

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

IRAQ

Middle East

Dialogue | Trust | Partnership

office@lordwaverley.com

www.lordwaverley.com

WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Baghdad	Capital and political/commercial center; home to the National Investment Commission	Services, finance, government-linked contracting
Basra	Southern oil hub and principal export terminal, now constrained by the 2026 Strait of Hormuz disruption	Oil export infrastructure
Erbil (Kurdistan Region)	Regional capital with a relatively more liberalized investment climate, entangled in the chronic Baghdad-KRG revenue dispute	Services, real estate, trade
Kurdistan oil fields / Ceyhan pipeline corridor	Site of a years-long, intermittently halted crude-export dispute between Baghdad and the KRG	Oil production and export infrastructure
Nineveh / Mosul	Post-ISIS reconstruction region with agriculture and manufacturing potential	Agriculture, reconstruction, manufacturing
Najaf / Karbala	Shia pilgrimage cities anchoring a large religious-tourism economy	Tourism, hospitality
Development Road corridor (Grand Faw Port to Turkey)	Flagship transport-infrastructure project positioning Iraq as a regional logistics hub, bypassing the Strait of Hormuz	Transport and logistics infrastructure

INVESTOR ENTRY ROUTES

- National Investment Commission (NIC) provides single-window investment facilitation and incentive approval
- Public-private partnership structures increasingly used to ease state-sector dominance of major projects
- Investment-protection treaty membership and a published investment map listing more than 100 strategic opportunities
- Newly approved pipeline routes to Turkey and Syria offering export diversification away from the Strait of Hormuz
- Kurdistan Regional Government's own semi-autonomous investment framework, subject to the unresolved Baghdad revenue-sharing dispute
- Development Road project (Grand Faw Port to Turkey), Iraq's flagship transport-corridor investment initiative

MARKET-ENTRY OBSERVATION

Iraq's economy remains overwhelmingly dependent on oil, which supplied roughly 84% of government revenue in early 2026, even as the National Investment Commission has pursued genuine diversification: Arab and foreign investment topped \$100 billion over the two years to mid-2025, and the NIC has targeted up to \$250 billion in new investment across industry, infrastructure, housing, energy, education and healthcare over the following two years, backed by a one-stop-shop facilitation mechanism and investment-protection treaty membership. That diversification push has been overshadowed in 2026 by an acute fiscal crisis: Iraq's budget deficit more than tripled from \$5 billion at the end of April to \$16 billion at the end of June, with first-half 2026 revenue of roughly \$27.5 billion against spending of nearly \$43.6 billion. Oil revenue fell sharply after Iran's closure of the Strait of Hormuz disrupted crude exports from southern Iraq - 2025 oil revenue had been \$85 billion at 3.4 million barrels per day - and public domestic debt reached a record level by

the end of May 2026. Iraq has approved new pipeline routes to Turkey and Syria intended to bypass the Hormuz chokepoint, but these remain under development.

Politically, Iraq's November 2025 parliamentary elections returned Prime Minister Mohammed Shia al-Sudani's coalition as the largest bloc, but his path to a second term collapsed after Coordination Framework power-broker Nouri al-Maliki opposed him; when Maliki himself emerged as the Framework's preferred candidate, US President Trump intervened directly, warning that US support to Iraq would stop if Maliki became prime minister. The eventual compromise, Ali al-Zaidi - a 40-year-old political newcomer from the private and academic sectors - was sworn in on May 14, 2026 with only 14 of 23 cabinet seats filled, the interior and defense ministries still unresolved. Al-Zaidi inherited the central US demand to disarm Iran-backed militias within the Popular Mobilization Forces, originally tied to a September 30, 2026 deadline and a scheduled US troop withdrawal; as that deadline approached, al-Zaidi began backing away from a firm date, key factions including Kataib Hezbollah, Kataib Sayyid al-Shuhada and Harakat al-Nujaba rejected disarmament outright, and the ruling Coordination Framework formed a mediating committee to prevent intra-Shia conflict. Separately, Baghdad's chronic dispute with the Kurdistan Regional Government over oil-export revenue sharing has left the Ceyhan pipeline to Turkey intermittently halted for years, a recurring structural barrier to Kurdistan-linked investment.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
Acute fiscal crisis	Budget deficit tripled from \$5B to \$16B in two months (April-June 2026), driven by Hormuz-related oil-export disruption	Monitor fiscal data closely; prioritize revenue structures not dependent on government payment capacity
Oil-revenue dependency and Hormuz exposure	Oil supplied roughly 84% of government revenue in early 2026, with exports exposed to regional conflict-driven shipping disruption	Monitor progress on new Turkey and Syria bypass-pipeline routes
Weak, partial-cabinet government	PM al-Zaidi took office in May 2026 with only 14 of 23 ministries filled, including interior and defense still vacant	Monitor cabinet completion and ministerial appointments relevant to any sector of engagement
Iran-backed militia disarmament standoff	Key Popular Mobilization Forces factions have rejected a US-linked disarmament deadline, with risk of intra-Shia conflict or renewed US pressure	Monitor Coordination Framework mediation and US policy signals
Kurdistan-Baghdad revenue dispute	A chronic, years-long disagreement over the Ceyhan pipeline and oil-payment framework has repeatedly halted Kurdistan crude exports	Monitor budget-law implementation and KRG-Baghdad negotiations before committing Kurdistan-linked capital
Entrenched corruption	Iraq ranks persistently poorly on international corruption indices; high-profile cases such as the "theft of the century" (~\$2.5B) remain only partially recovered	Engage reputable local partners and maintain rigorous counterparty due diligence
US-Iran geopolitical crossfire	Iraq remains a primary arena for US-Iran competition, with Washington pressing for militia disarmament and reduced Iranian influence	Monitor US and Iranian policy signals toward Baghdad

INVESTOR RISK NOTE

Iraq combines genuine, treaty-backed investment-promotion efforts and substantial recent foreign-investment inflows with an acute, Hormuz-driven fiscal crisis, a newly installed government with an unfilled cabinet, an unresolved Iran-backed militia disarmament standoff carrying real escalation risk, and a chronic Kurdistan-Baghdad revenue dispute. These risks are structural and political rather than signs of active war inside Iraq itself, but they compound to create a genuinely volatile operating environment.

MARKET ACCESS

Iraq's National Investment Commission offers a one-stop-shop facilitation mechanism, investment-protection treaty membership, and a published map of more than 100 strategic opportunities across industry, infrastructure, housing, energy, education and healthcare. The Development Road project - a planned transport corridor from the new Grand Faw Port to the Turkish border - is Iraq's flagship bid to become a regional logistics hub. The domestic market is substantial (roughly 45 million people), though purchasing power and non-oil private-sector depth remain limited.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
Prime Minister Ali al-Zaidi	Sworn in May 2026 as a political newcomer; must balance US and Iranian pressure while completing his cabinet	Relevant to any high-level policy or sector-specific engagement
National Investment Commission (NIC)	Central single-window investment-facilitation and incentive body	Primary entry point for structuring any new investment
Ministry of Oil (Minister Basim Mohammed)	Oversees the oil sector that supplies the large majority of government revenue	Relevant counterpart for any energy-sector engagement
Coordination Framework (Shia alliance, incl. Nouri al-Maliki)	Dominant force in government formation and a key mediator in the militia-disarmament standoff	Central to political-risk monitoring
Popular Mobilization Forces and Iran-backed factions	Kataib Hezbollah, Kataib Sayyid al-Shuhada and Harakat al-Nujaba, subject to a contested US-linked disarmament push	High-risk; not a realistic engagement channel for conventional investors
Kurdistan Regional Government (KRG)	Semi-autonomous regional government, party to the chronic oil-export revenue dispute with Baghdad	Direct engagement channel for Kurdistan-linked projects
US and Iranian diplomatic missions	Both actively shaping Iraqi government formation and policy	Relevant to any politically sensitive sector engagement

CURRENT INTERNATIONAL BUSINESS CHANNELS

Engagement channels run through the National Investment Commission, the Iraqi Federation of Chambers of Commerce, and sector-specific ministries, notably Oil; for Kurdistan-linked projects, engagement also requires direct KRG channels given the territory's semi-autonomous investment framework.

INVESTOR PROFILE BEST SUITED

Suited to investors with high risk tolerance comfortable navigating a politically fragmented, oil-dependent economy with genuine reconstruction and diversification upside, particularly in infrastructure, logistics and non-oil sectors targeted by the NIC. Less suited to investors requiring government-payment certainty, security-sector stability, or insulation from US-Iran geopolitical competition playing out inside Iraq.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Engage the National Investment Commission

Approach the NIC for project screening and incentive structuring.

STEP 2: Assess fiscal and payment risk

Evaluate government-payment capacity for any state-linked contract given the current budget crisis.

STEP 3: Monitor political and security signals

Track cabinet completion and the militia-disarmament standoff for policy and security-risk developments.

STEP 4: Engage KRG channels for Kurdistan projects

Work directly with the Kurdistan Regional Government and monitor the Baghdad revenue-sharing dispute.

STEP 5: Conduct enhanced anti-corruption due diligence

Apply rigorous counterparty due diligence to all local partners.

WAVERLEY'S ROLE

- Investment facilitation and introductions to the National Investment Commission and relevant ministries
- Fiscal and payment-risk monitoring for state-linked engagement
- Political and security-risk monitoring of the militia-disarmament standoff and cabinet formation
- Kurdistan-Baghdad dispute tracking for energy-sector investors

INVESTOR CALL TO ACTION

Investors should request an updated fiscal-risk briefing from Waverley before structuring any state-linked contract or payment stream in Iraq.

Investors considering Kurdistan-linked energy projects should engage Waverley for ongoing monitoring of the Baghdad-KRG revenue dispute before committing capital.

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Near-term opportunities are concentrated in the Development Road transport corridor, non-oil diversification sectors targeted by the NIC's \$250 billion two-year investment drive, and reconstruction-linked agriculture and manufacturing in Nineveh and other post-ISIS areas. Opportunities tied directly to government payment streams or the Kurdistan export pipeline warrant particular caution given current fiscal and political uncertainty.

POSITIONING

Waverley views Iraq as a country of genuine reconstruction and diversification potential - substantial recent foreign-investment inflows, an ambitious NIC-led investment drive, and flagship infrastructure projects like the Development Road - operating alongside an acute, regionally-driven fiscal crisis, a newly installed and still-incomplete government, and an unresolved Iran-backed militia disarmament standoff with real escalation potential.

For investors able to navigate this volatility and engage through the National Investment Commission's established channels, Iraq offers real upside in infrastructure, logistics and non-oil sectors; for investors requiring government-payment certainty or insulation from US-Iran geopolitical competition, the current environment warrants significant caution.

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