



Address by Dr. Barham Salih
Prime Minister of the Kurdistan Regional Government
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“The Building of Strong and Stable Civil Institutions in the Kurdistan Region”

Distinguished guests, ladies and gentlemen,

I am truly delighted to be here at this important forum to speak about the profound changes in the Kurdistan Region and the investment opportunities that it offers today. Kurdistan has suffered terrible atrocities, but in the last few years has begun to build itself into a place of enormous opportunity. This would not have been possible without the assistance of the United Kingdom and other countries in enforcing the No-Fly-Zone in 1991 and in helping to liberate Iraq in 2003.

I would like to thank the British government and the UK for their support in holding this conference. We truly appreciate the sacrifices Britain has made to help the Iraqi people, and we welcome its engagement in the Kurdistan Region.

Support for investment is the key to our further development. We are keen to discuss with you our goals for economic prosperity, our plans for improving the lives of our citizens, and our policies that aim at ensuring security and stability.

It is important to highlight the context our Region is emerging from. Iraq has suffered from the scourge of a despotic regime, which did not hesitate to destroy its people and deprive them of the basic necessities of life and even of life itself. Under Saddam Hussein, thousands of Kurdish villages were brought to the ground and a ruthless campaign of extermination was waged in which hundreds of thousands were killed. True genocide was perpetrated against the Kurds – a campaign whose purpose was not just to take Kurdish lives, but to destroy Kurdistan's cultural identity and break its potential economic backbone.

After the end of oppression and the liberation of Iraq in 2003, the Kurds made the choice to live in a pluralist, democratic, constitutional, and federal Iraq. We did not promote federalism just to maintain our 12 years of self government, but because the centralized system of governance in Iraq had been a manifest failure. It would be wrong to think that federalism is only good for Kurdistan, and it would also be wrong to think that it causes division. It is in fact a 'safety valve' or an 'insurance policy' for a united Iraq, which is a mosaic of ethnic, sectarian, religious, and national groups.

Ladies and gentlemen,

The Kurdistan Regional Government has made great progress in the last two decades. We have a broad strategy covering several different areas; we aim to meet the requirements of our people and provide better services by implementing construction projects across the Region, in addition to housing projects, roads, education, health, and agricultural development.

When considering the progress of development in the Kurdistan Region, it is important to remember the level we were starting from. The Region had to build its infrastructure after decades of abuse by a central government which was at its best indifferent and at its worst violently hostile to the welfare of the Kurds.

In 1991 there was only one university in the Region, Salahaddin, which had seven colleges, 31 departments, and about 8,000 students. There were only three technical institutes in the cities of Erbil, Duhok, and Suleimaniyah. Today there are 7 universities and we are opening 4 new ones; we have 110 colleges, and 400 departments covering a whole range of subjects in the sciences and humanities, as well as 20 technical institutes and three technical colleges. There are also many private institutes and colleges that provide opportunities to study medicine, technology, social sciences and economics.

The education sector as a whole has seen great improvements. In 1991 there were 1,320 schools, 21,291 teachers, and 550,000 students across the Region. Today these numbers have increased to more than 5,500 schools, 85,000 teachers, and 1,400,000 students.

The KRG is continuing to give priority to the education sector. We have recently launched an extensive \$120 million campaign to build modern schools throughout the Region according to the latest international standards.

Our goal is to tap the energy, entrepreneurship, creativity, and intelligence of our people, and we will do this by making sure that future generations will be provided with the best education. The KRG has just launched the \$100 million Human Capacity Development Program which will provide scholarships for students to study Master's and doctoral degrees at renowned international universities. This Program aims to create specialized staff in academic institutions and provide the public and private sectors with highly trained human resources that are much needed for development. As part of its reforms to the education sector, the KRG has also embarked on an extensive plan to ensure the independence of academic institutions.

In regard to the housing sector, the KRG has begun the implementation of a vast plan to support and expand the Housing Fund to make it easier for citizens to own a house at a reasonable price. The investment projects of private housing are of great significance to the KRG, which is providing investors with the best possible facilities. The KRG has allocated an estimated \$170 million for the second phase of support for the Housing Fund, which will be implemented by next July. The purpose of this second phase is to build seven thousand housing units and apartments throughout the Region's cities, districts, and sub districts, and it will be implemented in cooperation with companies investing in the Region.

In regard to the construction and infrastructure sectors, since 1991 we have implemented more than 900km of paved roads and 4,000 drinking water projects, some of which are large scale and strategic, such as Ifraz in Erbil and Dukan in Suleimaniyah. This is in addition to the implementation of more than 6,800km of sewerage grids in all cities, districts, and sub districts.

The health sector has also had its share in this development. For example, in 1991 there were only 27 governmental hospitals in the Region, whereas now there are more than 50, as well as many private hospitals and health centers. In 1991 there were less than 1,150 physicians, but today we have more than 3,600 in many different specializations. The KRG has recently commissioned a study to help develop the health sector and pass legislation protecting the rights of patients and health staff. This is in addition to the introduction of modern technology in laboratories and operational wards in a way which pays close attention to the progress of medical research.

The Kurdistan Region has amazing potential for developing a tourism industry. We are in the process of building high end hotels, and the demand is far higher than supply. The Kurdistan Region is becoming the destination for many international airlines. Prior to 2003, there was no civil airport in the Kurdistan Region. We now have two airports, in Erbil and Suleimaniyah. The new Erbil International Airport has the potential to becoming one of the most active hub airports in the Middle East and is capable of handling any aircraft flying the world today. It has the longest runway in the Middle East and the fifth longest in the world.

In the energy sector, 11 power generating plants were established between 1991 and 2007. Three of these have recently become operational with a 1,750 mega watt capacity. The KRG is working to permanently increase the electricity power supply and has built 96 Electricity Distributing Stations with a 3500km long power grid all over the Region. This has resulted in increasing the number of hours electricity was provided to households from 2 hours per day in 1991 to an overall of 18 20 hours now, and work is underway to reach 24 hours.

We have started to use our natural wealth for the good of all Iraqis. The Iraqi constitution gives regions the right to develop and run unexplored oil and gas fields, the Kurdistan Parliament adopted the Region's Oil and Gas law in August 2007 and contracting started in September 2007. Now, we have 40 international companies from 17 countries exploring for oil and gas in the Kurdistan Region.

Based on seismic data from nearly three decades ago, Iraq has 115 billion barrels of proven oil reserves, but current estimates put Iraqi reserves potentially two to three times above the stated amount. Yet production of oil has not changed in decades.

Centralized control over oil management has been catastrophic. It is a painful irony that a country endowed with unparalleled natural resources was reduced to an economic wasteland as a result of decades of central mismanagement. There are still oil producing territories in southern Iraq where services are dire and poverty is widespread.

There are certain issues over which we hold differing views with some parties in the Federal Government. We believe that the longer we wait, the harder it will become to resolve these differences. All Iraqis are entitled to their share of the oil revenue, which is why the oil sector must be managed efficiently. Stagnant oil export and production in Iraq have been the products of an unsuccessful oil policy. There are disagreements over oil production in the Kurdistan Region, but throughout the discussions, we have always been prepared to resolve these issues on the basis of the Iraqi Constitution, for which the majority of the Iraqi people voted. I am very happy to announce that following remarkable efforts on all sides, the Iraqi Council of Ministers recently endorsed a detailed KRG proposal which should resolve the issues once and for all, and we are hopeful that we can put it into implementation.

Prior to 2003, the Kurdistan Region was underexplored and its oil potential was for the most part unknown. Now, recent geological surveys estimate the oil reserves in the Kurdistan Region to be as high as 45 billion barrels and around 3.6 trillion cubic meters of natural gas.

With the current investments in the existing oil fields, the Kurdistan Region is capable of exporting 100,000 barrels per day and to double that quantity in a few months afterwards. Eight new oil fields were also discovered recently, out of which 3 are of world class size, and it is agreed that we could boost production to approximately 1 million barrels per day in 3-4 years.

There are great opportunities for petrochemical and other midstream and downstream industries to flourish in the Kurdistan Region. Current oil refineries have proven to be a worthwhile investment and have contributed to meeting the local demand for petroleum products and power generating. Three refineries were commissioned through the private sector with a total capacity of 200,000 barrels per day of which 50% is currently operational and the remaining will be completed in 1-2 years. Our plan is to continue in that direction and achieve the Kurdistan Region's potential to being a hub for these industries in Iraq and beyond.

Ladies and Gentlemen,

That is not to say that all is rosy. The Kurdistan Region's society and government are burdened with the legacies of civil war, sanctions, outdated bureaucracy and big government. Its society is going through a transition to what is aspired to be a fully democratic system of government rooted in the rule of law and free market economy. There are still serious challenges that we are faced with, including corruption, which we are addressing through a multifaceted reform agenda.

With assistance from PriceWaterhouseCoopers, one of the world's leading financial and accounting consultancy firms, the KRG has launched its Good Governance and Transparency Initiative and has started undertaking a thorough and comprehensive evaluation of government procedures and operations.

The KRG Council of Ministers has also recently endorsed a draft law establishing a Transparency Commission to staunch corruption and promote good governance, and has introduced a Code of Conduct for public servants.

As part of our drive to improve government efficiency, we are introducing e-government services to connect government institutions to the people and empower our citizens, the private sector, and foreign investors. We want to make the Region's economy more efficient and competitive by improving internet connectivity and installing broadband networks.

We are encouraging the development of a business friendly environment which attracts local and international capital by establishing free trade zones with neighboring countries. Some real steps have already been taken with Turkey and Iran in this direction.

The KRG understands that the private sector must take the lead in diversified sustainable growth and has been working hard to provide an appropriate environment for trade and investment. It has established a one stop shop for investors, the Board of Investment, and enacted an Investment Law, which not only promotes

private sector engagement, but also provides for equal treatment of foreign and domestic investors in all areas, including land ownership, exemption from customs taxes and duties and the ability to transfer profits and interests on capital abroad.

These efforts have resulted in much greater interest in the Kurdistan Region among investors from many different countries, such as: the United Kingdom, Japan, Turkey, China, United States, Germany, Canada, Korea, Iran, Lebanon, Norway, United Arab Emirates, Syria, Jordan, Saudi Arabia, Kuwait and many others.

As of last April, the investment licenses granted by the Investment Board for projects in housing, banking, industry, tourism, education, agriculture, communications, and health service amounted to nearly 13 billion dollars.

There have also been remarkable improvements in Kurdistan's diplomatic relations with other countries and we are seeing a continuous increase in the number of consulates and diplomatic representations in Erbil, the Region's capital. We truly appreciate expressions of interest from the United Kingdom, such as the recent APPG fact finding mission. The mission was extremely positive about the Kurdistan Region and identified many areas in which the UK could be more actively involved.

Honorable Guests,

Our experiences from the last almost two decades have, despite the ups and downs, given us more confidence and have proved that progress and growth are possible. We have learned to turn our sad memories of the past into dreams for a better future.

We believe firmly in a democratic federal Iraq, and we consider the progress and advancement of the Kurdistan Region to be part of the progress of all Iraq and a catalyst for the success of the democratic process.

Despite the gradual and lingering return of stability to Iraq, its economy is growing steadily. From 1.5% of GDP growth rate in 2007 to 4.3% in 2009, it is estimated to reach over 7% this year and around 8% next year. The safe environment, maturing economy and rapid development in the Kurdistan Region make it a model of growth and the ideal gateway to the rest of Iraq.

In 2003, GDP per capita in Iraq was barely \$465. The current GDP per capita in the Kurdistan Region is estimated at \$4,500, which compares with nearly \$3,600 in Iraq as a whole. With a population of approximately 4.5 million in an area of 80,000 square km, the conditions in the Kurdistan Region are such that agriculture, industry, energy, tourism and trade and investment can all thrive.

I hope that this conference will lead to many new initiatives for joint cooperation, and I urge you to seize this unique opportunity to set up base in the Kurdistan Region and be part of a new beginning for both Kurdistan and Iraq.

We have come a long way, but we know that we can go much further.

Thank you.