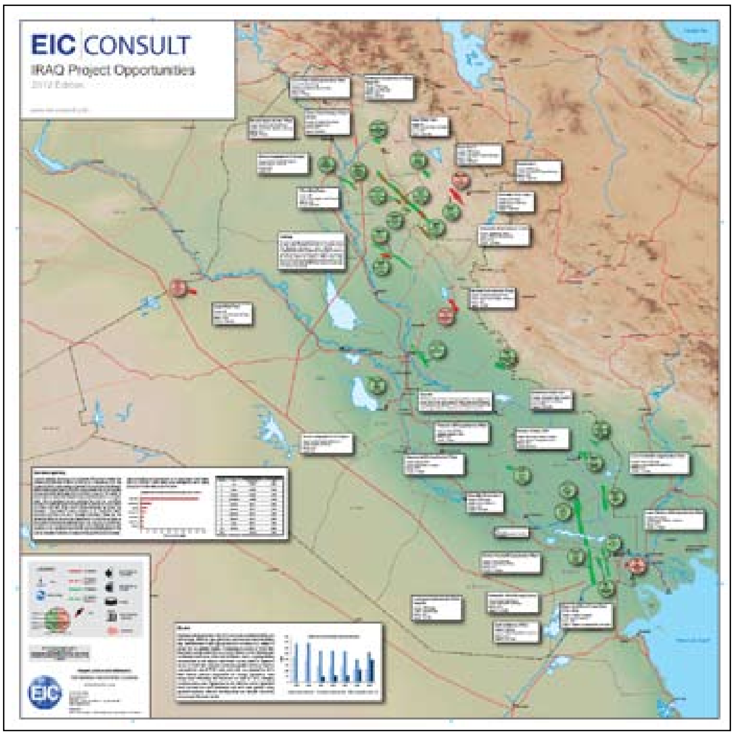
EIC | CONSULT

IRAQ

ENERGY OVERVIEW
2012

Executive Summary and Table of Contents

EIC Consult brings you a fantastic opportunity to gain a thorough understanding of the Iraqi energy marketplace. The Iraq 2012 report delivers expert energy intelligence designed to identify existing investment opportunities and understand future growth requirements. The report provides over 200 pages of critical analysis of the current political and business climate alongside comprehensive coverage of the security environment. The Iraq 2012 energy overview enables confident decision-making and gives your organisation the insight to succeed in the New Iraq.



*Early illustration - for display purposes

The report also comes with a detachable 841 x 594 mm high quality map that highlights transport infrastructure, key projects and pipelines. The map also includes oil and gas fields in Iraq with further information from those producing or being developed by international oil companies following the first three licensing rounds

Price: £1,250 plus VAT for Members (£1,800 plus VAT for non-Members)
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Executive Summary

Political Overview

National elections in 2010 proved inconclusive and a coalition government was formed after nearly ten months of negotiations. The coalition lacks a majority in parliament and Iraqi politics is often characterised by political infighting and a lack of consensus. Prime minster Maliki has asserted himself as a strong leader capable of running the country during times of intense difficulty and looks to have consolidated his premiership until the next national elections due in 2014. Overall the Iraqi government remains committed to proceeding with development and is taking all the necessary steps to sustain and encourage investment. Important political barriers remain with regard to the energy industry, including the failure to pass a binding national hydrocarbon law or revenue sharing agreement and the ongoing dispute regarding the status of federal regions.

The report contains the names and positions of every minster in the current administration as of March 2012, a descriptive analysis of the major political parties, their objectives and key politicians and a forward looking analysis of the political crisis that struck Iraq during the early months of 2012. Iranian influence and the regional disputes that define politics in Iraq are also discussed and the results of the 2010 elections are included.

Regional Overviews

Iraq can be divided into three discernable regions, the Kurdish north, mixed central and Shia south. Each region has a different demographic, economic, and political environment that shapes the security and business climate in the governorates that make up each area. The semi-autonomous Kurdistan region with its own government and the power to construct and enforce its own legislation, represents a very different operating environment to the rest of Iraq.

The regional overviews featured in the Iraq 2012 report include all the essential demographic, political and economic information about every governorate in Iraq. Particular attention is paid to the key governorates of Baghdad, Basrah and the Kurdistan region as a whole. Major projects, areas of investment and security are all discussed in detail for these key areas of Iraq to provide a comprehensive coverage of this diverse nation state.

Upstream

Iraq has huge reserves and development potential, but has been held back by a lack of security and political instability. As of 2011 the nation had around 80 commercial oilfields and oil production averaged 2.65 mmb/d. Up to 2.17 mmb/d was exported. These exports earned $83 billion of revenue which will be used to fund Iraq's reconstruction and security reforms as well as finance ongoing investment to rehabilitate the energy sector.

Iraq's long awaited hydrocarbon law is still being debated by parliament where it has been stuck since 2007. Since 2003 the majority of project activity has taken place in the Kurdistan region where more lucrative production sharing contracts are on offer and the regulatory environment is far more settled. Iraq has had three oil and gas licensing rounds to date in which 21 fields have been offered for development. The fourth licensing round is due in 2012, though it has been repeatedly delayed due to problems in the Iraqi government regarding the status of future contracts.

The report features an in depth exploration of Iraq's upstream sector. A clear description of the role and organisation of Iraqs's oil companies precedes a thorough consideration of constitutional issues relating to the management of the oil and gas, including the specifics of the proposed hydrocarbon law and both technical service and production sharing contracts. Major oil and gas fields are examined and information on their location, reserves, current operator and the status of any developments is included. Details on all 53 production sharing agreements in the Kurdistan region are featured in full. The report incorporates the location and size of active blocks, all well related activity including drilling, appraisal and production, estimated reserves in place, current operators, the development phase of any project work and current activity in the block including any production. All information is up to date as of March 2012.

Iraq's primary fuel reserves are placed within the context of historical and current rates of production and infrastructure development to provide an informed indication of the nation's likelihood of reaching its ambitious production targets over the next 7–10 years. A full list of the companies pre-qualified to take part in the upcoming fourth licensing round as well as maps and a block by block analysis of the areas on offer in the round are also incorporated. The report looks at offshore activity and natural gas developments and the upstream chapter concludes with a summary of larger projects, the main challenges facing upstream developments and a qualified forecast of the future of the sector in Iraq.

Midstream

Despite extensive hydrocarbon reserves, Iraq lacks the infrastructure to access international markets. Pipeline infrastructure has been fragmented by prolonged periods of civil unrest and conflict. Revised plans to expand this infrastructure through Syria under the $50 billion Phase 1 oil export pipeline initiative are now being considered as the pressure from upstream developments grows. Oil storage remains critically low throughout the year, covering only four days' worth of southern output, however, plans to double the regions capacity are underway and further expansion is set to continue throughout 2012.

Downstream

Iraq is currently importing significant volumes of refined petroleum products despite having one of the largest proven oil reserves in the world. Even though Iraq has over 10 refineries, most of the production comes from three main refineries. Due to political instability, wars and embargos the refining sector has received little investment over the years. Existing refineries are old and in need of modernisation and refurbishment. Gasoline and diesel quality is low and far from reaching European standards. The gap between domestic demand and supply is growing constantly and Iraq is in need of expanding its capacity. The country has the ambition to become a net exporter of refined petroleum products and plans to increase its refining capacity by around 900,000 b/d by 2017.

Power

Iraq has a severely underdeveloped power sector, with infrequent supply and insufficient capacity. It contributes to a number of social problems and increasing supply is often cited as the number one priority of the Iraqi government. The approved 2012 budget includes an estimated 31% increase in the Ministry of Energy (MOE) budget over 2011 levels. A large proportion of this is earmarked for capital investment. A number of international players have signed agreements with the MOE, and these are emerging as key players in the Iraqi power sector. The situation in Kurdistan is dramatically better than the rest of Iraq. The region operates its own grid and two hydroelectric power plants. It now produces all the electricity it consumes, and exports a small amount. Projects are moving forward in Kurdistan, as it aims to increase domestic supply and electricity exports.

Security in Iraq

The security environment deteriorated slightly following the departure of US troops, however, given the political challenges facing the country the security services are showing that they have progressed significantly over the past few years. Militant groups retain an operational capacity to strike at energy targets which continue to come under attack regularly. The number, if not the scale, of sectarian attacks has been greatly reduced compared to previous years. Foreign terrorist groups are also still present in Iraq, though in greatly reduced numbers. Private security contractors have recently been banned from conducting operations in Iraq including protecting energy facilities.

A breakdown of Iraq's security forces and details on the location and intensity of violence in the country accompanies a description of the main hostile groups and current trends in security. The analysis focuses on energy related attacks and the future of securing operations in the energy sector following the withdrawal of US troops. The recent ban on private contractors is also assessed.

Business Methodology

Many business opportunities exist within Iraq, though the private sector is still at a nascent stage and the majority are in the hands of state-owned companies. It is expected that at least $50 billion will be spent in the next five years and the avenues for this investment incorporate many different sectors. A measured and targeted approach is required to doing business in Iraq and it is essential for foreign companies to establish some kind of presence and personal relationships with locals and major operators on the ground.

There are four central elements to a successful business strategy in Iraq, these are elaborated fully in the report and complemented by a practical guide of the dos and don'ts of conducting business in Iraq. A brief description of the most active business and trade organisation in Iraq and a summary of the business climate which includes the key Kurdistan region are also featured.

Projects Index

A comprehensive table of future and active projects in Iraq tracked by the unique EICDataStream global projects tracking database is incorporated for reference.

An indicative contents and selection of table and graphs featured in the report is displayed below. Please note that the contents are subject to change and EIC Consult reserves the right to alter this information.

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