

Transportation | Investment Overview of Iraq

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Key Stats and Figures

Airports:

75 with paved runways
30 with unpaved runways

Heliports:

17

Pipelines:

10,474 km

Railways:

2,272 km

Roadways:

44,900 km

Waterways:

5,279 km

Merchant marine:

14

Ports and Terminals:

3



Photo credit: Tina Hager



Photo credit: Tina Hager

Sector Overview

“We need international companies to come and help us develop and upgrade our transport infrastructure. The opportunities are here, and we will do what we can to help our partners succeed.”

Amer Abdul-Jabbar
Ismail, Transport Minister

better security. Every part of Iraq’s transport system requires investment, as accelerating demand for air, sea, port, road and rail freight service place mounting strain on existing capacities.

The Government of Iraq (GoI) recognizes the direct correlation between improving Iraq’s comprehensive transportation capacity and economic progress, including improving essential public services. The volume of freight transported and frequency of travel by individuals is increasing rapidly due to

Iraq occupies a strategic geographic location between Asian and European markets. Iraq plans to utilize its unique regional position to develop a ‘land-bridge’ or ‘dry-channel’ between Eastern Mediterranean ports in Turkey and Syria, through inter-modal systems, to Iraq’s port of Umm Qasr on the Gulf. This ‘land-bridge’ will save transit time and approximately \$12-\$15 M USD per vessel over traditional routes traversing the Suez Canal to the Red Sea. Due to prevailing winds and ‘great circle’ routing, Iraq’s airspace provides a similar advantage for civil aviation. The combination of these advantages allows the transport system to act as an enabler for economic growth, job creation, and international trade and for consequent diversification of national revenues beyond oil. Transport, whether of people or goods, was one of the sectors which suffered most in recent years. The strategic importance of transportation, combined with the need for substantial investment in infrastructure, makes Iraq attractive for foreign investment.

The Role of Government in Transportation

The Ministry of Transport (MoT) is responsible for the management, planning and policy of the country's transport system, except for highways, which are the responsibility of the Ministry of Construction and Housing (MoCH). There are thirteen State Owned Enterprises (SOE's) which manage the domestic and international transportation of passengers, goods, and cargo. These include:

- Iraqi Civil Aviation Authority
- General Company of Iraqi Ports
- General Company of Iraqi

Priority projects for the State Commission for Roads and Bridges include the following:

- Improving the facilities at the main airports, especially Baghdad and Basrah
- Building a new deepwater port at El Faw
- Rebuilding Iraq's railway network
- Upgrading Iraq's roads

The MoCH is responsible for policy oversight and planning for major aspects of the Iraqi construction and housing system, including roads and bridges external to municipalities, housing and public buildings. The MoCH also runs fifteen SOEs and works in conjunction with the MoT when applicable.

Opportunities for Investment in the Iraqi Transportation Sector

Iraq's untapped natural wealth, decades of under-investment, and a neglected infrastructure create numerous investment opportunities within the transportation industry. Areas of potential investment include:

Highways: As with most countries, roads and bridges are a primary lifeline for economic growth. Iraq has more than 44,000 km of paved highways, as well as an extensive rural unpaved road system. The highway and bridge system provides the primary surface transportation links connecting Iraq to its neighbors and serves as a catalyst for economic growth. An integrated road network supports tourism and connects the country's population centers to essential services, while promoting internal commerce.



Photo credit: Thomas Hartwell/USAID

Many of the roads and bridges on the national highway system were paved and constructed in the late 1970s and early 1980s and were designed with a 20 year lifespan. Much of this infrastructure is in need of extensive rehabilitation and replacement. In addition, new population centers have emerged, creating the need for expansion of the highway system on a national level. With funding necessary to rehabilitate or replace paved roads estimated at \$1M USD per kilometer, current investment requirements in Iraq's road infrastructure for rehabilitation exceed \$40B USD.

Civil Aviation: Iraq's civil aviation sector is moving toward compliance with International Civil Aviation Standards as Iraqi Airways continues to rehabilitate its aging fleet. The Iraqi Civil Aviation Authority (ICAA) seeks to transform Iraq's civil aviation system into a results-based, value-driven organization of aviation professionals dedicated to excellence on the ground and in the skies. The critical success factor for this excellence will be an environment that promotes

compliance with International Civil Aviation Organization (ICAO) Standards and Recommended Practices (SARPS).

The global economy is increasingly integrated. A robust civil aviation system would provide Iraq with increased access to world markets and links between businesses throughout the world. Aviation enables the movement of people and goods and functions as a cornerstone of economic growth. Whether it is employing people, moving goods, or moving people, aviation is critical to economic growth. According to the International Air Transport Association, "investment in air transport capacity in developing or transition countries, where connectivity is currently relatively low, will have a much larger impact on their productivity and economic success than a similar level of investment in a relatively developed country." As a developing country, Iraq's potential is bright in the aviation industry. Investment in Iraq's aviation system offers many opportunities, including airport operations and management, as well as airport concessions.

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