



NATIONAL U.S.-ARAB CHAMBER OF COMMERCE

غرفة التجارة الأمريكية العربية الوطنية

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HAS IRAQ REACHED AN INFLECTION POINT?

**Prime Minister at Opening of the New American University in Baghdad:
“Our Goal is to Turn Challenges into Opportunities for Success”**

U.S. Ambassador: Iraq’s Diversity is a “Strength and a Blessing”

Historic Visit by Pope Francis Promotes Tolerance and Inspires Hope

***More Than 350 Participate in NUSACC’s Inaugural
“Ambassadors Forum,” Including Upwards of 20 Ambassadors***

It has been a good month for the Republic of Iraq. The historic March 5 – 8 visit by H.H. Pope Francis – the first-ever papal visit to Iraq – highlighted coexistence and mutual respect among religious communities. In another first, a new American University (AUIB) has just opened its doors in Baghdad, with its President stating, “AUIB will have a transformative impact on Iraq and the Middle East by distinguishing itself as an exceptional and diverse learning community.” And the price of oil – a commodity on which Iraq depends heavily – has risen nearly 40 percent this year, with Brent crude topping \$70 per barrel this past week.



Iraqi Prime Minister Mustafá al-Kadhimi welcomed Pope Francis at Baghdad International Airport on March 5, 2021.

thenationalnews.com

It is still too early to say whether Iraq has turned a corner, but there is reason for optimism.

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U.S. Ambassador Addresses NUSACC

The National U.S. – Arab Chamber of Commerce (NUSACC) recently continued its golden anniversary year with a webinar featuring the Honorable Matthew Tueller, U.S. Ambassador to Iraq. Tueller provided a thoughtful, comprehensive overview of bilateral and regional developments, with a special emphasis on business opportunities in Iraq for U.S. companies.



Honorable Matthew Tueller,
U.S. Ambassador to Iraq.

This was the first event in NUSACC’s new “Ambassadors Forum” series of webinars, and the response from NUSACC stakeholders was excellent. More than 350 business executives, government officials, NGO leaders, and media representatives participated from countries around the world and 30 U.S. States. Ten former American Ambassadors joined the webinar, and current and former Arab Ambassadors were also very well represented.

Lead Sponsor for the event was [Exxon Mobil](#), with additional sponsorship provided by [Comet](#) and [K2 International](#). NUSACC’s partners for this webinar included the [Federation of Iraqi Chambers of Commerce](#), the [Greater Houston Partnership](#), the [Middle East Policy Council](#), the [U.S. Commercial Service Export Assistance Centers \(USEACs\)](#) in Los Angeles and Seattle, and the [World Trade Center of Utah](#).

Ambassador Tueller highlighted ways in which the U.S. – Iraq relationship is evolving. “While energy has long been Iraq’s economic bulwark – accounting for 90 percent of its export revenue – the United States continues to be focused on supporting Iraq’s economic diversification efforts,” he said. “We would like to see Iraq take full advantage of its vast energy resources to become more energy independent, but equally we would like to see increased trade and investment that can stimulate the private sector, create jobs, and provide the foundation for a better future for Iraq’s youth.”

In a discussion about headwinds facing Iraq’s economy, Ambassador Tueller talked about efforts by the U.S. Government to assist Iraq with programs that help to make that nation a more attractive business destination. “We will continue to work closely with the Government of Iraq to implement anti-corruption efforts through e-government systems,” he noted, “including automating business registration and other government functions to improve the business climate, as well as financial sector reforms.”

“The U.S. continues to be focused on supporting Iraq’s economic diversification efforts . . . We would like to see increased trade and investment that can stimulate the private sector, create jobs, and provide the foundation for a better future for Iraq’s youth.”
— Hon. Matthew Tueller, U.S. Ambassador to Iraq



“Improving the business environment in Iraq is our top priority,” said Mohammed Honoun, Iraq’s Deputy Minister of Trade, in recent remarks shared with the U.N. Conference on Trade and Development (UNCTAD). “Automation of government sectors is a critical part of that process.”

In the most recent (2020) *Ease of Doing Business Index*, prepared by the World Bank Group, Iraq ranked 172nd out of 190 economies. But in late 2020, Iraq launched a new one-stop-shop that promises to make it easier to do business in Iraq. The new “single-window” system, according to UNCTAD, accomplishes in a few clicks what used to take dozens of separate steps and multiple in-person visits. This contactless registration, regulation, and reporting portal represents a first step toward moving Iraq up the list in the World Bank rankings.

U.S. Government Initiatives

The transition from the Trump Administration to the Biden Administration will witness some changing priorities in Iraq, starting with the environment and health. The White House has announced that the United States will rejoin the Paris Climate Agreement, underscoring the fact that climate action will now be a foundational pillar of U.S. foreign policy. This presents the Government of Iraq with an opportunity to reduce its greenhouse gas emissions in the context of the United Nations framework.

“Today, we are going through great challenges, and our goal is to turn these challenges into opportunities for success.”

— H.E. Mustafa Al-Kadhimi, Iraq’s Prime Minister

In a recent [NUSACC webinar on energy policy](#), H.E. Fareed Yasseen, Iraq’s Ambassador to the United States, noted, “I am the ambassador of an OPEC founding state, and I’m also an early climate change activist . . . Today, we Iraqis are playing catch-up with production and exploitation, way below what our reserves warrant.” He went on to say, “I was both at Kyoto for COP3 and in Paris for COP21, and I firmly believe that climate change is an existential threat for the countries of the Middle East.”

The Biden Administration is also expected to ramp up global health priorities, beginning with the fight against COVID-19. The White House recently announced that the United States would not be leaving the World Health Organization and that America will support multilateral COVID-19 vaccination efforts, including those through the COVAX system.



In early March, COVID-19 cases in Iraq surpassed 700,000, with more than 13,500 deaths. Iraq has recently received its first 50,000 doses of the Sinopharm vaccine from China at a time when the pandemic is taking a heavy toll. Iraq is also scheduled to receive vaccines from AstraZeneca Plc and Pfizer.

Iraq's transformative White Paper "seeks to put Iraq's economy on a path that allows the state to take appropriate steps in the future to develop it into a diversified, dynamic economy."
— H.E. Ali Allawi, Deputy Prime Minister and Minister of Finance

Innovative U.S. policies in Iraq revolving around climate change and health complement existing policies and programs:

USAID: Through an MOU with Iraq's Ministry of Finance, USAID supports reform activities that strengthen Iraq's democracy, governance, and economic growth. For example, USAID is working closely with the ministry to improve electricity metering in Iraq, which will be a key building block to support the financial sustainability of Iraq's power sector.

EximBank: In August 2020, the U.S. Export – Import Bank announced a \$450 million financing facility, with a special focus on agricultural commodities, to help boost U.S. - Iraq trade. The U.S. Embassy is expected to expand this financing facility to other sectors, including energy.

DFC: The U.S. International Development Finance Corporation (DFC) has pledged \$1 billion to support private sector partnerships. As part of this effort, the U.S. Government is encouraging Iraq's Council of Representatives to ratify the New York Convention on Arbitration, which will facilitate alternative dispute resolution.

White Paper: Tackling Structural Challenges

In October 2020, [Iraq's Cabinet approved a White Paper](#) designed to overhaul Iraq's economy. This White Paper identifies over 200 reforms, legislative amendments, subsidy cuts, and e-government measures that are broadly in line with World Bank and IMF recommendations.

According to H.E. Ali Allawi, Deputy Prime Minister and Minister of Finance, the White Paper "seeks to put Iraq's economy on a path that allows the state to take appropriate steps in the future to develop it into a diversified, dynamic economy."



Iraq needs a plain-spoken approach to tackling its economic ills, and the White Paper pulls no punches. It notes, “From the nationalization of vital economic sectors in 1970s, to the commandeering of all economic levers by the state to support the war effort in the 1980s, through the period of sanctions imposed on Iraq in the 1990s, these shocks, as well as the absence of strategic planning, mismanagement, maladministration, patronage and misguided political ideology, all led to an expansion of the role of the state in all aspects of economic life in Iraq.”

The report notes that Iraq’s centralized economy has accelerated the decline of Iraq’s private sector, especially in manufacturing sectors, and many of the country’s largest companies are reliant on government contracts. Such dependence must change, the White Paper intimates, if Iraq’s business community – including the next generation of entrepreneurs – is to be the driving force behind innovation and economic growth.

The heart of the White Paper revolves around five “reform pillars”:

1) *Achieving sustainable financial stability* – Reducing the deficit from 20 percent to three percent of GDP, cutting expenditure on salaries from 25 percent to 12.5 percent of the federal budget, and shrinking public subsidies for consumers from 13 percent to five percent of GDP.

2) *Implementing strategic reforms and creating sustainable jobs* – Modernizing the financial sector (including e-banking services), establishing new trading markets, supporting the creation of small and medium-sized enterprises, and aligning the educational system with needs of the marketplace.

3) *Improving basic infrastructure, including Iraq’s digital infrastructure* – Making Iraq’s electricity sector more efficient, laying the groundwork for 5G technology, encouraging private investment in the transport sector, and developing free zones.

4) *Providing basic services and protecting vulnerable groups* – Improving the water supply for consumers, irrigation, and sanitation projects; building 1,000 new schools; reforming the social security system; establishing a pension system for all Iraqis; creating a health insurance law which ensures that all Iraqis have access to essential health services.

5) *Improving governance and legal frameworks* – Introducing e-governance systems to strengthen oversight of government contracting and the collection of taxes and customs; restoring large sums of money smuggled out of Iraq; automating procedures for obtaining key documents, like those associated with pensions, social security, and travel (passports).



The White Paper is Iraq’s most ambitious initiative to bring about economic reform and to strengthen governance. This initiative will face challenges from entrenched interests, but it appears to represent Iraq’s best opportunity to put its economy on a stable, sustainable trajectory.

Volatile oil prices and COVID-19 made 2020 an exceptionally difficult year and, as one government official put it, “Iraq should not let this crisis go to waste.”

A World Bank Perspective

Last fall, the World Bank Group issued a powerful report, *Breaking Out of Fragility: A Country Economic Memorandum for Diversification and Growth in Iraq*. The report highlighted reasons why Iraq has not yet managed to achieve diversified levels of growth and a higher standard of living, and it also explored steps that Iraq might take to sustain future growth.

The report stated, “With every crisis comes an opportunity to reform.” A drop in global demand for oil provides Iraq with an opportunity to “embark on a long but much-needed path toward structural transformation and reform, one that could leave its economy less dependent on oil and more driven by private sector activity.”

At least three encouraging messages emerged from the World Bank report:

- 1) There is a peace dividend in Iraq, and maintaining peace can by itself be a strong driver of growth. Oil wealth derived during peaceful times needs to be used to address the needs of Iraq’s people and to strengthen the accountability link between citizens and the state.
- 2) Certain sectors have special appeal as pillars of Iraq’s increasingly diversified, private sector-led economy. Agriculture is one of these sectors. “Agricultural production, food processing, and supporting services all have large potential to expand and create jobs,” the report notes. “As it rebuilds itself, Iraq’s agrifood sector can develop new ways of working, building on both its historical experiences and modern technologies to maximize its competitive potential.”
- 3) There is great potential for Iraq to export goods that “could diversify the country’s economy, raise living standards, and boost economic resilience,” according to the World Bank report.

“Improved trade policy could also bring about better prices and quality for Iraqi consumers.” The report went on to say, “Iraq has the geographical position to be a regional hub for logistics, but its performance lags that of its peers by so much that it is instead a regional bottleneck. Trade facilitation measures are thus an urgent priority.”

Iraq is making progress on that score, building closer economic ties to its neighbors, which includes better economic integration within the region. An important step forward was taken in November 2020, when the border crossing at Arar, Saudi Arabia, was re-opened for the first time in three decades.

“Iraq’s diversity is a strength and a blessing, and I believe that Iraqis cherish the role that different religious faiths play in their country.”

—Hon. Matthew Tueller, U.S. Ambassador to Iraq

In his remarks during the re-opening ceremony, the Saudi Ambassador to Iraq, H.E. Abdulaziz Alshamri, noted, “We welcome all Iraqi products to be exported to Saudi and, through this border, there will be an exchange of visits between our two countries.”

In recent months, there have been high-level visits both ways across the border, reflecting the warming relations between Iraq and its Arab neighbors. The Prime Minister, H.E. Mustafa Al-Kadhimi, made plans in 2020 to visit H.M. King Salman bin Abdulaziz in Riyadh. This was slated to be Al-Kadhimi’s first foreign trip as Prime Minister, sending an important signal about Iraqi – Saudi relations. The high-level mission was postponed when King Salman was hospitalized, but plans are being made to reschedule the visit.

Visit by Pope Francis: Symbolism and Substance

His Holiness Pope Francis’ visit to Iraq, brimming with symbolism, lifted spirits in Iraq and across the region.

Christians in Iraq trace their origins back about 2,000 years to ancient Mesopotamia. But until March 2021, no pope had ever visited Iraq’s holy cities. Pope Francis made the rounds, visiting Baghdad, Najaf, Nassiriya, Ur, Erbil, Mosul, and Qaraqosh.

“Today, we reaffirm our conviction that fraternity is more durable than fratricide, that hope is more powerful than hatred, that peace is more powerful than war.”

— His Holiness Pope Francis

☞ H.H. the Pope, calling himself a “pilgrim of peace,” prayed at the ancient city of Ur, considered the birthplace of the Prophet Abraham, revered by Christians, Muslims, and Jews.

☞ In the holy city of Najaf, Pope Francis met for nearly an hour with Grand Ayatollah Ali al-Sistani, spiritual leader of Iraq’s Shiite community and one of the most influential clerics in the Middle East.

☞ In Erbil, the Kurdistan region’s capital, the pontiff held mass in a sports stadium that holds 20,000 persons.

☞ In Mosul, near the Biblical city of Nineveh, the Pope visited Church Square. Four churches, representing different denominations, face the Square. In honor of the Pope’s visit, a cross was crafted there from torched wooden chairs rescued from churches across Iraq.

The Pope’s visit was truly historic, “offering healing to the victims and hope for the future . . . Two of the world’s most revered religious leaders met in a spirit of brotherhood, tolerance, and mutual respect and understanding. This is good news for worshipers of all faiths around the globe.”

— H.E. Fareed Yasseen, Iraq’s Ambassador to the United States

The backdrop to the pontiff’s visit included numerous religious sites that had been desecrated or destroyed by ISIS. In Qaraqosh, for example, the town’s historic church has been rebuilt. “Dressed in traditional embroidered robes, hundreds of the faithful – who speak a modern dialect of Aramaic, the language spoken by Jesus Christ – welcomed the pontiff with hymns and olive branches,” reported *France 24*.

H.H. the Pope inspired hope wherever he visited, and he made clear his revulsion of extremism. He said, “How cruel it is that this country – the cradle of civilization – should have been afflicted by so barbarous a blow . . . with ancient places of worship destroyed and many thousands of people – Muslims, Christians, Yazidis, and others – forcibly displaced or killed.”

The pontiff went on to say, “Today, however, we reaffirm our conviction that fraternity is more durable than fratricide, that hope is more powerful than hatred, that peace is more powerful than war.”



Erbil Citadel, the historical city center of Erbil in the Kurdistan region of Iraq.

worldheritagesite.org

Iraq's Ambassador to the United States, H.E. Fared Yasseen, told NUSACC stakeholders, "This was a truly historic visit, offering healing to the victims and hope for the future." Three elements of the Pope's visit deserve special consideration, Yasseen noted. "One of these was a service at the cathedral in Baghdad where, in October 2010, there was a bombing and 50 worshipers were killed. Second, in Mosul, the Pope conducted a service where, in 2014, ISIS expelled all the Christians from the city. And third, most extraordinary of all, was the Pope's meeting with Ayatollah Ali Al-Sistani. Two of the world's most revered religious leaders met in a spirit of brotherhood, tolerance, and mutual respect and understanding. This is good news for worshipers of all faiths around the globe."

U.S. Ambassador Matthew Tueller put it this way, "Iraq's diversity is a strength and a blessing, and I believe that Iraqis cherish the role that different religious faiths play in their country."

Iraq's Youth: American University in Baghdad Opens

Providing Iraq's youth with greater educational and vocational opportunities is critical to the country's future. In this spirit, the American University of Iraq – Baghdad (AUIB) has just opened its doors.



Iraqi Prime Minister Mustafa Al-Kadhimi speaking at the soft opening ceremony at the AUIB.

auib.edu.iq

Iraqi Prime Minister Mustafa Al-Kadhimi and U.S. Ambassador Matthew Tueller participated in a soft opening ceremony at the university in mid-February, when AUIB welcomed its first Freshman class.

AUIB was established in 2018 as a private, not-for-profit university. Following a two-year renovation project, Saddam Hussein's 622-acre Al-Faw Palace complex has been converted into an attractive, secure, state-of-the-art university at a cost of \$200

million. Over time, AUIB will hold 60,000 students in 30 colleges from Iraq's 18 provinces, representing all of the country's diverse ethnic and faith communities.

In his welcoming remarks, AUIB's President – Dr. Michael Mulnix – noted, "What is envisioned for AUIB is a strong, independent university that is recognized as an outstanding teaching and research institution, a university that empowers students to act responsibly and to effect personal, social, political and environmental change within a global context . . . AUIB will offer the highest caliber of academic programs and continual innovation in research, creativity and entrepreneurship."

During its February launch, AUIB opened three Colleges: Arts & Sciences, Business, and International Studies. Later this year, five more will open – Dentistry, Pharmacy, Healthcare Technology, Nursing and Law. Over the next two years, AUIB will open a College of Engineering, College of Education, College of Agriculture and Natural Sciences, College of Media and Communications, and, importantly, a College of Medicine with a 200-bed teaching hospital.



Al-Faw Palace, now part of the American University in Baghdad.

arabamerica.com

In addition to serving Iraqi and international students, AUIB will hold classes for the community-at-large and for government officials, to help them develop their skills through extensive continuing education programs.

“At AUIB,” Mulnix said, “We will not just graduate students; we will graduate *leaders* . . . future leaders not only of Iraq, but future leaders of the world.”

H.E. Mustafa Al-Kadhimi, Iraq’s Prime Minister, put it this way: “Our goal is to turn our [recent] dark history into a bright one. Today, we are going through great challenges, and our goal is to turn these challenges into opportunities for success.”

“We will not just graduate students; we will graduate *leaders* . . . future leaders not only of Iraq, but future leaders of the world.”

— Dr. Michael Mulnix, President, American University of Iraq (Baghdad)

For five decades, the National U.S. - Arab Chamber of Commerce (NUSACC) has served as a commercial bridge between the United States and the Arab world. Widely regarded as the voice of American business in the Middle East and North Africa (MENA) region, the Chamber serves nearly 50,000 members and stakeholders in the USA and across the Arab world. Awarded the E-Award for export excellence by the President of the United States, NUSACC is the only business entity in the USA that is recognized by the League of Arab States and the Union of Arab Chambers.



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