 dinars in 250 notes	\$125	200,000 ID	\$100	\$120
Grade 2	1-2	\$180 plus 7500 dinars in 250 notes	\$185	300,000 ID	\$150	\$160
Grade 1	General Manager or above	\$300 plus 7500 dinars in 250 notes	\$305	500,000 ID	\$200	\$260

Note: as a guide, across all workforces and across the country as a whole, we expect the average distribution by salary grade to be approximately 60% Grade 4; 30% Grade 3; 9% Grade 2; 1% Grade 1.

Employees who have not received their full salary entitlement for April, May and June or their full \$50 emergency payment shall be entitled to payment of the balance. Any double payment of April, May or June salaries or emergency payments, or any previous payment of July salary payments shall be deducted from July salary payments. For the purposes of calculating deductions and backpayments due an exchange rate of 2000 ID:1 USD shall be used.

All salary payments will be managed by Ministry of Finance officials through the Treasury account and executed through the Rafidain and Rasheed banking systems.

The Director General of Accounts, Ministry of Finance will issue a circular to all Ministries and Departments setting out the procedure for the payment of July salaries. Ministries will be responsible for providing the information required for salaries to be paid to the employees of State Corporations and other self-financed entities for which they are responsible, before authorisation for payment can be issued.

All Ministries are required, as a condition for further disbursements, to provide information on actual payments made in the previous month. This should include information on funds received, funds paid out and on the balance remaining. This should include a receipt from the bank recording the redeposit - at the earliest opportunity - of unused funds at the Treasury account in the bank from which they were withdrawn.

To obtain authorisation for disbursement of funds for salary payments, each accounting unit must write a letter on official paper and signed by the senior officials to request the release of funds. This letter should cover a spreadsheet showing summary payroll data.

Ministries and departments which submitted summary payroll data for the payment of April salaries or for the payment of May and June which was approved by the relevant CPA Senior Adviser and the Director General of Administration and Finance will only need to report changes to the payroll to the Ministry of Finance. Where the April payroll or the May-June payroll of a workforce in a governate outside Baghdad was approved in accordance with the established process, the Baghdad Ministry of Finance will, unless the Senior Adviser decides otherwise, delegate payroll management to the local branch of the Treasury.

Where payroll data for ministries and departments has not been approved by the relevant CPA Senior Adviser and the Director General of Administration and Finance (as in some governates), this will be required before any further payments can be made. This information should include details of any unauthorized salary or emergency payment including who the money was paid to.

The Ministry of Finance shall issue authorisation to designated banks to provide specified funds to named representatives of Ministries and Departments to pay salaries. Presentation of this authorisation, which may be transmitted electronically, at the designated bank will release the specified funds to the named representatives for the purpose of paying salaries.

Internal audit sections in each ministry shall review the payroll and salary levels for consistency with those approved for payment by the Ministry of Finance as well as the integrity of individual payments. In each accounting unit a three-person committee shall oversee distribution of salaries. A post payment audit shall be performed by the Board of Supreme Audit wherever possible.

Contracted employees in July will be paid out of operating expenses, as provided through the budget and not out of payroll. Contracted employees will be paid for April, May and June under a different procedure:

No.	Company name	# of employees	Employees names	September payment (USD)	October payment (ID)	Reasons behind not being paid	Comptroller number	Date of the document	Notes
1	State Co. for Sugar Industries. in Misan.	1	Awni Fathi Hanoosh	180	360 000	Trans. From sulfur to sugar	454	10/8/2003	Also not paid for August 180 USD
	Total	1		180	360,000				

Comments (any change):

Approval:

(b)(6)

CPA Senior Advisor

Abdul-Qader Burhan
DG Auditory

Emad Al-Qasab
DG Administration

DG of the Company

No	Company name	# of employees	Employees names	September payment (USD)	October payment (ID)	Reasons behind not being paid	Comp. document number	Date of the Document	Notes
2	Al-Mishraq Sulfur Company. In Mosul.								
		1	Jawdat Istifan	230		Prisoner of war back from Iran.	113	8/20/2003	Not received (returned to central bank)
		6	Totally	300	960 000	centrally appointed.	153	9/27/2003	new appointing.
	Total			530	960 000				

Comment (if any changed)	
--------------------------	--

Approval			
(b)(6) CPA Senior Advisor	Abdul-Qader Burhan DG Auditory	Emad Al-Qasab DG Administration	DG of the Company

14

No	Company name	No of employees	Employees name	September payment (USD)	October payment (ID)	Reasons behind not being paid	Comp document number	Date of the Decision	Note
3	Southern Cement State Company. in Kufa	17	totally	2600	2430 000	Centrally appointed	3989	10/13/2003	The payment for October was considered 1620 \$.
		6	Laith Kadhim Abid	60	160 000	Centrally appointed	3932	10/8/2003	vocational training
			Adil Shakir A.Allah	60	160 000	Centrally appointed			vocational training
			Ahmed Zaki Hashim	60	160 000	Centrally appointed			vocational training
			Umrin Hadi Hasoon	60	160 000	Centrally appointed			vocational training
			Muhammed Jasim Abid	60	160 000	Centrally appointed			vocational training
			Mahmood Husain Alwan	60	160 000	Centrally appointed			vocational training
		Total		23		2960	3390 000		

Comments (if any)	
-------------------	--

Approval

(b)(6) CPA Senior Advisor	Abdul-Qader Burhan DG Auditory	Emad Al-Qasab DG Administration	DG of the Company

No.	Company name	# of employees	Employees names	September payment (USD)	October payment (ID)	Reasons behind not being paid	Comp. document number	Date of the Decision	Notes
5	Wasit State Co. for Textiles Ind.	4 29 1	Totally Totally Jabir Youisif	124 1704	640,000 4640,000 400,000	Centrally appointed by MOP. Centrally appointed Differences in his salary.	2790	10/23/2003 1/9/2003	vocational training
Total		34		1828	5680,000				

Signature (Auditor):

Approved: (b)(6) CPA Senior Advisor	Abdul-Qader Burhan DG Auditor	Emad Al-Qasab DG Administration	DG of the Company
---	----------------------------------	------------------------------------	-------------------

No.	Company name	# of employees	Employee names	September 2003 payment (USD)	October 2003 payment (ID)	Reasons behind not being paid	Comp. document number	Date of document	Notes
6	State Co. for Petrochemical Industries in Basrah.	61	Totally	8540	149200 000	Trans. their services from phosphate	3051	11/20/2003	by an order from the CPA
		48	Totally	2880	7680 000	Centrally appointed (vocational train.)	2939	10/26/2003	
		170	Totally	10200		back to work			
		1	Dawood Salman		380 000	Transferred	3007	7/11/2003	
		2	Totally		620 000	Transferred from Baiji	3051	11/20/2003	
Total		282		19620	157760 000				

Company name

Approval

(b)(6)

CPA Senior Advisor

Abdul-Qader Burhan
DG Auditory

Emad Al-Qasab
DG Administration

DG of the Company

No.	Company name	No. of employees	Employees names	September 2003 payment (USD)	October 2003 payment (ID)	Reasons behind not being paid	Comp. document number	Date of the document	Notes	
7	Southern State Co. For Fertilizers. in Basrah.	147	Totally	4820	8820 000	Ramadan payment	2755	11/18/2003	450 000 ID is for April and was not listed.	
		77	Totally		7700 000	Appointed by the company	2755	11/18/2003		
		62	Totally		12300 000	Transferred services	3376	3/11/2003		
		5	Totally		1300 000	Transferred their services				
		3	Totally		900 000	Prisoners of war back from Iran.				
		Total		294						
		Total		294		4820	31020 000			

Contractor/Supplier/Service Provider	
--------------------------------------	--

Approved by	Abdul-Qader Burhan DG Auditory	Emad Al-Qasab DG Administration	DG of the Company
(b)(6) CFA Senior Advisor			

No.	Company name	No. of employees	Employees names	September payment (USD)	October payment (USD)	Reasons behind not being paid	Comp. document number	Date of the document	Notes
8	Al-Furat Company. In Babil.	14	Totally		1500 000	appointed by the company	2931	11/13/2003	
		29	Totally		3000 000	Centrally appointed (vocational training)			
	Total	43			4500 000				

Company name	
--------------	--

Approval	
(h)(c) CPA Senior Advisor	Abdul-Qader Burhan DG Auditory
	Emad Al-Qasab DG Administration
	DG of the Company

No.	Company Name	For whom employed	Employee Name	September payment (USD)	October payment (ID)	Reasons behind not being paid	Comp. document number	Date of the document	Notes
9	17 Nissan State Co.		Ahmed Hamza	120	280 000		1758	11/12/2003	

Comments (if any)	
-------------------	--

Approval

(b)(6)	Abdul-Qader Buhari DG Auditory	Emad Al-Qasab DG Administration	DG of the Company
CPA Senior Advisor			

No.	Company Name	# of employees	Employee Name	September payment (USD)	October payment (ID)	Reasons behind not being paid	Comp. document number	Date of the document	Notes
10	Northern Cement Company (mosul)		Husain muhsin		400,000	Differences in salaries.			

Comments (b)(7)(F):

Approval:

(b)(6)	Abdul-Qader Burhan DG Auditory	Emad Al-Qasab DG Administration	DG of the Company
CPA Senior Advisor			

How much did he make in September?

No.	Company name	# of employees	Employees names	September payment (USD)	October payment (ID)	Reasons behind not being paid	Comp. document number	Date of document	Notes
11	Ministry Head Quarters	536	Totally 536	240	200 000	mistakes in the salaries lists.	2688 536	11/18/2003 9/5/2003	

Remarks (if any):

Approved:

(b)(6)	Abdul-Qader Burhan DG Auditory	Emad Al-Qasab DG Administration	DG of the Company
CPA Senior Advisor			

No.	Company Name	# of employees	Employees names	September payment (USD)	October payment (ID)	Reasons behind not being paid	Comp. document number	Date of the document	Notes
12	State Co. for iron and steel	109 6	Totally Totally	6540 2780	17440 000	Centrally appointed by MOP, prisoners of war back from Iran.	615 & 650	11/8 & 11/8	
				6540	17440,000				

Comments (if any):

Approval:

(h)(6)	Abdul-Qader Burhan DG Auditory	Emad Al-Qasab DG Administration	DG of the Company
CPA Senior Advisor			

No.	Company Name	Employees	Employment Status	September Payment (USD)	October Payment (ID)	Reasons behind delay or not being paid	Comp. document number	Date of the document	Ref.
14	State Co. for Batteries Industries.	17	Totally		2920 000	Centrally appointed	7846	11/18/2003	

Continued Employment

Approval

(b)(6)	Abdul-Qader Burhan DG Auditory	Emad Al-Qasab DG Administration	DG of the Company
CPA Senior Advisor			

No.	Company name	No. of employees	Employees names	September payment (USD)	October payment (ID)	Reasons behind not being paid	Comp. document number	Date of the document	Notes
15	Industrial development		Abdul-Qader Burhan		260 000	Appointed by the ministry of planning.	2914	11/18/2003	

Company name Industrial development	
--	--

Approved by (b)(6) CPA Senior Advisor	Abdul-Qader Burhan DG Auditory	Emad Al-Qasab DG Administration	DG of the Company

No.	Company Name	Address	Employees	September payment (USD)	October payment (USD)	Reasons behind not being paid	Comp. document number	Date of the document	Notes
16	State Co. for Rubber Industries.	11/8/2003	Totally		1450,000	Transferred from the southern Cement Co.	1877	11/8/2003	

Continued on page 17

Approved:

(b)(6)
CPA Senior Advisor

Abdul-Qader Burhan
DG Auditory

Emad Al-Qasab
DG Administration

DG of the Company

No.	Company Name	No. of employees	Employees names	September payment (USD)	October payment (ID)	Reasons behind not being paid	Comp. document number	Date of the document	Notes
17	State Co. for textiles Hillia	1	Mukdad jabir totally		180 00	centrally appointed(vocational training) Didn't receive the salary because he was on leave and some of them have differences in their salaries.	3115	11/18/2003	
		4		120	280 000				
		Total		120	280 000				

Company Name (Hillia)

Approval

(b)(6)

CPA Senior Advisor

Abdul-Qader Burhan
DG Auditory

Emad Al-Qasab
DG Administration

DG of the Company

No.	Company Name	No. of employees	Employees names	September payment (USD)	October payment (ID)	Reasons behind not being paid	Comp document number	Date of the document	Notes
1	State Co. for Sugar Industries. In Misan.	1	Awmi Fathi Hanoosh	180	360 000	Trans. From sulfur to sugar	454	10/8/2003	Also not paid for August 180 USD
	Total	1		180	360 000				
2	Al-Mishraq Sulfur Company. In Mosul.	1	Jawdat Isifan	230		Prisoner of war back from Iran.	113	8/20/2003	Not received (returned to central bank)
		6	Totally	300	960 000	centrally appointed.	153	9/27/2003	new appointing.
	Total	7		530	960 000				
3	Southern Cement State Company. In Kufa	17	totally.	2600	2430 000	Centrally appointed	3989	10/13/2003	The payment for October was considered 1620 \$.
		6	Laith Kadhim Abid	60	160 000	Centrally appointed	3932	10/8/2003	vocational training
			Adil Shakir A. Allah	60	160 000	Centrally appointed			vocational training
			Ahmed Zeki Hashim	60	160 000	Centrally appointed			vocational training
			Umran Hadi Hasoon	60	160 000	Centrally appointed			vocational training
			Muhammed Jasim Abid	60	160 000	Centrally appointed			vocational training
			Mahmood Hussain Alwan	60	160 000	Centrally appointed			vocational training
	Total	23		2960	3390 000				

No.	Company name.	# of employees	employees names	September payment (USD)	October payment (ID)	Reasons behind not being paid.	Emp. document number.	Date of the Document	Notes
7	Southern State Co. For Fertilizers. in Basrah.	147	Totally		8820 000	Ramadan payment	2755	11/18/2003	450 000 ID is for April and was not listed.
		77	Totally	4620	7700 000	Appointed by the company	2755	11/18/2003	
		62	Totally		12300 000	Transferred services	3376	3/11/2003	
		5	Totally		1300 000	Transferred their services			
		3	Totally	1020	900 000	Prisoners of war back from Iran.			
	Totally	294		5640	231020 000				
8	Al-Furat Company. in Babil.	14	Totally		1500 000	appointed by the company	2931	11/13/2003	
		29	Totally		3000 000	Centrally apointed (vocational training)			
					4500 000				
9	17 Nissan State Co.		Ahmed Hamza	120	260 000		1758	11/12/2003	
10	Northern Cement Company (mosul)		Husain Muhanna		400 000	Differences in salaries.			
11	Ministry Head Quarters	3	Totally	240	200 000	mistakes in the salaries lists.	2688 536	11/18/2003 9/5/2003	
12	State Co. for Iron and steel	109	Totally	6540	17440 000	Centrally appointed by MOP.	615 & 650	11/8 & 11/6	
		6	Totally	2760		prisoners of war back from Iran.			
	Totally	115		9300	17440 000				
13	State Co. for Drug Industries in Nanawa.	2	Totally	120	320 000	centrally appointed by the MOP.	3374	11/5/2003	
14	State Co. for Batteries Industries.	17	Totally		2920 000	Centrally appointed	7846	11/18/2003	

	employees	names						
15	Industrial development	Jasim Kasid		260 000	Appointed by the ministry of planning.	2914	11/18/2003	
15	State Co. for Rubber Industries.	Totally 1877		1460 000	Transferred from the southern Cement Co.	1877	11/8/2003	
17	State Co. for textiles Hilla	1	Mukdad jabir totally	160 00	centrally appointed(vocational training)			
		4		120	Didn't receive the salary because he			
		5		120	was on leave and some of them have differences in their salaries.	3115	11/18/2003	
	TOTAL			3123				

total numbers of transferred employees = 175

total numbers of centrally appointed employees = 366 + 170 back to work.

total numbers of prisoners of war = 10

miscellaneous cases (differences in salaries, mistakes ...etc.) = 990

General Statement of Financial Needs to Kick-Start State-Owned Enterprises

Estimates for each State Owned Enterprise for 12 months May 2004 – April 2005

In Iraqi Dinars

A. Costs for whole year

1. Total Cost of Salaries for all working employees on 11 tier basis =
2. Any additional costs to supply power requirements =
3. Cost of essential repairs to achieve pre-war production =
- (4. Cost of essential repairs to achieve break-even production =)
5. Non-salary operating costs for estimated one year's production =

Total Costs = **I.D.**

B. Estimated Revenues for whole year

1. Estimated revenues from product sales =
2. Estimates revenues from sale of stock =

Total estimated revenues = **I.D**

C. Net Balance

1. A – C = **I.D.**

D. Performance Criteria

1. Disburse funds to SOEs for electricity connections, repairs, and initial salaries on performance basis. The criteria will include the conditions that the SOE cover all operational costs and salaries within 5 months and introduce sound salary system.
2. Other conditions of the performance criteria will be set individually in each SOE (plant?) and will be agreed upon by management and a legitimate representative of the workers, in which a disbursement schedule and incremental performance is specified.

Estimation of Expenditures According to the Items (Page 2)

Salaries

(Expressed in thousands of New Iraqi Dinar)

Company Name: [REDACTED]

Date: [REDACTED]

STAFF PAID UNDER 11-TIER SYSTEM FOR MAJORITY OF THE YEAR	Super A,B	1	2	3	4	5	6	7	8	9	10	11
Number of employees												
Full-time workers needed to operate												
Scenario 1												
Scenario 2												
Scenario 3												
(In 1000s of New Iraqi Dinar)												
Total Salary in Scenario 1												
Total Salary in Scenario 2												
Total Salary in Scenario 3												

STAFF PAID UNDER 4-TIER SYSTEM FOR MAJORITY OF THE YEAR	1	2	3	4
Number of employees				
Number of disabled, retirees, wives of POWs, etc.				
Number mis-assigned				
Full-time workers needed to operate				
Scenario 1				
Scenario 2				
Scenario 3				
Total Salary in Scenario 1				
Total Salary in Scenario 2				
Total Salary in Scenario 3				

Estimation of Expenditures According to the Items (Page 3)

(Expressed in thousands of New Iraqi Dinar)

All Expenditures

Company Name:

Date:

Title	Calculation	Chapter	Scenario 1	Scenario 2	Scenario 3
(1) Staff Expenditures (salaries)		1			
(2) Services requirements (excl. land)		2			
(3) Land rent and interest		2.8			
(4) Goods Requirements		3			
(5) Contracts and Services		4			
(6) Transferred expenditures		6			
(7) Other expenditures		7			
(8) Non-Salary Operating Expenses	(2)+(3)+(4)+(5)+(6)+(7)				
(9) Total Operating Expense	(1)+(8)				
(10) Capital Expenditures		5			
(11) Total Cash Expenditure	(9)+(10)				
(12) Depreciation					
(13) Total Current Expenditure	(9)-(12)				
(14) Revenue					
(15) Cash Surplus or Deficiency	(14)-(11)				
(16) Current Surplus or Deficiency	(14)-(13)				

Definition of Scenarios

Scenario 1

Full operation. Assuming capital expenditure that is sufficient to bring capital stock up to would maximise revenue without increasing the number of full-time employees.

Scenario 2

Reasonable Operation. Assuming capital expenditure that is sufficient to bring capital stock of reasonable operations; for baseline use capital stock for 2002.

Scenario 3

Existing capital. Assuming capital expenditure that is sufficient to maintain the capital stock

(b)(6)

Andrew, proposed words follow...

SUBJECT: Specific Senior Advisors Meeting (1800, 15 Mar -- "location")

There is a mandatory meeting for all Senior Advisors WHO HAVE OVERSIGHT OVER STATE OWNED ENTERPRISES to attend. This meeting will discuss the efforts to stabilize the 2004 budget relative to salaries. There will be discussions of options on how to pay the salaries and still have funding available for some capital expenditures. To maximize efficiency, please bring the following information to the meeting:

- Number and type of SOEs under your cognizance.
- Number of employees at each SOE (if possible, broken down by company/factory).
- Number of employees who are being paid (by company/factory).
- Number of employees who are on the 11 tier scale (by company/factory).
- Number of employees who are on the 4 tier scale (by company/factory).
- What was the 2002 salary budget of the SOEs (by company/factory)
- Do you have any historical pre-war data on salaries/bonuses/etc.

(b)(6)

(b)(6)

proposed words follow...

SUBJECT: Specific Senior Advisors Meeting (1800, 15 Mar – "location")

There is a mandatory meeting for all Senior Advisors WHO HAVE OVERSIGHT OVER STATE OWNED ENTERPRISES to attend. This meeting will discuss the efforts to stabilize the 2004 budget relative to salaries. There will be discussions of options on how to pay the salaries and still have funding available for some capital expenditures. To maximize efficiency, please bring the following information to the meeting:

- Number and type of SOEs under your cognizance.
- Number of employees at each SOE (if possible, broken down by company/factory).
- Number of employees who are being paid (by company/factory).
- Number of employees who are on the 11 tier scale (by company/factory).
- Number of employees who are on the 4 tier scale (by company/factory).
- What was the 2002 salary budget of the SOEs (by company/factory)
- ✓ • Do you have any historical pre-war data on salaries/bonuses/etc.

**Ministry of Industry
And Minerals**

Foreign Language

Foreign Language

Reference the issue dated March 22, 2004 .

We enclose the following requested information's :

1. A copy of 2004 budget of the Ministry of Industry & Minerals Concerning all the SOES .

2. List of state owned enterprises who are applying 11 tier schedule and those applying 4 tier schedule .

As for other type of compensation , there isn't any applied in the Ministry .

3. Regarding budget & break down of payments for SOES Board of Directors ; what was applied in last 2 years , each member of Board of Directors was paid the same share from the profits of the company for that year equivalent to share of directors in the Company Annually (resembled as 8 point) and head of board's share will be equivalent to 12 point Annually .

4. Enclosed list of Total Salaries for the SOE in 2002 .

- Who is paying the (addl) 11 year #;
how did we determine where on the
scale someone went.
- Salaries to date 2004

100 200 300 700

25,000,000,000
Feb only

227,039,063⁰⁰ ID

~~25~~

252,039,063

$\div 12 =$

21,003,255,250

April 04

Salary Allocat

Min - g Finance Allocat

Salary Progression Chart Monthly salaries in Iraqi Dinar (000)

<u>Grade</u>	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
SUPER A	2250	2233	2316	2400	2483	2566	2650	2733	2817	3000
SUPER B	1500	1583	1666	1750	1833	1916	1999	2083	2166	2249
1	740	760	780	800	820	840	860	880	900	920
2	574	589	605	620	636	651	667	682	698	713
3	444	456	468	480	492	504	516	528	540	552
4	342	352	361	370	379	389	398	407	416	426
5	264	271	278	285	292	299	306	314	321	328
6	204	209	215	220	226	231	237	242	248	253
7	157	162	166	170	174	179	183	187	191	196
8	125	128	132	135	138	142	145	149	152	155
9	102	105	107	110	113	116	118	121	124	127
10	83	86	88	90	92	95	97	99	101	104
11	69	71	73	75	77	79	81	83	84	86