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Iraq's Trade with the World: Data and Analysis

Updated September 23, 2004

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Summary

In the last 25 years, Iraq's economic involvement in the world market has fluctuated dramatically — fluctuations brought about, in part, by damage to its oil infrastructure during the Iran-Iraq War of the 1980s, followed by a multinational military response and years of multilateral economic sanctions as a result of its 1990 invasion of Kuwait.

Economic stability in Iraq has depended on exports of crude oil since the end of World War II. Exports of oil accounted, on average, for 83% of Iraq's annual exports from 1980-1990 and virtually all exports since 1996. When international economic sanctions were imposed in August 1990, Iraq's oil sales dropped from \$10.2 billion in 1990 to \$305 million in 1991. From 1991 to 1995 the regime of Saddam Hussein declined to accept United Nations (U.N.) proposals seeking to permit Iraq to sell limited quantities of oil to meet the needs of its people. Without oil export revenues, living conditions in the country deteriorated sharply.

In 1996, the Iraqi government agreed to the establishment of a United Nations-administered Oil-For-Food Program (OFFP) that has allowed the Iraqi government to export limited amounts of oil and import food and humanitarian supplies under close supervision. On May 22, 2003, the U.N. Security Council adopted Resolution 1483, lifting all civilian trade sanctions on Iraq, providing for the termination of the OFFP.

Since Iraq's chief export product is crude oil, the country's economic future, at least in the short term, will depend on its ability to tap into its vast oil resources. According to U.S. Department of Energy statistics, Iraq has 112 billion barrels of proven oil reserves, and possible reserves of as much as 220 billion barrels. Due to years of war combined with the excesses of the Hussein regime, its oil potential has been largely unexplored and only 17 of 80 discovered oil fields have been developed.

Despite concerns over continued insurgent activity and the stability of the interim government that have scared away much foreign investment by major corporations, the Bush Administration officials and others report that Iraq's economy is booming. The U.S. government is engaged in efforts to attract small and medium U.S. businesses to work and invest in the country as subcontractors on U.S. government contracts and in the private sector. The United States has lifted most international trade sanctions with respect to Iraq in keeping with United Nations Security Council Resolution 1483, and has designated Iraq as a beneficiary developing country under the Generalized System of Preferences.

This report provides detailed trade statistics on Iraq's trade with the world from 1980 to the present, highlighting its major trading partners and regional trade linkages. Data on U.S. trade with Iraq for 2003 and 2004 to date are also provided. The report will be updated as events warrant.

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Iraq's Trade with the World: Data and Analysis

Introduction

Iraq's involvement in world trade has varied dramatically in the last 25 years. These fluctuations have been caused, in part, by the effects of the Iran-Iraq War (1980-1988), and the influences of Iraq's 1990 invasion of Kuwait, including a multinational military response. International economic sanctions were imposed following the invasion pursuant to United Nations Security Council Resolution 661.¹ From 1996 until the end of the regime of Saddam Hussein, exports and imports were closely regulated through a U.N.-authorized Oil-For-Food Program (OFFP) that permitted the Iraqi government to sell limited quantities of oil in order meet the needs of its people for food and humanitarian supplies. The OFFP officially terminated its operations on November 21, 2003, in keeping with U.N. Security Council Resolution 1483.

International trade and economic development are essential to Iraq's recovery from war, from decades of repression, and from the adverse effects of international sanctions. Many in Congress and the Bush Administration believe that reconstructing Iraq, including assisting in the restoration of its economic systems, is a compelling U.S. national interest. This was emphasized in the final report of the National Commission on Terrorist Attacks Upon the United States (informally known as the 9/11 Commission). The Commission recommended that "a comprehensive U.S. strategy to counter terrorism should include economic policies that encourage development, more open societies, and opportunities for people to improve the lives of their families and to enhance prospects for their children's future."² The 9/11 Commission also cautioned that if "Iraq becomes a failed state, it will go to the top of the list of places that are breeding grounds for terrorism at home."³

Iraq's economic success, at least in the short term, is dependent on its ability to export crude oil, which accounted for 83% of all exports from 1980-1989 and virtually all exports since 1996. However, continuing insurgent attacks against oil facilities have reduced post-war oil export flows. Extensive investment in the rehabilitation of Iraq's oil facilities is also required before pre-sanctions production levels are realized and new production can be developed.

¹ S/RES/661, August 16, 1990.

² *National Commission on Terrorist Attacks Upon the United States*, Final Report, July 22, 2004, p. 378-379.

³ *Ibid.*, p. 367.

This report first provides an analysis of Iraq's trade with the world from the Saddam Hussein's assumption of the presidency in 1999 to the present. Iraq's exports (especially its oil resources), primary imports, major trading partners, trade during the U.N. sanctions period, and alleged illicit trade during that period are discussed. Second, the report discusses the progress of largely U.S.-driven economic development initiatives in Iraq, and the continued process of normalizing Iraq-United States trade relations. Third, an appendix provides comprehensive tables on Iraq's exports, imports, major trading partners, and regional trade.

Background

Since the beginning of Saddam Hussein's regime in 1979, distinct patterns can be seen in Iraq's international trade relationship with the world that seem to coincide with its domestic history. The first pattern corresponds to the beginning of the Iran-Iraq War, beginning in 1980 and ending in 1988. In 1979, just prior to the war, oil production had reached an all-time high of 3.5 million barrels per day (bpd), decreased to 2.5 million bpd in 1980, and plummeted to less than 1 million bpd in 1983.⁴ Imports during the same time period soared from about \$8.5 billion in 1979 to about \$17.5 - \$21 billion in 1982 and 1983.⁵ Some of the increase in that period may be due to imports of dual-use (items with military and civilian uses) commodities, but such a marked increase in imports might also have signaled that the government and Iraqi industries were less able to produce food and goods domestically in a wartime environment. By 1984, imports decreased dramatically as the effects of the war caused Iraq's economy to contract. The cost of living rose sharply, the *dinar* was devalued, and the government and other organizations began to fall behind in payments to foreign contractors.⁶

Another period emerged after the end of the war in August 1988, when both exports and imports increased slightly until international economic sanctions were imposed directly after Iraq's invasion of Kuwait in August 1990. Between 1990 and 1997 international trade virtually collapsed as both exports and imports hovered between \$300-\$ 600 million per year.

The third pattern in Iraq's international trade begins after the implementation of the Oil-for-Food Program. Between December 1996 and 1998, oil exports were limited to certain levels, and all exports were closely regulated by the United Nations until the ending of international sanctions in 2003. Similarly, imports during this time period were limited to food, humanitarian, and medical necessities. Imports during this period ranged from \$2 to \$5 billion and exports from \$5 to \$14 billion.

⁴ "Middle East Oil and Gas," *Exxon Background Series*, December 1984, p. 12.

⁵ The \$17.5 billion figure is based on trade data collected by the United Nations. The \$21 billion figure is based on the International Monetary Fund Direction of Trade Statistics series.

⁶ Sluglett, Marion F. and Sluglett, Peter, *Iraq Since 1958: From Revolution to Dictatorship*, New York: KPI, p. 265.

Sanctions and the Oil-For-Food Program

In August 1990, the U.N. Security Council adopted Resolution 661, imposing comprehensive economic sanctions following Iraq's invasion of Kuwait. From 1991 to 1995, Iraq declined to accept U.N. proposals to allow Iraq to sell limited quantities of oil to meet the needs of its people because the Hussein regime believed that these proposals infringed on Iraq's sovereignty and were limited in scope. The U.N. Security Council made repeated efforts during the period to alleviate human suffering in Iraq while pressing Iraq to comply with all relevant U.N. Security Council resolutions. Without oil export revenues, Iraq could not import sufficient quantities of food and medical supplies, and living conditions in the country reportedly deteriorated sharply.⁷

On April 19, 1995, the U.N. Security Council adopted Resolution 986, which proposed that Iraq be permitted to export \$2 billion worth of oil every six months so that the Iraqi government could use the proceeds of the oil sales to purchase food, medicines, and other humanitarian supplies to meet the needs of its people. Iraq and the Security Council signed a memorandum of understanding on the implementation of the Oil-For-Food Program (OFFP) on May 20, 1996 and the first Iraqi oil exports began on December 10, 1996.⁸ The first shipments of food arrived in Iraq in March 1997, followed by imports of medicines in May 1997. From the program's inception until its suspension in March 2003, approximately \$26.8 billion worth of food, humanitarian supplies, and equipment was delivered to Iraq under the program. Nearly 60 percent of the Iraqi population were, to some extent, dependent on monthly food baskets received under the OFFP.⁹ A complete discussion of the Oil-For-Food Program is found in CRS Report RL30472, *Iraq: Oil-For-Food Program, International Sanctions, and Illicit Trade*, by Kenneth Katzman.

The U.N. Security Council continued the Oil-For-Food Program in 180-day periods known as "phases." The first phase ran from December 10, 1996 to June 7, 1997. The last pre-war oil exporting period was phase thirteen, which came into effect on December 5, 2002 and was scheduled to run through June 3, 2003.¹⁰ Iraq's exports of crude oil during this period are shown in **Figure 3** (p. 9).

⁷ CRS Report RL30472, *Iraq: Oil-For-Food Program, International Sanctions, and Illicit Trade*, by Kenneth Katzman.

⁸ United Nations, Security Council. *Letter Dated 20 May 1996 From the Secretary-General Addressed to the President of the Security Council*. Document No. S/1996/356.

⁹ United Nations. *Report of the Secretary-General pursuant to paragraphs 7 and 8 of Resolution 1409 (September 2002)*, Document No. S/2002/1239, November 12, 2002.

¹⁰ The thirteen phases were as follows: I, December 10, 1996 to June 7, 1997; II, June 8, 1997 to December 4, 1997; III, December 5, 1997 to May 29, 1998; IV, May 30, 1998 to November 25, 1998; V, November 26, 1998 to May 24, 1999, extended until December 11, 1999; VI, December 12, 1999 to June 8, 2000; VII, June 9, 2000 to December 5, 2000; VIII, December 6, 2000 to June 3, 2001, extended until July 30, 2001; IX, July 4, 2001 to November 30, 2001; X, December 1, 2001 to May 29, 2002; XI, May 30, 2002 to November 25, 2002, extended until December 4, 2002; and XII, December 5, 2002 to program suspension on March 17, 2003.

On May 22, 2003, the Security Council adopted Resolution 1483, lifting all economic sanctions on Iraq, with the exception of arms and related military supplies. The resolution provided for the termination of the OFFP within six months, and the transfer of all remaining transactions under the program to the Coalition Provisional Authority (CPA, referred to in the resolution as “the Authority”). In keeping with Resolution 1483, the OFFP terminated its operations on November 21, 2003.

Iraq’s Exports

Iraq entered the global trade marketplace in the mid-1800s as an exporter of grains and cereals. As early as the 1930s, however, crude oil became its major export, and exports of crude accounted for 49.3% of national income by 1953.¹¹ In the 1980s, crude oil represented 83% annually of all Iraqi exports.¹² Non-petroleum export products in the 1980s included portland cement, fruit (mainly dates), fertilizers, and reaction engines. **Table 1** illustrates Iraq’s top export products in 1989, the year before the initiation of economic sanctions.

Table 1. Iraq’s Top 10 Exports, 1989

SITC Rev 3 Commodity	Million \$
3330-Crude oil	\$11,545.4
3344-Fuel oils, nes	\$211.3
3343-Gas oils	\$119.8
3341 — Gasoline and other light oils	\$78.8
2741- Sulfur of all kinds	\$39.2
6612-Portland cement	\$35.7
0579-Fruit, fresh or dried, nes	\$30.8
5629-Fertilizers, nes	\$29.6
7144-Reaction engines	\$29.2
5222-Chemical elements, nes	\$27.7

Source: United Nations Trade Data
nes=not elsewhere specified.

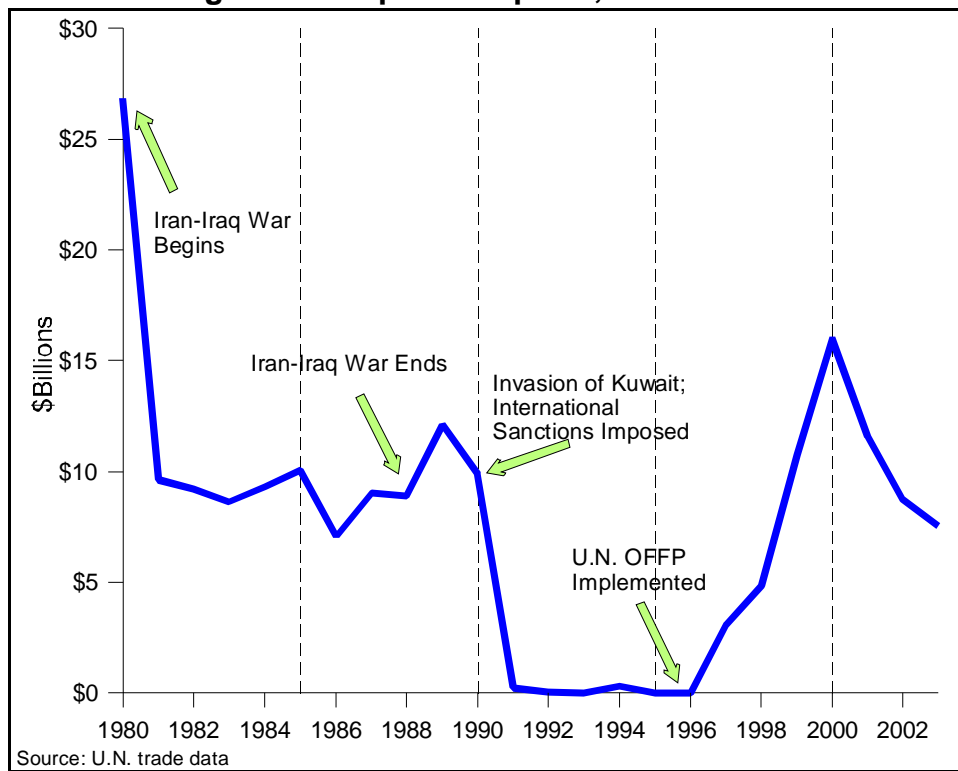
When economic sanctions were imposed in August 1990, Iraq’s oil sales dropped from \$10.2 billion in 1990 to \$305 million in 1991. From 1992 to 1995, oil exports averaged between \$500 and \$600 million. **Figure 1** illustrates the dollar value of Iraq’s exports of crude oil from 1980 to 2003 as reflected in U.N. trade data. In the year 2000, the highest level of exports achieved during the OFFP, the sharp

¹¹ Sluglett, M. & Sluglett, P. *Iraq Since 1958: From Revolution to Dictatorship*. New York: KAI Limited, 1987, p. 35.

¹² Economist Intelligence Unit (EIU) calculations.

rise in export value can also be attributed to a spike in oil prices between December 1999 and September 2000.¹³ A closer look at Iraq's exports between December 1996 and March 2003 (see **Figure 2**) shows that despite periodic increases in the oil export ceiling and the eventual rescission of the export ceiling in December 1999, Iraq's oil exports often ran significantly below the permitted level of exports. This was due, in part, to frequent disputes between Iraqi and U.N. officials over U.N. efforts to end illicit surcharges placed on oil exports. In addition, Iraq sometimes unilaterally interrupted the sale of oil to protest Security Council policy or to challenge the United States and its allies. For example, Iraq suspended its oil sales for the month of April 2002 in protest of Israel's military incursion in the West Bank.¹⁴ **Figure 2** illustrates Iraq's semiannual oil exports under the OFFP (December 1996-March 2003) by dollar value and by volume.

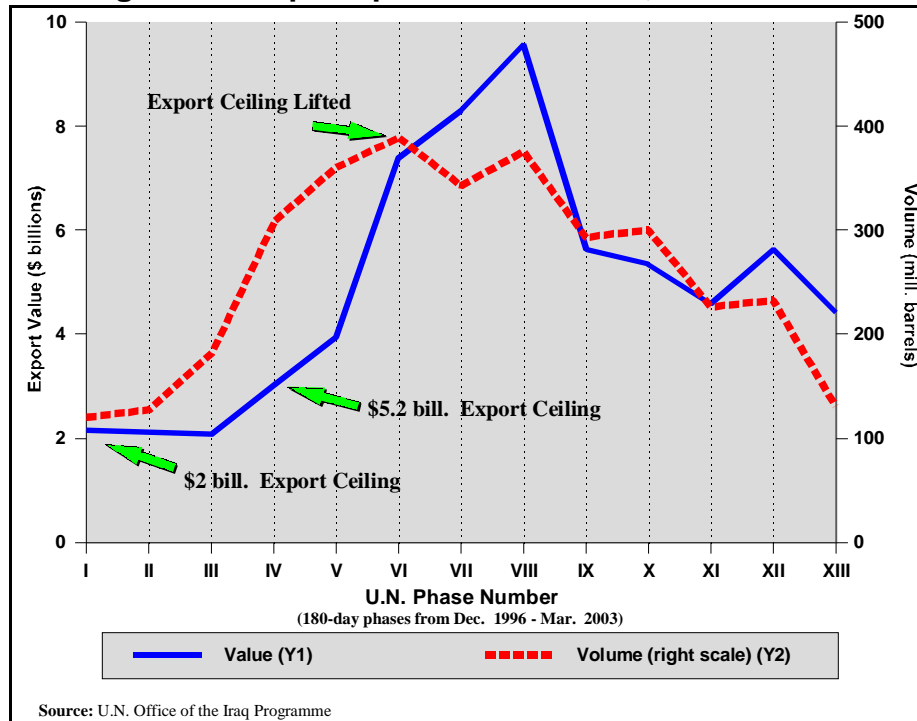
Figure 1. Iraq's Oil Exports, 1980 to 2003



¹³ Department of Energy, *Iraq Energy Chronology, 1980-February 2004*, Energy Information Administration, [<http://www.eia.doe.gov/emeu/cabs/iraqchron.html>].

¹⁴ CRS Report RL30472, *Iraq: Oil-For-Food Program, International Sanctions, and Illicit Trade*, by Kenneth Katzman.

Figure 2. Iraq's Exports of Crude Oil, 1996 to 2003



Iraq's Oil Resources

Since Iraq's chief export product is crude oil, the country's economic future, at least in the short term, depends primarily on its ability to tap into its vast oil resources. According to U.S. Department of Energy (DOE) analysts, Iraq has 112 billion barrels of proven oil reserves — second only to Saudi Arabia's 260 billion barrels of proven reserves — and possible reserves of as much as 220 billion barrels. Due to years of war, economic sanctions, and mismanagement during the Hussein regime, Iraq's oil potential has been largely unexplored. Only 17 of 80 discovered oilfields have been developed, and few deep wells have been drilled compared to its neighbors. DOE analysts estimate that only 2,300 oil wells have actually been drilled, and, of these, only 1,600 are currently producing oil.¹⁵

Iraq's all-time peak oil production was 3.5 million barrels per day in 1979, just prior to the war with Iran. Output dropped sharply as the war began, but gradually recovered to a similar level by 1989-1990. As a result of severe damage to the oil industry infrastructure during the Gulf War, followed by economic sanctions, crude oil production was reduced sharply to about 300,000 bpd.¹⁶ From 1990 to the end of 1996, U.N. sanctions prohibited exports of oil, and oil production was limited to the

¹⁵ U.S. Department of Energy, *Iraq Country Analysis Brief*, Energy Information Administration (EIA), p. 1. [<http://www.eia.doe.gov/emeu/cabs/iraq.html>].

¹⁶ United Nations, Security Council, *Letter dated 6 June 2001 from the Secretary-General addressed to the President of the Security Council*, S/2001/566.

amount needed to meet internal demand, plus small amounts that may have been illegally exported.¹⁷

Condition of Infrastructure. Prior to the institution of the Oil-for-Food Program, the oil infrastructure was partially repaired, but often by cannibalization and short-term substitution of parts and without access to external equipment or technology. The Security Council, after determining that the state of Iraq's oil sector was "lamentable," allowed a limited amount of investment in equipment and spare parts for basic maintenance of the oil infrastructure (a total of \$3 billion from June 1998 to June 2001). However, according to the calculations of U.N. oil industry experts, investment in Iraq's oil sector from 1990 on was about \$0.60 per barrel, in contrast to the worldwide average of \$1.50 per barrel. U.N. experts forecasted declines in oil production from 5% to 15% per year if the oil infrastructure was not improved.¹⁸ The position of the United States and its allies during the sanctions regime, however, was that OFFP funds should be used only for short-term improvements, and not to make long-term repairs.¹⁹

Oil industry experts assessed Iraq's pre-war sustainable production capacity at no higher than 2.8-2.9 million bpd. Conservative estimates for restoring the oil sector to pre-1990 levels by 2006 range between \$5.0-\$6.0 billion. Prior to the 2003 war, the regime of Saddam Hussein had a blueprint in place for doubling capacity to 6 million bpd, with foreign oil companies playing a key role.²⁰ In order to reach this potential, however, the regime acknowledged that Iraq's oil sector would require investment at all levels, including technical services, capital equipment, and infrastructure.²¹ Iraqi authorities estimated that the 6 million bpd target would require an additional investment of at least \$21 billion and would probably take 8 to 10 years to achieve after the lifting of international economic sanctions. Plans to reach the target included further development of producing oilfields as well as finding and developing additional fields in the Western Desert.

Post-War Situation

Even though Iraq's oilfields were captured largely intact, the oil industry has been hampered by post-war chaos and looting of its oil facilities. Damage and continued sabotage to infrastructure, refineries, and mainline transport facilities have slowed efforts to return exports to pre-war levels. Other difficulties in the oil supply infrastructure, including electrical power and water supply, have further hindered

¹⁷ CRS Report RL31944, *Iraq's Economy, Past, Present, and Future*, Jonathan E. Sanford, Coordinator.

¹⁸ United Nations. *Report of the Group of United Nations Experts Established Pursuant to Paragraph 30 of the Security Council Resolution 1284 (2000)*, March 2000, p. 12.

¹⁹ U.S. Department of Energy, *Iraq Country Analysis Brief*, p. 4.

²⁰ Energy Intelligence Group, "Iraq is Primed for Big Oil Opening," *Petroleum Intelligence Weekly*, March 12, 2003

²¹ United Nations. *Report of the Group of United Nations Experts Established Pursuant to Paragraph 30 of the Security Council Resolution 1284 (2000)*, March 2000, p. 12.

production.²² Many observers believe that U.S. and Iraqi protection of oil pipelines has been improving, and U.S. military commanders recently announced increased surveillance measures including the deployment of airborne snipers to prevent future acts of sabotage.²³ Nevertheless, attacks by insurgents on oil pipelines continue, which has resulted in Iraq's inability to sustain its prewar production and export capacity on a regular basis (see **Figure 3** on page 9).

Much of Iraq's current oil production is also needed to meet domestic consumption requirements, which averaged about 500,000 bpd pre-war, although current requirements may be at least 100,000 bpd less. Iraqi refineries' inability to produce a sufficient supply of needed fuels to meet domestic demand led the CPA to sponsor imports of gasoline and propane from other countries using U.S. funds. These imports have continued beyond the transition of power and are paid through the Development Fund for Iraq, now administered by the transitional Iraqi government. Iraq is currently importing fuel from Syria, Kuwait, Jordan, Saudi Arabia, and Iran at a cost of approximately \$200 million per month.²⁴

Initial U.S. post-war reconstruction contracts in Iraq included two contracts for oilfield repairs funded through the Iraq Relief and Reconstruction Fund.²⁵ The U.S. Army Corps of Engineers awarded one contract for work on fields in the southern area of Iraq to Kellogg, Brown, and Root (minimum value \$500,000 - maximum value \$1.2 billion for the life of the contract), and one contract to Parsons Iraqi Joint Venture (minimum value \$500,000 - maximum value \$800 million). These contracts were issued to cover the cost of a range of services including extinguishing oil fires, environmental assessments and cleanup of oil sites, oil infrastructure condition assessments, engineering design and construction, oilfield pipeline and refinery maintenance, procurement and importation of fuel products, distribution of fuel products within Iraq, and technical assistance.²⁶ Within the next six months, the Iraqi transitional government also plans to spend an additional \$500 million to supply its refineries with equipment, spare parts, and chemicals, and about \$900 million on projects including oil wells and pipelines.²⁷

According to DOE statistics, Iraq crude oil production averaged 1.33 million bpd in 2003, down from 2.04 million bpd in 2002, and 2.45 million bpd in 2001.

²² CRS Report RS21626, p. 2.

²³ Watkins, E. "U.S. to Deploy Airborne Snipers to Protect Iraqi Pipelines," *Oil and Gas Journal*, October 13, 2003.

²⁴ CRS Report RS21626, *Iraq Oil: Reserves, Production, and Potential Revenues*, by Lawrence Kumins. "Sabotage Cuts Flow of Iraqi Crude to Ceyhan; Pipeline in Northern Network Hit," *Platt's Oilgram News*, August 4, 2004.

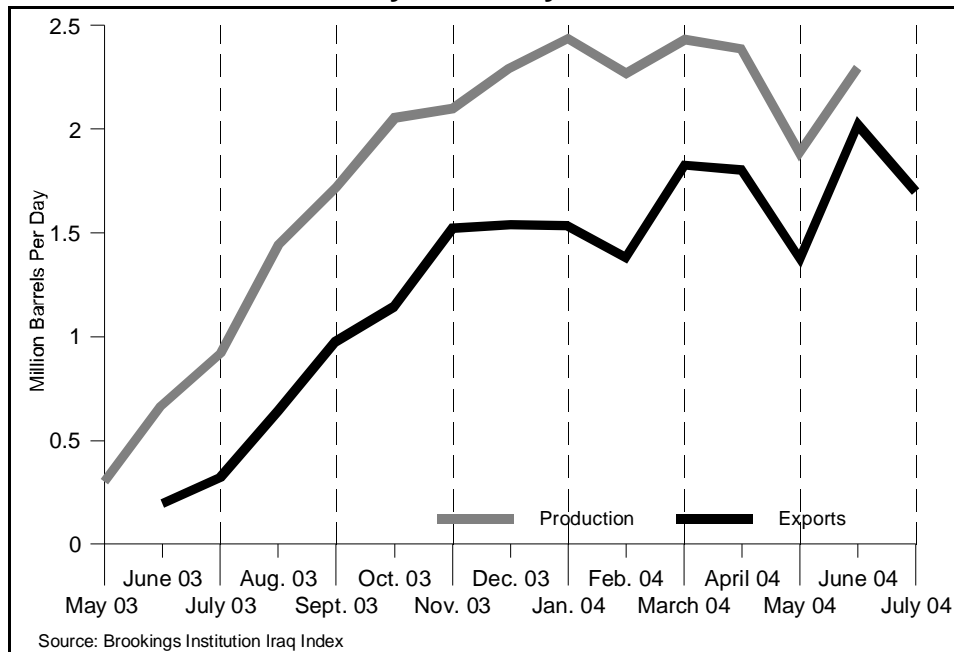
²⁵ The Iraq Relief and Reconstruction Fund was established by the FY2003 Emergency Supplemental (P.L. 108-11). \$2.5 billion was appropriated in this law for reconstruction efforts.

²⁶ "U.S. Army Corps of Engineers Awards Contracts for Repair of Iraq's Oil Infrastructure," U.S. Army Corps of Engineers, News Release No. PA-04-03, January 16, 2004.

²⁷ "Iraq Postpones Negotiating Upstream Deals; Repairs are Priority," *Oil Daily*, July 16, 2004.

According to OPEC statistics, Iraq's production averaged 1.7 million bpd in June 2004, 1.9 million bpd in May, 2.38 million bpd in April, and 2.34 million bpd in March. However, as much as 300,000 bpd of that production has reportedly been reinjected into oil wells, due to lack of transportation routes from the northern fields and because oil refineries in the region are not operating at capacity.²⁸ Nevertheless, current crude loadings at Iraq's Basra terminal stood at 1.6 million bpd in July 2004.²⁹ Iraq's northern export pipeline remains inoperable due to repeated sabotage.³⁰

Figure 3. Iraq: Monthly Oil Production and Exports, May 2003-July 2004



Iraq's Imports

Prior to the implementation of economic sanctions, Iraq's primary imports included food, motor vehicles, spare parts, iron and steel, and medicines. **Table 2** provides Iraq's top ten imports from the world in 1989, the year prior to the implementation of international sanctions.

²⁸ *Wall Street Journal*, "Iraq's Oil Industry is Slowly Rebounding," November 6, 2003.

²⁹ "Iraqi Oil Exports Stabilized at 1.7 Million b/d," *Oil Daily*, July 22, 2004.

³⁰ Cooper, P.J. "Oil and Gas Briefs," *Financial Times*, October 30, 2003.

Table 2. Iraq's Top 10 Imports, 1989

SITC Rev 3 Commodities	Mil. \$
0412 — Wheat, nes	\$617.3
7843 — Parts and accessories of tractors and motor vehicles, nes	\$170.4
6793 — Iron and steel seamed tubes	\$160.9
0112 — Meat of bovine animals, frozen	\$144.6
7812 — Motor vehicles, nes	\$139.6
6791 — Iron and steel tubes and pipes	\$137.8
0423 — Rice	\$132.2
6762 — Alloy steel bars, rods, nes	\$130.7
5429 — Medicaments, nes	\$124.5
6911 — Metal structures of iron or steel, nes	\$105.4

Source: U.N. Trade Data. Nes= not elsewhere specified.

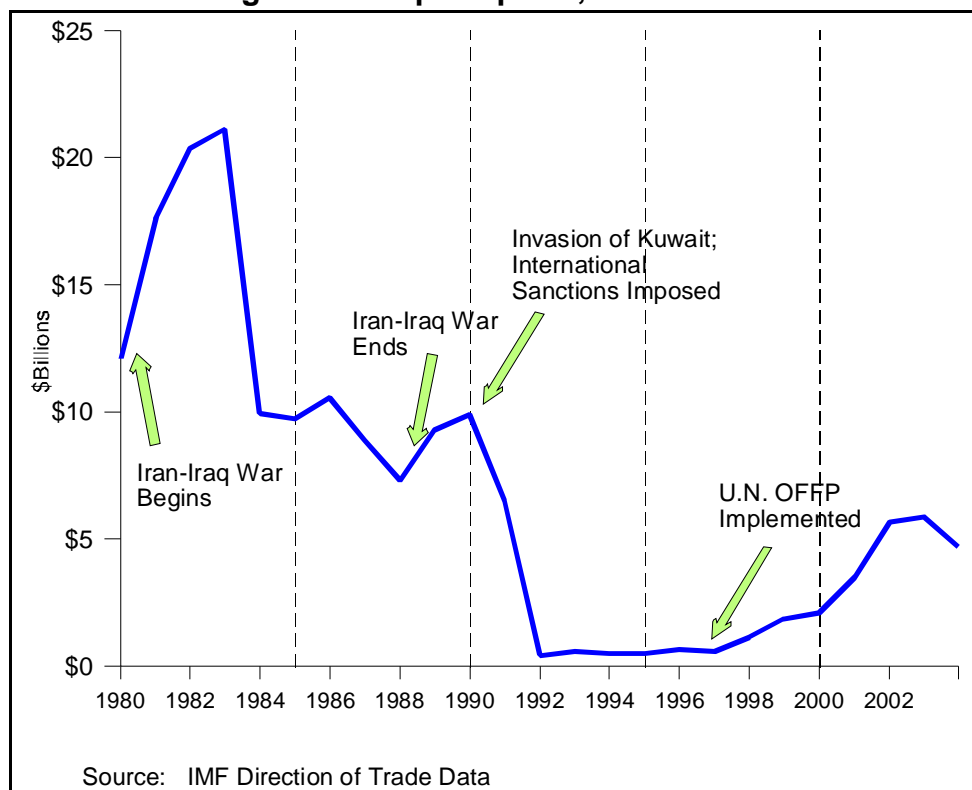
Figure 4. Iraq's Imports, 1980 to 2003

Figure 4 illustrates the flow of Iraq's imports from 1980-2003. Imports rose rapidly in 1980, peaked in 1981, and continued at a high level until 1982. Major import commodities during that period included large imports of commodities officially reported as trucks, spare parts, and other machinery. These imports may have been legitimate purchases of transportation vehicles, oil machinery, and spare parts for upgrading and repairing Iraq's oil production facilities; however, it is also

possible that some of these purchases were converted to military use during the Iran-Iraq War, or that Iraq's trading partners used these trade classification categories to hide exports of armaments and military hardware to Iraq. **Table 3** provides the top import commodities for the period from 1979 to 1983.

Beginning in 1996, all approved imports to Iraq were monitored by U.N. staff, who reviewed all contracts and ensured that imported goods were on a list of commodities drafted by the U.N. Security Council. Besides food and humanitarian supplies, the OFFP also allowed Iraq to import some transportation and communications equipment, spare parts for oil rigs and other infrastructure, and consumer goods. **Table 4** shows Iraq's cumulative imports by sector from 1997 to 2002 under the Oil-For-Food Program.

Table 3. Iraq's Major Imports, 1979-1983

SITC Rev 1 Commodities (millions of U.S. \$)	1979	1980	<i>1981</i>	1982	1983
TOTAL — Total All Commodities	8,628.1	12,073.8	<i>17,495.1</i>	17,386.5	8,601.0
7323 — Lorries, trucks	485.1	862.3	<i>1,404.3</i>	921.4	183.6
7184 — Const. ,mining machinery	392.1	518.5	<i>798.4</i>	577.8	76.2
6911 — Structures & parts of iron	325.5	333.9	<i>640.2</i>	792.7	275.3
7321 — Pass. motor veh. exc buses	171.3	255.9	<i>465.8</i>	365.7	182.9
7328 — Motor vehicle parts	179.4	349.4	<i>462.1</i>	403.2	214.3
7221 — Electric power machinery	147.0	199.6	<i>399.9</i>	411.3	229.0
7192 — Pumps, centrifuges	149.2	209.4	<i>390.8</i>	380.7	213.1
7125 — Tractors, non-road	95.0	141.4	<i>357.2</i>	139.2	29.9
7191 — Heating, cooling equipment	143.4	237.9	<i>355.8</i>	342.9	132.7
7193 — Mechanical handling equip.	159.6	212.6	<i>298.3</i>	236.7	80.9
6612 — Cement	23.4	68.9	<i>296.7</i>	178.9	99.8
7324 — Special motor vehicles	128.4	149.1	<i>293.2</i>	369.0	118.5
7249 — Telecommunications equip.	175.8	236.9	<i>289.9</i>	616.7	456.9
7325 — Tractors for trailers	44.1	144.2	<i>280.9</i>	220.3	44.7
7231 — Insulated wire, cable	90.6	144.6	<i>277.8</i>	296.8	129.9

Source: United Nations Trade Data. Commodities are sorted in descending dollar value for the year 1981 (see italics), when Iraqi imports were at their highest level during the period.

Table 4. Iraq's Oil-For-Food Imports by Sector, 1997-2002

Sector	Value of Approved Sales (U.S. \$)
Food	13,505,896,754
Agriculture	3,733,280,193
Oil Spares	3,636,458,484
Electricity	3,538,554,784
Food Handling	3,312,345,268
Health	3,025,602,846
Housing	2,720,773,354
Communication/Transportation	2,016,400,979
Water and Sanitation	2,000,721,136
Education	1,146,527,169
Special Allocation	293,559,164
Industry	35,502,417
Religious Affairs	10,285,323
Justice	4,899,283
Construction	2,219,572

Source: United Nations. Office of the Iraq Program. Data are for the largest of the three accounts in the Iraq Program.

Post-War Situation

Since the lifting of economic sanctions, Iraq has been flooded with new products, including television sets from South Korea, refrigerators from Iran and China, new and used cars from Japan and South Korea, and toasters from Germany. Satellite telephones and portable kerosene stoves, needed because of the absence of normal telephones and the current lack of cooking fuel, are so plentiful that prices have declined. Satellite dishes, banned under the Saddam Hussein regime, are also for sale. Consumers with money have a range of new choices, and the recent appreciation of the Iraqi dinar has provided them with additional buying power.

Iraqi companies that have had almost no competition due to U.N. sanctions, however, have had to face the full force of globalization and international competition almost overnight. An unexpected appreciation of the *dinar* that made foreign imports more attractive exacerbated the competitive challenges Iraq's manufacturers and state-run companies are facing. The free-market economy shocks are of some concern to U.S. and British officials, who want to get people back to work.³¹ Despite these concerns, the private industry sector is reportedly experiencing

³¹ Andrews, E. "After Years of Stagnation, Iraqi Industries are Falling to a Wave of Imports," *New York Times*, June 1, 2003. Sabbah-Gargour, R. "Arthur Daleys Flourish in (continued...)"

a vibrant recovery according to U.S. officials. Domestic company registration (the equivalent of incorporation) has tripled to about 30 per day, and unofficial estimates indicate that private sector employment is growing to encompass between 25% and 50% of all jobs.³² Nevertheless, unemployment remains very high, estimated at 20 - 38%.

On September 19, 2003, the CPA established a reconstruction levy (CPA/ORD/19 September 2003/38) which, as of January 1, 2004, placed a 5% tariff on all imported goods except food, medicine and medical equipment, clothing, books, and goods delivered as humanitarian assistance. U.N. entities, the CPA, Coalition forces, nonprofit organizations, other international organizations, and foreign governments will be exempt from the levy. All proceeds are to be used to support Iraqi reconstruction efforts. According to U.S. Department of Commerce figures, Iraq collected over \$2.7 million in reconstruction levy fees between April 15, 2004, and June 4, 2004, implying that over \$54 million in non-exempt imports entered Iraq during the same time period.³³ Iraq's transitional government has kept the reconstruction levy in place.

Illicit Trade

In the period during which economic sanctions were imposed, the regime of Saddam Hussein reportedly conducted illicit oil deals with its neighbors and other countries in order to generate funds that it could use without restriction. The regime also allegedly imposed surcharges on oil buyers and solicited kickbacks from suppliers of humanitarian and other civilian goods. Although there are no authoritative figures for the value of Iraq's illicit trade, a study released in May 2002 by the General Accounting Office (GAO) estimated that Iraq earned \$6.6 billion in illicit revenue from oil smuggling between 1997 and March 2001.³⁴

The GAO reported that Iraq smuggled oil through neighboring states, including Syria, Turkey, and Jordan, and imported illicit and unapproved commodities through numerous exit and entry points along its borders. Major illicit trade routes were said to include an oil pipeline to Syria, truck routes through entry points on the Jordanian and Turkish borders, and shipping in the Persian Gulf.

Prior to the war, U.S. officials were primarily concerned that Iraq might be using these illicit revenues to purchase prohibited military and weapons-of-mass-

³¹ (...continued)

Duty-Free Zone, *London Times*, August 16, 2003.

³² Statements of Michael P. Fleischer, Former Director of the Private Sector Development, Coalition Provisional Authority at Iraq Private Sector Development Briefing, August 4, 2004.

³³ U.S. Department of Commerce, *Business Guide For Iraq* website, revised June 4, 2004, [http://www.export.gov/iraq/bus_climate/businessguide_current.html#exporting].

³⁴ General Accounting Office. *Weapons of Mass Destruction: U.N. Confronts Significant Challenges in Implementing Sanctions against Iraq*, GAO Report Number GAO-02-625.

destruction (WMD) technology. The GAO report also found, however, that the sanctions may have been partially effective in deterring Iraq from obtaining most conventional weapons.³⁵

In February 2000, the Clinton Administration accused the Iraqi government of using financial resources gained from illicit trade to build nine lavish palaces, valued at about \$2 billion.³⁶ The second Bush administration concluded that international sanctions were not effective, and accused Iraq of using illicit revenue to finance active nuclear, chemical, and biological weapons programs.³⁷

Post-War Situation

Although illicit government fuel smuggling ended after the war, individuals are now reportedly smuggling large amounts of fuel, apparently stimulated by lower oil prices in Iraq relative to world market prices. Some smugglers are reportedly drilling into pipes between the refinery and shipping terminals, according to Iraqi oil officials.³⁸ Others are purchasing fuel in Iraq, filling up larger trucks and cars fitted with extra fuel tanks, and driving across the border to Jordan where the subsidized fuel can be resold at more than ten times the cost.³⁹ In addition, some gas station owners with the rights to shipments of diesel fuel from Iraqi distribution companies are reported to be paying drivers to divert the shipments of diesel to sell the shipments to smugglers at a greater profit than can be received at their filling stations. Coalition forces and the interim Iraqi government have tried to stamp out the fuel smuggling, however, officials expect the smuggling to continue as long as the fuel is subsidized at such a cheap rate relative to fuel prices elsewhere.⁴⁰

Major Trading Partners

As is the case with most oil-producing countries, many of Iraq's leading pre-war export trading partners were industrialized nations. In the post-war environment, regional trading relationships, especially with Jordan and Morocco, have gained importance. Certain trading relationships established during the OFFP period, such as imports from Vietnam, have also increased. In 2003, Iraq's top ten export trading partners were the United States, Canada, Jordan, Italy, Morocco, Brazil, Spain, the Netherlands, Japan, and Australia. In terms of Iraq's imports, Jordan was its largest

³⁵ Ibid., p. 6.

³⁶ Katz, L. M., "Iraq, U.S. Lock Horns Again." United Press International, February 10, 2000.

³⁷ "Iraq Making the Most of Porous Sanctions," *USA Today*, November 7, 2002. Rieff, D. "Were Sanctions Right?" *New York Times Magazine*, July 27, 2003.

³⁸ "Iraq Postpones Negotiating Upstream Deals; Repairs are Priority," *Oil Daily*, July 16, 2004.

³⁹ Eckholm, Erik, "On Iraq's Border, Sailors of the Desert Smuggle Subsidized Gasoline," *New York Times*, August 21, 2004, page A7.

⁴⁰ Ibid.

trading partner in 2003, followed by Vietnam, the United States, Germany, Russia, the United Kingdom, France, Italy, Australia, and Japan. **Table 5** shows Iraq's top trading partners in terms of imports and exports for 2003. **Table 12** in Appendix B provides trade statistics for Iraq's major trading partners from 1982-2003.

Table 5. Iraq's Top 10 Export and Import Trading Partners, 2003

Exports (millions of U.S. \$)		Imports (millions of U.S. \$)	
United States	\$4,466.5	Jordan	\$693.1
Canada	\$797.7	Vietnam	\$537.8
Jordan	\$769.3	United States	\$347.2
Italy	\$724.5	Germany	\$253.2
Morocco	\$481.1	Russia	\$240.2
Brazil	\$398.4	United Kingdom	\$237.7
Spain	\$302.3	France	\$190.7
Netherlands	\$269.8	Italy	\$186.9
Japan	\$99.5	Australia	\$178.8
Australia	\$27.6	Japan	\$84.1

Source: International Monetary Fund, Direction of Trade Statistics.

Pre-War International Interests

Despite economic sanctions, several countries regarded Iraq as an important trading partner and expressed concern before the war that their national interests might be compromised if a newly-established Iraqi government is primarily sympathetic to U.S. interests. These countries were concerned about lost trade and possible loss of investment opportunities in Iraq's oil sector.

Russia. Russia's cumulative trade turnover with Iraq from 1997-March 2003 amounted to \$7.7 billion. Iraq was an important trading partner to Russia because certain exports were sold to Iraq that were not otherwise competitive in the global market, including Volga cars, grain harvesters, and power generation equipment. Russian analysts estimated that the industrial sector may lose as much as \$2.5 billion if contracts signed with the regime of Saddam Hussein fall through.⁴¹

⁴¹ United States Congress, House Committee on International Relations. Testimony on *Russia's Policy toward Iran and Iraq*, by C. Wallander of the Center for Strategic and International Studies (CSIS), Washington, DC, February 25, 2003.

In August 2002, Russia and Iraq signed a five-year “economic cooperation” and trade agreement valued at \$40 billion. The trade package called for cooperation in several industry sectors, including oil, electricity, and railroads.⁴²

Russia and Iraq have signed numerous oil and gas agreements since 1997. Russian firms had not started work on these projects, however, even though U.N. officials had approved some of the contracts. Iraq’s oil ministry officials expressed frustration with the inaction and, in January 2003, unilaterally terminated a major contract with Lukoil, saying that the company had failed to fulfill its obligations under the contract. The company called Iraq’s move “blackmail” and vowed to contest the decision in court.⁴³ In spite of this setback, Russia held more oil contracts in pre-war Iraq than any of its foreign competitors — a strategic advantage Russia fears it might lose if Iraq’s government is replaced by a regime with greater allegiance to the United States.⁴⁴ Russian oil companies, especially Lukoil, continue to have an interest in bidding on oil contracts in Iraq, and are maintaining their contacts with the Iraqi oil ministry to that end.

France. Iraq was an important market for French goods, especially in the capital goods, automotive, and food processing sectors. Other pre-war French exports to Iraq included industrial, telecommunications, and electrical equipment. The regime of Saddam Hussein considered France such an important trading partner that in March 2002, the Iraqi embassy in Paris opened a new trade section dedicated to continued improvement of Iraq’s trade relationship with France.⁴⁵ Over 90 French companies attended Baghdad’s annual trade fair held the following November.⁴⁶

French oil companies also maintained cordial relations with Iraq’s oil officials.⁴⁷ France’s major oil company, Total S A, (formerly TotalFinaElf), had secured a memorandum of understanding with Iraqi oil officials during the Saddam Hussein regime for drilling contracts worth a total of \$7.4 billion. A successful outcome would have doubled the group’s reserves with an added 10 billion barrels, and was forecasted to increase its daily production by 16%.⁴⁸

⁴² Feifer, G. “Russia: Proposed Economic Agreement with Iraq Raising Questions.” Radio Free Europe/Radio Liberty, August 19, 2002.

⁴³ *Business Middle East*, Economist Intelligence Unit (EIU), January 16, 2003.

⁴⁴ “Focus: Oilfields Could Slip Out of Russia’s Reach,” *Petroleum Economist*, February 10, 2003.

⁴⁵ Bostnavaron, F. “France Remains Iraq’s Leading European Trading Partner.” *Le Monde*, September 13, 2002.

⁴⁶ “Over 90 Companies Going to Baghdad Trade Fair — Iraqi Official,” *Agence France Presse*, October 29, 2002.

⁴⁷ Sluglett, M. & Sluglett, P. *Iraq Since 1958: From Revolution to Dictatorship*. New York: KAI Limited, 1987, p. 288.

⁴⁸ Marcel, Valerie, *The Future of Oil in Iraq: Scenarios and Implications*, The Royal Institute of International Affairs, Briefing Paper No. 5, October 2002, p. 7 [<http://www.riia.org>].

United States. The United States continues to be the leading importer of Iraq's oil. Some in the international community believed that U.S. needs for continuous supplies of oil at lower cost and the involvement of U.S. oil interests in Iraq played a part in leading the United States to wage war against the Hussein regime. As early as 1997, nine U.S. oil companies, including Mobil, Conoco, Chevron, Occidental, Arco, Exxon, Texaco, Coastal, and Amoco, reportedly contacted Iraq to express interest in developing Iraqi oil fields once sanctions were lifted.⁴⁹

Some international observers were also concerned that the initial Iraq reconstruction contracts favored U.S. companies. Two American companies, Kellogg Brown and Root (KBR), and Parsons, were the primary companies initially selected for key reconstruction projects specifically related to oil development.⁵⁰ The selection of these companies and other U.S. contractors for reconstruction contracts led to questions concerning the degree to which subsequent contracts would be open to a competitive bidding process.⁵¹

All of Iraq's oil assets are now controlled by the interim government. Some analysts still express concern, however, that an Iraqi government sensitive to U.S. interests may favor American companies when issuing future contracts for oilfield development. The government's creation of a supreme council to establish a comprehensive oil policy, combined with the desire of the oil ministry to "achieve the highest revenue possible" may indicate that, to the extent the Iraqi government focused on long-term contracts at this time, it is intent on keeping its options open with regard to future contract awards.⁵²

Table 6 in Appendix B illustrates major U.S. imports from Iraq in 2003 (annual) and 2004 (year-to-date). **Table 7** shows the top U.S. exports to Iraq for the same time periods.

Asia. Several Asian countries also had significant trade and economic ties to Iraq, and expressed concern that their economies might suffer due to instability caused by the war. Prior to the war, Iraq was the largest importer of **Vietnamese** rice, at a total of 860,040 tons in 2002. Because these imports were conducted under the Oil-for-Food Program, Vietnam also received a slightly higher than market-rate price for the rice. Suspension of the OFFP prior to the war was a concern for Vietnamese officials until U.N. approval to resume shipments was given in early May 2003.⁵³

⁴⁹ "Oil, Business, and the Future of Iraqi Sanctions." *PolicyWatch* No. 283, Washington Institute for Near East Policy, November 24, 1997.

⁵⁰ "Another Contract in Place to Continue Construction in Iraq," Coalition Provisional Authority News Release, April 2, 2004 [<http://www.rebuilding-iraq.net>].

⁵¹ See CRS Report RL32229, *Iraq: Frequently Asked Questions About Contracting*, by Valerie Bailey Grasso.

⁵² "Iraq Creates Supreme Council to Oversee Oil and Gas Industry," *Oil Daily*, July 19, 2004.

⁵³ "Vietnam Resumes Rice Exports to Iraq," *Financial Times Information*. Vietnam News (continued...)

Taiwan's trade officials had scheduled an ambitious trade agenda for the Middle East region and are currently seeking a role for its computer firms in the U.S.-led reconstruction program in Iraq.⁵⁴ **Thailand** signed a bilateral trade and investment cooperation agreement with Baghdad in January 2002. Thailand's pre-war exports to Iraq included rice and consumer products, and Thai officials expressed a desire for deeper trade ties once U.N. sanctions were lifted.⁵⁵

Asian oil companies have also been involved in contract bids in Iraq. The **China** National Petroleum Corporation (CNPC) and China North Industries Corporation (Norinco) signed a 1997 contract with SOMO involving a \$1.3 billion investment to develop the Ahdab field in southern Iraq to a capacity of 90,000 barrels per day. Only feasibility studies on the project could be conducted prior to the lifting of sanctions.⁵⁶ **India's** ONGC and **Indonesia's** Pertamina signed agreements in 2000 for oil development in the Western Desert region, and Petro**Vietnam** signed a preliminary agreement to develop the Amara field.⁵⁷ On August 15, 2003, **Japan's** Itochu Corp. announced that it had signed a contract to import an unspecified amount of Iraqi crude oil from October to December. Mitsubishi Corp., also from Japan, signed a contract last month with SOMO for 40,000 bpd from August to December 2003.⁵⁸

Pre-War Regional Trade

Jordan. After the imposition economic sanctions by the U.N., Jordan and Iraq began signing trade protocols on an annual basis, renewed each February. Iraq provided Jordan with oil at highly subsidized rates, and in exchange, Jordan provided Iraq with needed goods equal to the agreed value of the oil provided. The value of the trade agreement varied between \$200 and \$700 million annually, making Iraq the single largest market for Jordanian goods. The arrangement was reportedly terminated by Iraqi authorities in early November 2003.⁵⁹ During the period when sanctions were imposed, the United Nations "took note" of the arrangement, deeming that it was neither permitted by nor expressly violated U.N. sanctions.⁶⁰

⁵³ (...continued)

Briefs. May 5, 2003.

⁵⁴ "Taiwan Expresses Interest in Securing Iraq Contracts," *Asia Pulse*, April 21, 2003.

⁵⁵ "Iraq-Thailand Trade Looks Promising if U.N. Ends Sanctions," *Emerging Markets Datafile*, Xinhua News Agency, January 12, 2002.

⁵⁶ "China Adopts Cautious Approach to Iraqi Oil," *Oil Daily*, December 17, 2002.

⁵⁷ Marcel, Valerie, *The Future of Oil in Iraq: Scenarios and Implications*, The Royal Institute of International Affairs, Briefing Paper No. 5, October 2002, p. 7 [<http://www.riia.org>].

⁵⁸ "Itochu Signs Iraqi Crude Oil Contract," *Japan Economic Newswire*, August 15, 2003.

⁵⁹ "Iraqi Oil is for Iraqis," *Financial Times*, November 28, 2003.

⁶⁰ Middle East Regional Trade Overview, Economist Intelligence Unit, March 19, 2003.

Turkey. Prior to the implementation of sanctions, Turkey was one of Iraq's major trading partners, with total trade between the two countries valued at about \$3 billion per year. There was also a brisk transit business, from which Turkey received approximately \$1 billion per year by trucking goods to Iraq from Turkish ports. Estimates of Turkey's cumulative losses from the economic sanctions range from \$20 to \$60 billion. However, sanctions have not been a total loss for Turkey, as Turkish firms reportedly won export contracts under the OFFP valued at \$340 million in 2002, making Turkey Iraq's seventh-largest supplier under the U.N. program.⁶¹

Illicit trade in diesel fuel reportedly flourished along the Turkish border with Iraq during the implementation of sanctions, involving as many as 500 trucks per day at its peak. The smuggling was done using specially modified trucks that would carry food from Turkey into Iraq, and would pick up deeply discounted fuel products for the return trip. Turkish authorities made intermittent attempts to crack down on the illegal smuggling, mainly at times when the black market threatened its own economic or security interests. However, because the oil sales also provided revenue to Turkey's impoverished southeastern region, Turkish officials sometimes ignored the illegal trade.⁶²

Syria. From November 2000 to April 2003, Iraq illicitly exported oil to Syria via a 50 year-old pipeline that had been previously unused for almost 20 years.⁶³ The Iraqi flow of oil, purchased at discounts of up to 50% of market value, was a moneymaker for the Syrian economy. Syria used the illegal Iraqi crude to meet up to one-half of its own domestic oil needs, and sold more of its own crude oil at market prices. Iraq exported an estimated 200,000-250,000 barrels per day through the pipeline and earned about \$800 million through the trading arrangement. On April 8, 2003, Syrian oil officials indirectly confirmed the illicit trade agreement when the Syrian state oil company, Sytrol, told its clients that, effective immediately, export volumes for full-year 2003 would be cut by 40%, meaning that exports for the remaining nine months of the year would be cut by more than half.⁶⁴ This signaled that Iraqi oil probably accounted for that share of Syria's pre-2003 export volume.

Other Regional Trade. Iraq also entered into trade agreements with other countries in the region, including a 1997 "Arab Free Trade Area Agreement" signed with thirteen other Arab countries, including Egypt, Jordan, Syria, United Arab Emirates, Bahrain, Tunisia, Saudi Arabia, Oman, Qatar, Kuwait, Lebanon, Libya, and Morocco. The countries agreed to reduce tariffs on goods traded among them by 10% per year, fully eliminating tariffs within ten years. Several of these countries, including Iraq, subsequently signed bilateral or multilateral agreements with each other accelerating tariff reductions, or even moving directly to free trade.

⁶¹ "Trade in Turkey: Bridging Maneuvers," *EIU Business Middle East*, Economist Intelligence Unit May 1, 2002.

⁶² *EIU Business Middle East*, Economist Intelligence Unit, February 16, 2000.

⁶³ *EIU Business Middle East*, Economist Intelligence Unit April 1, 2001.

⁶⁴ Van Schaik, J. "Syria At Last Admits to Iraqi Oil Imports," *Oil Daily*, April 9, 2003.

In January 2001, Iraq entered into free trade agreements with Egypt, Syria, and Tunisia under the 1997 agreement. Egypt, in particular, sought to reassure the United States that the agreement would not affect the nature of Egypt-Iraq trade, and that the agreement was consistent with guidelines put forth in the OFFP.⁶⁵

Table 13 in Appendix B shows trade statistics for Iraq's trade with regional trading partners from 1982 - 2003.

Post-War Trade and Investment Prospects

The current security situation, combined with uncertainties surrounding Iraq's stability following the transfer of power to a transitional government, has reportedly cooled the interest of some major foreign oil companies to tap Iraq's undeveloped oil reserves, at least in the short term. According to John Browne, BP's chief executive, "Iraq is not on anyone's radar screens right now."⁶⁶ Although Browne said that BP would "obviously" be interested in working in Iraq's upstream eventually, he said "our own view is that you really do have to have to see a government in power for some time, who has made up their mind about what they want a state oil company to do and what, if any, role the foreign oil companies should take."⁶⁷

Despite the CEO's comments, BP reportedly joined with other major European oil firms (Royal Dutch/Shell, Eni, and Repsol) and several smaller firms in placing bids for a small-scale (\$10 million) Iraqi government contract to study oil reserves in the Kirkuk and Rumaila fields and develop a detailed plan on how to best exploit them. A contract of this size would not normally be attractive to these oil majors, but in this case, it may be viewed as a way to examine Iraq's oilfield data and establish a rapport with members of the country's oil ministry while incurring minimal risk.⁶⁸ The move also suggests that some of the major firms are positioning themselves to reenter Iraq once a permanent government is established and internal security issues are resolved.

Some oil companies are also helping with the training of Iraqi oil specialists, especially Russia's Lukoil, which hopes to keep its prospects of production-sharing contracts with the Iraqi oil ministry alive. Although Iraq's Foreign Minister Hoshyar Zebari says that the government is keeping Iraq's options open relative to any existing or future Lukoil agreements, he has reportedly acknowledged that Russia has legitimate interests in Iraq, is interested in participating in the country's rebuilding, and has good chances for future consideration.⁶⁹

⁶⁵ Embassy of Egypt. Memo to the U.S. State Department, Commercial and Economic Office, Washington, DC, January 31, 2001.

⁶⁶ "Iraq: Squaring Up to Old Challenges," *Petroleum Economist*, August 6, 2004.

⁶⁷ "BP Sees No Rush to Join Iraqi Upstream," *Platt's Oilgram News*, June 28, 2004.

⁶⁸ "BP and Shell Signal First Interest in Iraqi Oil Fields," *The Business*, August 22, 2004.

⁶⁹ "Lukoil Launches Iraqi Training Program, with Eye on West Qurna," *International Oil Daily*, July 28, 2004.

A Norwegian independent oil company, DNO, announced on June 28, 2004 that it had entered into an agreement with the Kurdistan regional government to explore for and develop oil and gas in Iraq's northern region. DNO said that it would be the operator and sole contractor for the area covered by the agreement. This deal is controversial because (1) many are skeptical that the Kurds have a strong enough claim to the region to strike a firm deal, (2) it raises broader issues of Kurdish nationalism, and (3) it directly challenges the rights of the transitional government in Baghdad to oversee foreign investment in Iraq.⁷⁰ In response to the agreement, Iraqi interim Prime Minister Iyad Allawi warned that "companies that wish to be welcomed here in the future should not enter into or try to pursue the implementation of agreements with persons who are not empowered to represent the sovereign government of Iraq."⁷¹

Following the transition of power from the CPA to the interim government in June 2004, Iraq's interim government established a Supreme Oil and Gas Council, headed by Allawi, to draw up comprehensive policies for Iraq's oil sector. The new council is made up also of the deputy prime minister, the ministers of oil, finance, planning and international cooperation, a minister of state, a central bank governor, and an advisor. The council's role is to approve medium and long term plans, and major investments and their financing. In the longer term, its role is to approve contracts with foreign investors, define an oil marketing policy, determine domestic pricing for petroleum products, and distribution of the proceeds.⁷² Although the interim government has issued several tenders for repairing its oil infrastructure, it has decided to postpone negotiating long-term upstream foreign investment deals, even if the security situation improves. At the moment, its priority is to focus on raising refinery output so that Iraq can stop importing refined products (especially gasoline) and rehabilitate existing oil fields.⁷³

U.S. Economic and Trade Policy

Many in Congress and the Bush Administration believe that one of the hallmarks of success in post-Saddam Iraq will be the rejuvenation and redevelopment of Iraq's economy. In addition, the 9/11 Commission recommended that U.S. efforts to counter terrorism "should include economic policies that encourage development." The Commission mentioned Iraq as a specific example, saying that if "Iraq becomes a failed state, it will go to the top of the list of places that are breeding grounds for terrorism at home."⁷⁴ Many agree that rebuilding Iraq's economy is a compelling U.S. national interest.

⁷⁰ "Norway's DNO Signs Pact with Kurds to Explore in Northern Iraq," *International Oil Daily*, June 30, 2004.

⁷¹ *Petroleum Intelligence Weekly*, July 26, 2004.

⁷² *Ibid.*

⁷³ "Iraq Postpones Negotiating Upstream Deals; Repairs are Priority," *Oil Daily*, July 16, 2004.

⁷⁴ *Ibid.*, p. 367.

At this time, the most significant threats to economic redevelopment are concerns about the internal security environment due to ongoing insurgency and the viability of Iraq's interim government and the continuing progress of its transition to democracy. Some observers are also concerned that a future permanent government of Iraq may repeal some of the CPA-established laws that favor business development in Iraq, such as those allowing foreign investment and repatriation of capital.

The Bush Administration has begun the process of normalizing trade relations with Iraq and on September 7, 2004, designated Iraq as a beneficiary developing country under the Generalized System of Preferences.

Current State of Iraq's Economy

Although many larger U.S. and multinational businesses not working in Iraq on U.S. government reconstruction contracts are taking a "wait and see" approach toward investing in the country, the Iraqi economy is reportedly growing at a rapid pace despite persistent security and stability concerns. The Economist Intelligence Unit (EIU) estimated that Iraq's real gross domestic product (GDP) contracted by 21.8% in 2003 due to the war, but forecasts GDP growth of 40.3% in 2004 and 25.0% in 2005.⁷⁵ Much of the economic growth is reportedly due to the U.S.-appropriated funds allocated to reconstruction of Iraq's infrastructure being pumped into the economy.⁷⁶ The Iraq Project and Contracting Office (PCO, formerly the Program Management Office under the Coalition Provisional Authority) estimates that between 250 and 300 Iraqi firms are working on reconstruction contracts and that 87,500 Iraqi employees are affiliated with the PCO.⁷⁷ Consumer spending on imported goods is also boosting economic activity as these goods have become more available and more affordable since the end of economic sanctions. There has also reportedly been a boom in real estate.⁷⁸

The Bush Administration is currently attempting to attract smaller and medium-sized U.S. businesses to invest in Iraq despite security and stability concerns. Although most major business opportunities still involve work on U.S.-funded reconstruction contracts, efforts are also being made to facilitate U.S. business contacts with Iraqi government ministries and to assist businesses in exploring private sector investment and export possibilities.

At a recent event sponsored by the Iraq Investment and Reconstruction Task Force, Michael P. Fleischer, the former director of private sector development for the

⁷⁵ "Iraq: Risk Ratings: Economic Forecast Summary" *EIU Country Risk Service*, Economist Intelligence Unit, August 1, 2004. EIU bases these figures on a 55% chance that a stable, sovereign government will be achieved which will, in turn, alleviate some security concerns.

⁷⁶ Abolfathi, Farid, "Iraq: Current Situation," *Global Insight*, August 25, 2004.

⁷⁷ Web Page of the Iraq Project and Contracting Office, [<http://www.rebuilding-iraq.net>].

⁷⁸ Abolfathi, Farid, "Iraq: Current Situation," *Global Insight*, August 25, 2004.

Coalition Provisional Authority provided some basic (unofficial) statistics⁷⁹ illustrating the improvements Iraq's domestic business sector has made since the end of the war, including the following:

- Unemployment appears to be decreasing. Through polling conducted in February 2004, Iraq's unemployment rate was estimated at 28%. U.S. officials indicated more recent polling indicates a reduction in unemployment to 20%. The Iraqi government in late July 2004 estimated the unemployment rate at 38%, however.⁸⁰ Although the methodology behind any of these calculations is unclear, most observers believe the latter figure to be more realistic.
- The composition of employment is shifting. Recent estimates indicate that the private sector may employ as much as 50% of the work force.
- The private sector in Iraq is making significant progress. Since April 2003, over 5,000 new Iraqi companies have been established. Businesses are registering (the equivalent of incorporation) at a rate of almost 30 per day.
- Private sector business development is being funded not only by resident business capital, but through repatriation of funds from Iraqis living overseas. Informal estimates indicate that as much as \$2 million per day may be flowing into Iraq to purchase real estate and fund businesses.
- Deposits held by Iraq's 19 private sector banks increased by 60% between September 2003 and February 2004, and lending increased by 23% in the same time period.⁸¹

Most observers believe these statistics are quite optimistic. The transitional Iraqi government and U.S. forces continue to face significant security challenges from the militia of Shia cleric Moqtada al-Sadr and from Sunni insurgents, possibly aided by elements of al Qaeda.⁸² Persistent violence, combined with repeated kidnappings of foreign contractors and journalists, seems to be keeping a great deal

⁷⁹ Statistics were based on polling and other collection methods by the Iraq Reconstruction Task Force and not officially released by Iraq's interim government.

⁸⁰ *Iraq Update*, Economist Intelligence Unit, September 2004.

⁸¹ Department of Commerce. Iraq Investment and Reconstruction Task Force. Iraqi Private Sector Development Briefing, August 4, 2004. A webcast of the briefing is available at [<http://www.export.gov/iraq/other/iraqreconstruction080404.wmv>].

⁸² For a comprehensive discussion of security issues in Iraq, see CRS Report RL31339, *Iraq: U.S. Regime Change Efforts and Post-Saddam Governance*, by Ken Katzman.

of foreign investment away from Iraq. Most analysts believe that improvements in security are critical to Iraq's sustained economic growth.⁸³

Some analysts believe that the continuing security threat may delay elections of a transitional government scheduled for January 2005 despite any declarations of interim government leaders to the contrary.⁸⁴ Any postponement in the establishment of an elected sovereign government in Iraq may also delay the infusion of long-term foreign investment that most observers believe is necessary for full development of Iraq's economy.

Exim Bank and OPIC Facilitation. Although the Export-Import Bank (Exim Bank) of the United States is not currently providing companies interested in investing in Iraq with its usual trade financing products, the bank's directors approved a \$500 million short-term insurance facility to support transactions through a newly-established Trade Bank of Iraq (TBI). The Exim Bank insures letters of credit issued by TBI and confirmed by a commercial bank against the failure of TBI to pay the confirming bank under an irrevocable letter of credit. The Exim Bank further provides comprehensive coverage on short term credits extended to TBI by an insured bank. U.S. exporters will receive payment under letters of credit issued by the insured bank. The Exim Bank will also consider applications under all of its products (e.g., working capital guarantee, loan guarantee, export credit insurance, and direct loans) to support the sale of goods and services to Iraq, provided there is a creditworthy source in a third country in the Middle East or elsewhere willing to provide security for the loans.⁸⁵

Political risk insurance is being made available through the Overseas Private Investment Corporation (OPIC) to cover currency inconvertibility, expropriation, and political violence. Coverage is also offered that is more appropriate to contractors, exporters, and those providing technical assistance and management services. Stand-alone terrorism coverage is also being provided.⁸⁶ As of July 2004, OPIC has written \$29 million worth of investment insurance for Iraqi projects, and another \$100 million is in the pipeline.⁸⁷

Normalizing Trade Relations

The Bush Administration, as authorized by Congress, has lifted most U.S. sanctions on Iraq, beginning with Presidential Determination 2003-18 of March 24,

⁸³ Pickering, Thomas R. and Schlesinger, James R., co-chairs, *Iraq: One Year After*, Council on Foreign Relations, March 2004, p. 24.

⁸⁴ "Election Wobble," EIU Viewswire, September 15, 2004.

⁸⁵ "Export-Import Bank Support for U.S. Exports to Iraq," Export-Import Bank Fact Sheet, December 2003.

⁸⁶ U.S. Department of Commerce. "Doing Business in Iraq," Iraq Investment and Reconstruction Task Force web page, [http://www.export.gov/iraq/bus_climate/faq.html].

⁸⁷ Department of Commerce. Iraq Investment and Reconstruction Task Force. Iraqi Private Sector Development Briefing, August 4, 2004.

2003, in which the President determined that “the provision of assistance or other financing for Iraq important to the national security interests of the United States.”⁸⁸

On May 7, 2003, the President suspended the Iraq Sanctions Act of 1990 (P.L. 101-513, implemented U.S. trade embargo and U.S. compliance of U.N. economic sanctions against Iraq), as authorized by sec.1503 of the Emergency Wartime Supplemental Act, 2003 (P.L. 108-11).⁸⁹

On July 29, 2004, in Executive Order 13350, the President terminated the emergency with respect to Iraq previously declared in Executive Order 12722,⁹⁰ determining that the situation that gave rise to the declaration of a national emergency under the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq) and the National Emergencies Act (50 U.S.C. 1501 et seq) has been significantly altered by the removal of the regime of Saddam Hussein.⁹¹ The termination of the national emergency formally ended the economic sanctions imposed by the United States on Iraq following the 1990 invasion of Kuwait.

A national emergency still exists with respect to protecting the Development Fund for Iraq (DFI) and Iraq’s petroleum assets, and blocking property of the former regime. Executive Order 13303 (May 22, 2003) protects the Development Fund for Iraq (DFI), Iraqi petroleum and petroleum products from “the threat of attachment or other judicial process.”⁹² The President found that such judicial processes would constitute an unusual and extraordinary threat to the national security and foreign policy of the United States.

Executive Order 13315 of August 18, 2003, blocking the property of the former regime and certain senior officials under the same presidential authority, is also still in effect. The executive order also authorizes the confiscation and repatriation of additional property of the former regime, or the property immediate family members of officials, and controlled entities, and designates that these properties be transferred to the Development Fund for Iraq.⁹³

Iraq remains on the U.S. list of state sponsors of terrorism. Countries on this list are barred from receiving U.S. foreign assistance, votes by U.S. representatives in favor of international loans, sales of munitions list (arms and related equipment and services), and stiffer licensing procedures for exports of dual-use items (commodities

⁸⁸ Presidential Determination No. 2003-18 of March 24, 2003 (68 F.R. 16165), as authorized by sec. 507 of P.L. 108-7, the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2003.

⁸⁹ Presidential Determination No. 2003-23 (68 F.R. 26459), May 7, 2003.

⁹⁰ Executive Order 12722 of August 2, 1990, “Blocking Government Property and Prohibiting Transactions with Iraq,” 55 F.R. 31803.

⁹¹ Executive Order No. 13350 (69 F.R. 46055), July 29, 2004. The executive order revoked Executive Order 12722 of August 2, 1990, and modified Executive Orders 13290, 13303, and 13315.

⁹² Executive Order No. 13303 (68 F.R. 31931), May 22, 2003.

⁹³ Executive Order No. 13315 (68 F.R. 52315), August 18, 2003.

that may have military as well as civilian applications). In the case of Iraq, however, the May 7, 2003 executive order made the terrorism list sanctions inapplicable with respect to Iraq.⁹⁴ Also inapplicable pursuant to the executive order are any other laws directing the U.S. government to vote against or oppose international lending, or which required cuts in U.S. contributions to international programs working in countries designated as state sponsors of terrorism.

Congress did not authorize the lifting of sanctions on sales of “advanced conventional weapons,” however, it did allow the President to authorize exports of nonlethal military equipment.⁹⁵ However, any nonlethal military equipment, lethal military equipment specifically designated by the Secretary of State for use by a reconstituted (or interim) Iraqi military or police force, and small arms designated for use for private security purposes, are authorized.⁹⁶ It is likely that all remaining sanctions will continue in place until elections scheduled for 2005 are held. New regulations shifting the remaining restrictions on transactions with Iraq from the Department of the Treasury to the Department of Commerce were issued on July 30, 2004.⁹⁷

Generalized System of Preferences

On September 7, 2004, the President designated Iraq as a beneficiary developing country for purposes of the generalized system of preferences (GSP), effective September 22, 2004.⁹⁸ U.S. imports GSP beneficiary countries receive preferential treatment — low or zero duties for designated products.

Eligibility criteria for Presidential designation of GSP status is outlined in sections 502(b)(2) and 502(c) of the Trade Act of 1974.⁹⁹ The President is directed to take into account the level of economic development of the country, its commitment to a liberal trade policy, the extent to which it provides adequate protection of intellectual property rights, and its observance of internationally recognized workers rights. The law prohibits (with certain exceptions) the President from extending GSP treatment to other industrial countries, Communist countries, countries that provide preferential treatment to the products of a developed country, and countries that nationalize or expropriate the property of U.S. citizens, or

⁹⁴ These sanctions are outlined in sections 620A of the Foreign Assistance Act of 1961 (22 U.S.C. 2371) and 6(j) of the Export Administration Act (50 U.S.C. app. 2405).

⁹⁵ Section 1608(1)(A) of the Iraq-Iran Non-Proliferation Act (P.L. 102-484) defines these as long-range precision-guided munitions, fuel air explosives, cruise missiles, low observability aircraft, military satellites, electromagnetic weapons, and laser weapons as the President determines destabilize the military balance or enhance defense capabilities in destabilizing ways.”

⁹⁶ Pursuant to Sec. 1504 of Public Law 108-11, as amended by sec. 2205 of P.L. 108-106. The President must notify the applicable Congressional committees that the export of this equipment is in the national interest within five days prior to export.

⁹⁷ 69 F.R. 46090.

⁹⁸ Proclamation 7808 of September 7, 2004, 69 F.R. 54739.

⁹⁹ 19 U.S.C. 2462(b)(2) and 2462(c).

otherwise infringe on the property rights of U.S. citizens. The Trade Act of 1974 also restricts the President's discretion in designating eligible products. It lists categories of import-sensitive products — certain textile and apparel products, watches, electronic articles, steel products, footwear, glass products, and other items — that are not eligible for GSP treatment. In addition, the act establishes “competitive need limits,” which require the President to suspend GSP treatment when U.S. imports of a product from a single country reach a specified threshold value or when 50% of total U.S. imports of the product come from a single country.¹⁰⁰

Conclusion

Iraq's economic involvement in the world market, largely dependent on oil exports, varied dramatically during the regime of Saddam Hussein. Trading patterns have seemed to reflect the domestic situation in the country, from the Iran-Iraq war in the 1980s, to the invasion of Kuwait and the subsequent imposition of international economic sanctions.

Currently, Iraq's economic future is dependent on its ability to draw on its vast oil resources. These efforts are being hindered due to continued sabotage of oil pipelines and the weakened state of Iraq's oil infrastructure, which had been allowed to deteriorate during the Hussein regime. Despite concerns over the continued insurgent activity and the stability of Iraq's interim government which have deterred most long-term foreign investment, Iraq's domestic economy is reportedly booming. The economic resurgence is brought about, in part, by U.S. appropriated funds being spent on reconstruction contracts in the country, and by pent-up demand brought about during economic sanctions and economic repression during the Hussein regime.

The United States has lifted most economic sanctions on Iraq, and the President has designated Iraq as a beneficiary developing country under the Generalized System of Preferences. Bush Administration officials have stated that Iraq's stability is a compelling national interest for the United States, and have expressed commitment to helping the country develop politically and economically.

¹⁰⁰ CRS Report 97-389, *Generalized System of Preferences*, by William H. Cooper.

Appendix: Trade Tables

Table 6. Top U.S. Imports from Iraq, 2003 and January-July 2004

(General Imports, Customs Value, actual U.S. dollars)

HTS Tariff Code	Commodity Description	2003	Jan.-July 2003	Jan.-July 2004
2709	Petroleum oils and oils from bituminous minerals, crude	\$4,561,534,495	\$2,561,785,363	\$4,492,362,947
2710	Petroleum oils and oils from bituminous minerals (other than crude) and products therefrom, nesoi, containing 70% (by weight) or more of these oils	\$11,274,000	\$610,128	\$9,729,333
9801	Exports of articles imported for repairs etc.; imports of articles exported and returned, unadvanced; imports of animals exported and returned	\$983,226	\$0	\$21,434,617
1302	Vegetable saps and extracts; pectic substances, pectinates and pectates; agar-agar and other mucilages and thickeners, derived from vegetable products	\$30,756	\$0	\$754,175
5702	Carpets and other textile floor coverings, woven, not tufted or flopped, including kelem, schumacks, karamanie and similar hand-woven rugs	\$16,350	\$0	\$2,800
7411	Copper tubes and pipes	\$2,425	\$0	\$0
5705	Carpets and other textile floor coverings (whether or not made-up), nesoi	\$450	\$0	\$0
507	Ivory, tortoise-shell, whalebone and whalebone hair, horns, hooves, claws etc., unworked or simply prepared, not cut to shape	\$0	\$0	\$3,000
2711	Petroleum gases and other gaseous hydrocarbons	\$0	\$0	\$0
2713	Petroleum coke, petroleum bitumen and residues of petroleum oils	\$0	\$0	\$0

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HTS Tariff Code	Commodity Description	2003	Jan.-July 2003	Jan.-July 2004
2715	Bituminous mixtures based on natural asphalt, natural bitumen, petroleum	\$0	\$0	\$0
2807	Sulfuric acid, oleum	\$0	\$0	\$0
2902	Cyclic hydrocarbons	\$0	\$0	\$0
8536	Electrical apparatus for switching or protecting electrical circuits	\$0	\$0	\$8,000
8471	Automatic data processing machines and units thereof	\$0	\$0	\$2,600
8413	Pumps for liquids, with or without a measuring device	\$0	\$0	\$7,494
7114	Articles of goldsmiths' or silversmiths' wares and parts thereof	\$0	\$0	\$5,000
6404	Footwear, with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials	\$0	\$0	\$350
6211	Track suits, ski-suits and swim wear, not knitted or crocheted	\$0	\$0	\$3,000
6201	Men's or boys' overcoats, raincoats, cloaks, anoraks (including ski jackets, and similar articles not knitted or crocheted	\$0	\$0	\$1,600
4907	Unused postage, stamp-impressed paper, check forms, bank notes, stock, share or bond certificates and similar documents of title, etc.	\$0	\$0	\$442,907
4103	Raw hides and skins	\$0	\$0	\$2,000
9999	Salvage, estimate of low value imports	\$0	\$0	\$35,926,027
9706	Antiques of an age exceeding 100 years	\$0	\$0	\$4,500
9701	Paintings, drawings and pastels, executed by hand as works of art; collages and similar decorative plaques	\$0	\$0	\$3,000

Source: International Trade Commission Trade Dataweb, [<http://www.usitc.gov>].

Table 7. Top 30 U.S. Exports to Iraq, 2003 and January- July 2004

(Total Exports, FAS Value, Actual U.S. dollars)

HTS Tariff Code	Commodity description	2003	Jan.-July 2003	Jan.-July 2004
8502	Electric generating sets and rotary converters	\$96,057,983	\$0	\$102,980,841
8411	Turbojets, turbopropellers and other gas turbines, and parts thereof	\$82,489,561	\$0	\$15,302,470
7130	Leguminous vegetables, dried shelled	\$24,211,137	\$15,964,338	\$0
1507	Soybean oil and its fractions, whether or not refined, but not chemically modified	\$14,486,561	\$10,201,822	\$0
4020	Milk and cream, concentrated or containing added sweetening	\$11,627,443	\$8,225,393	\$0
9802	Exports of articles donated for relief or charity, nesoi; imports of articles exported and returned, advanced or improved abroad, except under warranty	\$10,443,356	\$4,569,013	\$2,928,965
1006	Rice	\$9,950,696	\$9,950,696	\$0
1001	Wheat and meslin	\$9,341,992	\$9,341,992	\$50,763,507
1515	Fixed vegetable fats and oils (including jojoba oil) and their fractions, whether or not refined, but not chemically modified	\$5,596,452	\$5,593,477	\$0
8803	Parts of balloons, dirigibles, gliders, airplanes, other aircraft, spacecraft and spacecraft launch vehicles	\$5,266,034	\$57,680	\$10,585,947
1101	Wheat or meslin flour	\$3,451,870	\$3,451,870	\$0
8705	Special purpose motor vehicles, nesoi, including wreckers, mobile cranes, fire fighting vehicles, concrete mixers, mobile workshops, etc.	\$3,375,545	\$0	\$3,250,200
9406	Prefabricated buildings	\$3,300,000	\$0	\$319,151
8471	Automatic data processing machines and units thereof;	\$2,331,481	\$296,135	\$30,608,123

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HTS Tariff Code	Commodity description	2003	Jan.-July 2003	Jan.-July 2004
	magnetic or optical readers, machines for transcribing and processing coded data, nesoi			
8703	Motor cars and other motor vehicles designed to transport people (other than public-transport type), including station wagons and racing cars	\$2,135,976	\$129,979	\$22,112,740
8525	Transmission apparatus for radiotelephony, radiotelegraphy, radiobroadcasting or tv; tv cameras; still image video cameras and recorders	\$2,057,530	\$111,470	\$10,676,756
8527	Reception apparatus for radiotelephony, radiotelegraphy or radiobroadcasting, whether or not combined with sound recording or reproducing apparatus	\$1,869,021	\$3,019	\$3,760,954
9017	Drawing, marking-out or mathematical calculating instruments; hand instruments for measuring length, nesoi; parts and accessories thereof	\$1,465,176	\$0	\$1,005,931
4901	Printed books, brochures, leaflets and similar printed matter	\$1,361,249	\$0	\$157,788
8413	Pumps for liquids, with or without a measuring device; liquid elevators; parts thereof	\$1,323,315	\$0	\$3,047,244
1901	Malt extract; food preparations of flour, meal etc. containing under 40% cocoa nesoi; food preparations of milk etc. containing under 50% cocoa nesoi	\$1,319,177	\$1,319,177	\$4,219
8529	Parts for television, radio and radar apparatus (of headings 8525 to 8528)	\$1,303,668	\$52,807	\$8,991,503
8517	Electrical apparatus for line telephony or line telegraphy, including such apparatus for carrier-current or digital line systems; parts thereof	\$1,232,366	\$166,027	\$5,370,015
3701	Photographic plates and film, flat, sensitized, unexposed, not of paper, paperboard or textiles; instant print film, flat,	\$1,165,694	\$0	\$1,254,371

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HTS Tariff Code	Commodity description	2003	Jan.-July 2003	Jan.-July 2004
	sensitized, unexposed			
4202	Travel goods, vanity cases, binocular and camera cases, handbags, wallets, cutlery cases and similar containers, of various specified materials	\$1,035,882	\$0	\$243,344
8504	Electrical transformers, static converters or inductors; power supplies for adp machines or units; parts thereof	\$1,017,131	\$54,970	\$2,813,808
8421	Centrifuges, including centrifugal dryers; filtering or purifying machinery and apparatus, for liquids or gases; parts thereof	\$838,965	\$28,000	\$12,336,397
4203	Articles of apparel and clothing accessories, of leather or composition leather	\$795,418	\$0	\$647,853
9030	Oscilloscopes, spectrum analyzers etc. for measuring etc. electrical quantities, nesoi; devices for measuring etc. ionizing radiations; parts etc.	\$713,577	\$220,894	\$2,143,709
2828	Hypochlorites; commercial calcium hypochlorite; chlorites; hypobromites	\$638,082	\$638,082	\$63,352

Source: International Trade Commission Trade Dataweb, [<http://www.usitc.gov>].

Table 8. Iraq: Top 30 World Export Commodities, 1980-1988
(SITC Rev 1 Commodities, millions of U.S. dollars)

Code and Description	1980	1981	1982	1983	1984	1985	1986	1987	1988
Total All Commodities	\$27,848.3	\$9,949.8	\$9,511.9	\$9,012.8	\$10,059.4	\$11,140.4	\$7,951.2	\$10,305.0	\$10,196.9
3310 — Crude petroleum, etc	\$26,836.9	\$9,619.2	\$9,227.2	\$8,627.7	\$9,324.0	\$10,056.1	\$7,108.4	\$9,047.1	\$8,904.1
3324 — Residual fuel oils	\$17.0	\$27.3	\$8.1	\$144.6	\$337.6	\$500.9	\$256.4	\$374.3	\$211.5
3323 — Distillate fuels	\$0.0	\$0.1	\$0.0	\$15.3	\$57.7	\$127.1	\$94.2	\$252.7	\$135.1
3320 — UN special code	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$132.6
3411 — Natural Gas	\$2.1	\$0.1	\$0.0	\$0.0	\$25.6	\$28.4	\$21.4	\$71.4	\$103.9
3321 — Mtr. spirits, gasoline	\$101.5	\$11.2	\$0.0	\$0.0	\$30.5	\$125.2	\$78.7	\$72.8	\$98.3
2741 — Sulphur	\$25.3	\$1.5	\$0.0	\$7.2	\$19.9	\$26.7	\$37.3	\$29.3	\$76.3
7114 — Aircraft engines, inc jet	\$6.9	\$24.7	\$11.5	\$6.4	\$26.8	\$28.6	\$28.3	\$39.4	\$56.9
5612 — Chemicals phosphatic fertilizer	\$0.1	\$0.0	\$0.0	\$4.3	\$26.1	\$15.5	\$42.9	\$48.0	\$36.0
0520 — Dried fruit	\$25.5	\$36.6	\$23.7	\$33.8	\$20.5	\$17.7	\$24.3	\$40.1	\$32.6
9310 — Special transactions	\$2.4	\$0.6	\$14.5	\$6.2	\$6.1	\$7.6	\$6.5	\$23.6	\$30.2
6612 — Cement	\$0.2	\$0.0	\$0.0	\$2.7	\$4.0	\$5.6	\$29.0	\$17.8	\$25.8
5132 — Chemical elements	\$0.0	\$0.1	\$0.1	\$38.2	\$31.7	\$4.1	\$8.8	\$22.6	\$23.9
0012 — Sheep, lambs, goats	\$0.7	\$0.2	\$0.0	\$1.4	\$0.8	\$0.0	\$0.8	\$0.0	\$18.1
5611 — Chemicals, nitrogenous fertilizer	\$76.2	\$0.7	\$0.0	\$0.4	\$0.0	\$0.2	\$0.3	\$0.1	\$16.0
7349 — Aircraft parts, etc	\$0.5	\$1.3	\$0.8	\$2.6	\$3.1	\$1.4	\$5.9	\$4.9	\$14.7
5999 — Chemical products, preparations nes	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$3.1	\$12.4

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Code and Description	1980	1981	1982	1983	1984	1985	1986	1987	1988
2117 — Sheep skin without wool	\$5.8	\$5.4	\$6.2	\$4.4	\$7.8	\$4.6	\$7.0	\$8.9	\$11.4
0430 — Barley unmilled	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.8	\$13.9	\$1.9	\$11.3
5619 — Fertilizers nes	\$0.0	\$0.0	\$0.1	\$0.0	\$7.0	\$2.0	\$0.0	\$11.0	\$9.2
8619 — Measuring ,controlling instruments	\$1.6	\$1.2	\$0.6	\$0.4	\$0.6	\$1.0	\$1.5	\$1.3	\$7.7
3325 — Lubricating oils, greases	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.2	\$2.2	\$5.5
2622 — Wool degreased	\$2.6	\$1.2	\$0.1	\$0.1	\$0.4	\$0.1	\$0.1	\$3.8	\$4.6
2840 — Non-ferrous metal scrap	\$0.6	\$0.1	\$0.0	\$2.6	\$0.7	\$0.8	\$0.4	\$1.1	\$4.6
2621 — Wool greasy, fleece-washed	\$0.7	\$1.7	\$0.9	\$1.1	\$1.3	\$0.5	\$0.6	\$2.3	\$4.0
5214 — Coal, petroleum distillates nes	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$3.4
0811 — Hay fodder green, dry	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.4	\$1.7	\$3.4
2919 — Animal materials, nes	\$0.9	\$0.2	\$0.1	\$0.2	\$0.2	\$0.2	\$1.1	\$1.9	\$3.2
3326 — Mineral jelly, wax	\$2.3	\$0.8	\$0.9	\$1.1	\$3.9	\$1.6	\$2.6	\$2.4	\$3.0
6576 — Carpets, unknotted	\$0.0	\$0.0	\$0.0	\$0.9	\$0.5	\$0.3	\$0.3	\$0.5	\$2.5

Source: United Nations Trade Data, compiled by CRS using the Trade Policy Information System, Department of Commerce.

Table 9. Iraq: Top 30 World Import Commodities, 1980-1988
(SITC Rev 1 Commodities, millions of U.S. dollars)

Description	1980	1981	1982	1983	1984	1985	1986	1987	1988
Total All Commodities	\$12,114.9	\$17,616.2	\$17,489.0	\$8,622.8	\$8,366.2	\$8,546.2	\$7,456.0	\$5,752.2	\$7,759.7
0410 — Wheat etc unmilled	\$314.3	\$130.3	\$294.4	\$335.3	\$442.0	\$278.9	\$242.7	\$298.9	\$420.1
0111 — Bovine meat fresh, frozen	\$24.2	\$49.6	\$169.4	\$79.8	\$75.7	\$162.3	\$101.8	\$163.8	\$304.1
0422 — Rice glazed or polished	\$159.0	\$88.5	\$110.7	\$111.8	\$187.7	\$146.1	\$103.0	\$118.8	\$213.9
7151 — Machine tools for metal	\$42.1	\$53.8	\$91.7	\$79.8	\$37.4	\$23.4	\$14.3	\$32.2	\$208.8
5417 — Medicaments	\$114.5	\$113.6	\$106.1	\$71.9	\$101.5	\$167.1	\$179.2	\$119.7	\$198.5
6291 — Rubber tyres, tubes	\$155.8	\$162.0	\$116.2	\$34.4	\$124.5	\$157.4	\$144.4	\$69.2	\$151.0
7222 — Switchgear etc	\$177.2	\$257.4	\$343.7	\$220.8	\$154.2	\$122.8	\$230.5	\$143.8	\$145.4
7328 — Motor vehicle parts nes	\$349.6	\$462.5	\$404.1	\$215.8	\$202.1	\$272.8	\$170.5	\$64.7	\$129.1
7192 — Pumps, centrifuges	\$211.3	\$392.6	\$381.2	\$213.2	\$141.8	\$207.5	\$219.0	\$124.1	\$123.9
7249 — Telecomm equipment nes	\$237.4	\$290.0	\$618.2	\$456.9	\$339.8	\$300.4	\$288.0	\$224.4	\$120.5
5812 — Prod of polymerizing etc	\$139.7	\$128.1	\$147.1	\$66.5	\$108.8	\$94.8	\$62.9	\$94.6	\$120.1
6732 — Iron, steel bars etc	\$224.9	\$197.5	\$127.5	\$110.9	\$169.6	\$235.3	\$106.7	\$87.3	\$115.8
6793 — Iron, stl forgings rough	\$0.7	\$1.2	\$1.1	\$1.8	\$2.7	\$0.7	\$1.0	\$1.4	\$114.1
7341 — Aircraft heavier than air	\$11.8	\$15.3	\$73.4	\$24.4	\$3.5	\$10.6	\$4.6	\$29.7	\$106.8
7191 — Heating, cooling equipment	\$239.2	\$359.8	\$345.3	\$132.7	\$79.0	\$112.3	\$115.5	\$87.7	\$105.1
0819 — Food waste and feed nes	\$6.5	\$21.6	\$25.6	\$14.2	\$91.3	\$26.0	\$40.2	\$59.5	\$99.5
7199 — Machine parts, accesr nes	\$119.1	\$208.0	\$198.6	\$88.0	\$73.1	\$77.5	\$86.5	\$68.5	\$86.8
7340 — UN special code	\$35.0	\$32.6	\$159.3	\$12.4	\$2.4	\$11.7	\$78.7	\$61.3	\$80.2
7193 — Mechanical handling equ	\$213.8	\$302.7	\$239.7	\$81.4	\$53.0	\$69.0	\$56.0	\$29.7	\$76.3

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Description	1980	1981	1982	1983	1984	1985	1986	1987	1988
0741 — Tea	\$46.3	\$41.7	\$54.9	\$89.3	\$129.0	\$69.8	\$41.0	\$62.7	\$76.3
6535 — Woven synthetic fabrics	\$60.4	\$90.8	\$53.8	\$14.6	\$68.0	\$62.4	\$52.3	\$37.6	\$75.6
7195 — Powered-tools nes	\$28.7	\$31.8	\$41.6	\$21.9	\$21.0	\$15.4	\$14.2	\$18.4	\$74.5
0813 — Vegetable oil residues	\$5.9	\$27.8	\$6.0	\$15.8	\$49.2	\$27.6	\$28.5	\$34.3	\$74.1
0440 — Maize unmilled	\$12.8	\$1.0	\$9.3	\$11.6	\$50.2	\$34.6	\$33.7	\$41.0	\$71.9
6989 — Other base metal manufactures	\$60.2	\$122.0	\$118.2	\$62.0	\$29.9	\$37.2	\$27.0	\$23.5	\$68.5
6952 — Tools nes	\$52.8	\$58.6	\$72.2	\$40.6	\$42.4	\$31.8	\$33.5	\$58.5	\$68.5
7231 — Insulated wire, cable	\$144.6	\$278.6	\$297.1	\$129.9	\$56.7	\$65.7	\$71.1	\$57.2	\$65.7
0222 — Milk and cream dry	\$69.0	\$91.7	\$61.7	\$39.1	\$71.8	\$75.5	\$41.0	\$28.6	\$65.2
6516 — Yarn of synthetic fibres	\$86.0	\$90.4	\$106.5	\$46.7	\$79.5	\$52.8	\$135.9	\$74.7	\$65.2
9310 — Special transactions	\$18.4	\$47.7	\$33.8	\$82.0	\$41.9	\$28.9	\$25.0	\$12.1	\$64.6

Source: United Nations Trade Data, compiled by CRS using the Trade Policy Information System, Department of Commerce.

Table 10. Iraq: Top 30 World Export Commodities, 1990-2003
(SITC Rev 3 Commodities, millions of U.S. dollars)

Code and Description	1990	1992	1994	1996	1998	2000	2002	2003
TOTAL — Total All Commodities	\$10,559.4	\$488.8	\$421.9	\$47.6	\$5,059.1	\$16,286.1	\$8,930.1	\$7,705.5
3330 — CRUDE OIL FROM PETROLEUM OR BITUMINOUS MINERALS	\$9,875.3	\$46.0	\$332.6	\$31.5	\$4,884.1	\$16,064.5	\$8,720.6	\$7,534.6
2882 — NONFERROUS BASE METAL WASTE & SCRAP NES	\$0.5	\$0.0	\$0.0	\$0.0	\$3.4	\$9.4	\$3.8	\$25.0
0411 — DURUM WHEAT, UNMILLED	\$0.0	\$0.0	\$0.0	\$0.0	\$0.4	\$0.0	\$2.6	\$9.7
0430 — BARLEY, UNMILLED	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$23.4	\$8.9
2823 — FERROUS WASTE & SCRAP, EXC CAST IRON & ALLOY STEEL	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.2	\$0.2	\$7.5
2631 — COTTON (OTHER THAN LINTERS), NOT CARDED OR COMBED	\$0.0	\$0.0	\$0.3	\$0.4	\$0.0	\$0.0	\$0.0	\$5.8
3431 — NATURAL GAS, LIQUEFIED	\$0.0	\$0.0	\$9.2	\$0.0	\$12.6	\$28.9	\$22.2	\$5.0
0412 — WHEAT (INCLUDING SPELT) AND MESLIN, UNMILLED, NES	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1	\$0.0	\$0.0	\$3.3
0449 — MAIZE (NOT INCLUDING SWEET CORN) UNMILLED, NO SEED	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$3.1
5621 — MINERAL OR CHEMICAL FERTILIZERS, NITROGENOUS	\$30.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.3	\$1.3	\$2.5
7822 — SPEC PUR MTR VEHICLES, OTHER THN FOR TRANSPT OF PERS	\$0.4	\$0.2	\$0.1	\$0.0	\$0.2	\$0.0	\$0.0	\$2.0
0811 — HAY AND FODDER, GREEN OR DRY	\$0.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$3.4	\$1.1
0542 — LEGUMINOUS VEGETABLES,	\$0.1	\$0.0	\$0.0	\$0.0	\$1.5	\$3.0	\$0.9	\$1.0

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Code and Description	1990	1992	1994	1996	1998	2000	2002	2003
DRIED, SHELLED								
9310 — SPECIAL TRANSACTIONS & COMMOD NOT CLASSIF BY KIND	\$38.2	\$0.2	\$0.0	\$0.2	\$0.1	\$0.1	\$0.7	\$1.0
0579 — FRUIT, FRESH OR DRIED, N.E.S.	\$28.0	\$7.3	\$0.2	\$0.0	\$0.0	\$0.3	\$2.2	\$0.8
6841 — ALUMINUM AND ALUMINUM ALLOYS, UNWROUGHT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.3	\$0.0	\$0.0	\$0.5
6821 — COPPER, REFIN OR NOT; COPPER ANODES; COP ALLOY UNW	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.4
7868 — VEHICLES, NT MECHANICALLY PROPELLED & PTS, NES	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.4
3354 — PETROLEUM BITUMEN OR COKE, & BITUMIN MIXTURES NES	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.3	\$0.4	\$0.4
4211 — SOYBEAN OIL AND ITS FRACTIONS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.4
3442 — GASEOUS HYDROCARBONS, LIQUEFIED, N.E.S	\$26.3	\$4.8	\$0.0	\$0.0	\$0.0	\$0.2	\$0.0	\$0.3
5629 — FERTILIZERS, N.E.S.	\$14.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.3	\$0.3
8215 — FURNITURE, NES, OF WOOD	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2
2783 — SODIUM CHLORIDE, PURE/COMM SALT ETC; SEA WATER	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2	\$0.2
0249 — CHEESE NES; CURD	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2
7812 — MOTOR VEHICLES FOR THE TRANSPORT OF PERSONS, NES	\$0.1	\$0.1	\$0.5	\$0.1	\$3.2	\$0.2	\$0.2	\$0.2
0813 — OIL-CAKE ETC FROM FAT/OIL OILSEEDS/CEREAL GERM ETC	\$0.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1.2	\$0.2

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Code and Description	1990	1992	1994	1996	1998	2000	2002	2003
2112 — HIDES AND SKINS OF BOVINE ANIMALS, WHOLE, SPEC WTS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	\$0.0	\$0.2
7832 — ROAD TRACTORS FOR SEMI-TRAILERS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2
2789 — MINERALS, CRUDE, N.E.S.	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.9	\$0.2

Source: United Nations Trade Data, compiled by CRS using the Trade Policy Information System, Department of Commerce.

Table 11. Iraq: Top 30 World Import Commodities, 1990-2003
(SITC Rev 3 Commodities, millions of U.S. dollars)

Code and Description	1990	1992	1994	1996	1997	1998	2000	2002	2003
Total All Commodities	\$5,423.1	\$620.0	\$447.1	\$299.5	\$909.0	\$1,379.5	\$2,673.0	\$4,906.5	\$3,352.4
7165 — ELECTRIC GENERATING SETS	\$21.0	\$0.0	\$0.4	\$0.1	\$0.6	\$23.9	\$70.8	\$59.2	\$181.6
8110 — PREFABRICATED BUILDINGS	\$9.6	\$1.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2	\$1.8	\$118.8
0423 — RICE, MILLED WHETHER POLISH/GLAZE/PAR BOIL (BROKEN	\$114.1	\$37.2	\$7.3	\$3.9	\$97.0	\$75.4	\$108.5	\$7.1	\$108.1
8722 — INST & APPLS, MEDICAL, INCLD SIGHT TESTING	\$25.7	\$2.4	\$2.2	\$0.9	\$4.0	\$35.5	\$28.1	\$54.7	\$101.6
0222 — MILK AND CREAM, CONCENTRATED OR SWEETENED	\$93.6	\$3.3	\$1.7	\$1.5	\$7.7	\$21.3	\$133.2	\$201.2	\$100.9
7812 — MOTOR VEHICLES FOR THE TRANSPORT OF PERSONS, NES	\$218.2	\$0.2	\$0.2	\$0.2	\$3.0	\$9.7	\$12.6	\$281.8	\$100.6
3442 — GASEOUS HYDROCARBONS, LIQUEFIED, N.E.S	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$97.1
0542 — LEGUMINOUS VEGETABLES, DRIED, SHELLD	\$41.4	\$5.9	\$4.0	\$6.0	\$46.3	\$31.6	\$16.8	\$12.0	\$87.3
7149 — PARTS OF TURBOJET ENGINES & GAS TURBINES N.E.S.	\$11.8	\$0.0	\$0.0	\$0.1	\$0.0	\$10.6	\$30.6	\$17.0	\$74.9
5429 — MEDICAMENTS, N.E.S.	\$97.0	\$51.3	\$56.9	\$8.8	\$35.9	\$115.8	\$42.9	\$93.6	\$71.1
0612 — CANE/BEET SUGAR NES, CHEM PURE SUCROSE, SOLID FORM	\$93.4	\$55.6	\$51.5	\$0.3	\$87.6	\$83.5	\$65.0	\$91.3	\$68.7
7148 — GAS TURBINES, N.E.S.	\$1.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$33.7	\$7.3	\$65.9
4312 — ANIMAL OR VEG FATS, OILS, FRACTIONS HYDRGENATD ETC	\$0.5	\$0.1	\$89.9	\$6.9	\$123.7	\$81.5	\$19.9	\$99.6	\$61.4

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Code and Description	1990	1992	1994	1996	1997	1998	2000	2002	2003
6612 — PORTLAND CEMENT ALUMINOUS, SLAG, SUPERSULPHATE ETC	\$0.1	\$0.4	\$0.3	\$0.8	\$0.0	\$2.5	\$1.2	\$2.5	\$57.4
0910 — MARGARINE;EDIBLE PREPS & MIXTURES OF ANIMAL FATS	\$0.3	\$13.9	\$16.2	\$18.6	\$29.0	\$46.8	\$50.6	\$28.7	\$52.9
5542 — ORGANIC SURF-ACT AGENTS NES, AND PREPARATIONS NES	\$9.9	\$11.7	\$2.3	\$4.5	\$1.2	\$20.6	\$13.6	\$50.7	\$50.3
6911 — METAL STRUCTURES & PARTS NES, OF IRON OR STEEL	\$59.8	\$0.1	\$0.0	\$0.0	\$0.0	\$0.4	\$5.9	\$62.7	\$47.5
7821 — MOTOR VEHICLES FOR THE TRANSPORT OF GOODS	\$43.2	\$0.3	\$0.9	\$1.4	\$5.5	\$8.5	\$119.1	\$343.6	\$46.4
7742 — APPARATUS BASED ON USE OF X-RAYS, ETC	\$8.0	\$0.0	\$0.0	\$0.1	\$0.2	\$8.1	\$24.5	\$25.5	\$44.8
7611 — TELEVISION RECEIVERS, COLOR	\$9.5	\$0.0	\$0.0	\$0.0	\$0.1	\$0.3	\$0.1	\$4.9	\$43.9
1223 — TOB. MFG (INCL SMKG/CHEWING) NES; EXTRACTS/ESSENCE	\$2.0	\$1.8	\$0.0	\$0.0	\$0.2	\$0.0	\$0.0	\$35.6	\$41.8
0989 — FOOD PREPARATIONS, N.E.S.	\$72.7	\$20.6	\$0.7	\$2.8	\$17.7	\$54.3	\$51.8	\$36.2	\$40.2
4211 — SOYBEAN OIL AND ITS FRACTIONS	\$0.0	\$1.1	\$0.5	\$0.7	\$0.2	\$1.2	\$0.0	\$0.6	\$32.4
1110 — NONALCOHOLIC BEVERAGES, N.E.S.	\$6.5	\$1.3	\$0.2	\$1.7	\$0.1	\$0.3	\$1.2	\$1.6	\$32.4
7163 — EL MOTORS EXCEEDING 37.5 W & GENERATORS, AC	\$6.8	\$0.0	\$0.0	\$0.0	\$0.8	\$4.7	\$15.3	\$19.9	\$30.1
7731 — INSULATED WIRE, CABLE; OPTICAL FIBER CABLES	\$71.5	\$0.1	\$0.2	\$0.0	\$0.2	\$4.1	\$12.3	\$34.2	\$29.8

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Code and Description	1990	1992	1994	1996	1997	1998	2000	2002	2003
0461 — FLOUR OF WHEAT OR OF MESLIN	\$2.0	\$54.8	\$40.4	\$65.8	\$6.5	\$0.8	\$0.1	\$0.4	\$29.4
7726 — BOARDS, PANELS, CONSOLES, ETC, EQUIPD WTH ELEC APP	\$48.2	\$0.1	\$0.3	\$0.0	\$0.8	\$2.4	\$15.4	\$37.6	\$28.5
7752 — HOUSEHLD TYPE REFRIGERATORS & FOOD FREEZERS	\$2.3	\$0.0	\$0.0	\$0.0	\$0.2	\$0.1	\$1.6	\$1.4	\$27.5
5541 — SOAP; SURFACE-ACTIVE PREPS IN BARS ETC & PAPER ETC	\$15.8	\$16.7	\$4.5	\$7.5	\$11.0	\$15.7	\$13.6	\$39.0	\$27.4

Source: United Nations Trade Data, compiled by CRS using the Trade Policy Information System, Department of Commerce.

Table 12. Iraq's Major Trading Partners, 1982-2003
(in millions of U.S. dollars)

Trade Flow	Partner	1982	1984	1986	1988	1990	1992	1994	1996	1998	2000	2002	2003
Exports	WORLD	\$10,033.3	\$9,316.8	\$7,464.5	\$9,608.9	\$10,313.6	\$608.9	\$383.6	\$503.0	\$5,096.7	\$14,426.1	\$9,230.6	\$9,838.8
Imports	WORLD	\$21,134.2	\$9,755.0	\$8,920.4	\$9,293.0	\$6,525.5	\$602.7	\$498.7	\$568.4	\$1,852.8	\$3,449.6	\$5,869.9	\$4,684.1
Trade Balance ^a	WORLD	-\$11,100.9	-\$438.2	-\$1,455.9	\$315.9	\$3,788.1	\$6.2	-\$115.1	-\$65.4	\$3,243.9	\$10,976.5	\$3,360.7	\$5,154.6
Total Trade ^b	WORLD	\$31,167.5	\$19,071.9	\$16,384.9	\$18,901.9	\$16,839.1	\$1,211.6	\$882.2	\$1,071.4	\$6,949.6	\$17,875.7	\$15,100.4	\$14,522.9
Exports	United States	\$37.8	\$117.5	\$429.8	\$1,453.6	\$2,952.1	\$0.0	\$0.0	\$0.0	\$1,236.9	\$5,770.2	\$3,452.8	\$4,466.5
Imports	United States	\$930.8	\$730.5	\$580.0	\$1,260.1	\$703.7	\$0.4	\$0.9	\$3.1	\$117.2	\$12.0	\$34.8	\$347.2
Trade Balance	United States	-\$893.0	-\$613.0	-\$150.2	\$193.6	\$2,248.4	-\$0.4	-\$0.9	-\$3.1	\$1,119.8	\$5,758.2	\$3,418.1	\$4,119.3
Total Trade	United States	\$968.6	\$848.1	\$1,009.8	\$2,713.7	\$3,655.8	\$0.4	\$0.9	\$3.1	\$1,354.1	\$5,782.2	\$3,487.6	\$4,813.6
Exports	Jordan	\$2.6	\$14.2	\$211.2	\$290.4	\$374.1	\$395.0	\$379.0	\$459.6	\$302.2	\$620.5	\$634.6	\$769.3
Imports	Jordan	\$208.9	\$192.4	\$133.6	\$190.1	\$196.5	\$79.0	\$165.7	\$149.2	\$164.7	\$219.0	\$623.6	\$693.1
Trade Balance	Jordan	-\$206.4	-\$178.2	\$77.5	\$100.2	\$177.7	\$316.0	\$213.3	\$310.4	\$137.5	\$401.5	\$11.1	\$76.3
Total Trade	Jordan	\$211.5	\$206.6	\$344.8	\$480.5	\$570.6	\$474.1	\$544.7	\$608.8	\$466.9	\$839.5	\$1,258.2	\$1,462.4
Exports	Italy	\$1,421.7	\$923.9	\$673.0	\$912.0	\$310.6	\$0.7	\$0.1	\$0.1	\$366.1	\$1,520.2	\$451.7	\$724.5
Imports	Italy	\$1,827.2	\$691.0	\$620.5	\$226.3	\$293.1	\$0.0	\$2.4	\$1.5	\$41.7	\$262.0	\$354.1	\$186.9
Trade Balance	Italy	-\$405.5	\$232.9	\$52.5	\$685.7	\$17.5	\$0.7	-\$2.3	-\$1.4	\$324.4	\$1,258.2	\$97.6	\$537.6
Total Trade	Italy	\$3,248.9	\$1,614.9	\$1,293.5	\$1,138.3	\$603.8	\$0.7	\$2.5	\$1.7	\$407.7	\$1,782.2	\$805.7	\$911.3
Exports	Canada	\$0.5	\$0.0	\$0.5	\$6.8	\$96.2	\$0.0	\$0.0	\$0.0	\$54.5	\$459.7	\$694.8	\$797.7
Imports	Canada	\$172.7	\$140.1	\$83.7	\$171.5	\$182.7	\$3.7	\$0.0	\$0.6	\$2.8	\$56.9	\$9.7	\$3.7
Trade Balance	Canada	-\$172.2	-\$140.1	-\$83.2	-\$164.7	-\$86.5	-\$3.7	\$0.0	-\$0.6	\$51.6	\$402.8	\$685.1	\$794.1
Total Trade	Canada	\$173.2	\$140.1	\$84.3	\$178.3	\$278.9	\$3.8	\$0.0	\$0.6	\$57.3	\$516.6	\$704.5	\$801.4
Exports	Vietnam	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2	\$0.0	\$0.2	\$0.2
Imports	Vietnam	\$0.0	\$0.0	\$0.0	\$0.0	\$4.4	\$15.7	\$23.4	\$72.8	\$182.5	\$353.7	\$483.9	\$537.8
Trade Balance	Vietnam	\$0.0	\$0.0	\$0.0	\$0.0	-\$4.4	-\$15.7	-\$23.4	-\$72.8	-\$182.3	-\$353.6	-\$483.7	-\$537.6
Total Trade	Vietnam	\$0.0	\$0.0	\$0.0	\$0.0	\$4.4	\$15.7	\$23.4	\$72.8	\$182.7	\$353.7	\$484.0	\$538.0
Exports	Morocco	\$157.4	\$289.6	\$104.1	\$214.0	\$173.2	\$13.3	\$0.0	\$0.0	\$0.0	\$0.0	\$396.9	\$481.1

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Trade Flow	Partner	1982	1984	1986	1988	1990	1992	1994	1996	1998	2000	2002	2003
Imports	Morocco	\$16.9	\$21.7	\$32.8	\$10.7	\$43.9	\$0.0	\$2.2	\$3.6	\$0.0	\$0.0	\$40.1	\$44.5
Trade Balance	Morocco	\$140.6	\$267.9	\$71.2	\$203.3	\$129.3	\$13.3	-\$2.2	-\$3.6	\$0.0	\$0.0	\$356.8	\$436.6
Total Trade	Morocco	\$174.3	\$311.3	\$136.9	\$224.8	\$217.0	\$13.3	\$2.2	\$3.6	\$0.0	\$0.0	\$436.9	\$525.6
Exports	Brazil	\$2,513.4	\$2,002.4	\$1,028.7	\$1,235.0	\$1,030.0	\$0.0	\$0.0	\$0.0	\$0.0	\$219.2	\$328.6	\$398.4
Imports	Brazil	\$349.7	\$385.0	\$409.2	\$327.5	\$121.6	\$0.0	\$0.0	\$0.0	\$25.1	\$19.5	\$82.1	\$91.3
Trade Balance	Brazil	\$2,163.7	\$1,617.4	\$619.5	\$907.5	\$908.4	\$0.0	\$0.0	\$0.0	-\$25.1	\$199.7	\$246.5	\$307.1
Total Trade	Brazil	\$2,863.0	\$2,387.4	\$1,437.9	\$1,562.4	\$1,151.6	\$0.0	\$0.0	\$0.0	\$25.1	\$238.6	\$410.8	\$489.7
Exports	France	\$380.7	\$705.6	\$555.5	\$714.0	\$364.3	\$0.0	\$0.0	\$0.0	\$670.8	\$1,196.7	\$692.5	\$177.5
Imports	France	\$1,587.5	\$752.5	\$533.9	\$469.7	\$572.3	\$22.9	\$0.3	\$0.0	\$281.3	\$392.5	\$487.5	\$190.7
Trade Balance	France	-\$1,206.8	-\$46.9	\$21.6	\$244.3	-\$207.9	-\$22.9	-\$0.2	\$0.0	\$389.4	\$804.2	\$205.0	-\$13.2
Total Trade	France	\$1,968.2	\$1,458.1	\$1,089.5	\$1,183.7	\$936.6	\$22.9	\$0.3	\$0.0	\$952.1	\$1,589.2	\$1,180.0	\$368.1
Exports	Spain	\$783.7	\$585.1	\$779.0	\$372.4	\$479.5	\$0.0	\$0.1	\$0.0	\$452.1	\$1,078.7	\$373.7	\$302.3
Imports	Spain	\$299.1	\$133.3	\$66.2	\$170.3	\$85.9	\$0.0	\$0.0	\$0.0	\$15.6	\$63.6	\$75.5	\$59.5
Trade Balance	Spain	\$484.6	\$451.8	\$712.8	\$202.1	\$393.6	\$0.0	\$0.1	\$0.0	\$436.5	\$1,015.1	\$298.2	\$242.7
Total Trade	Spain	\$1,082.8	\$718.3	\$845.3	\$542.8	\$565.4	\$0.0	\$0.1	\$0.0	\$467.7	\$1,142.2	\$449.2	\$361.8
Exports	Netherlands	\$131.1	\$208.4	\$300.7	\$185.0	\$756.2	\$0.2	\$0.0	\$0.1	\$429.4	\$466.0	\$540.3	\$269.8
Imports	Netherlands	\$322.2	\$186.6	\$128.0	\$107.3	\$161.6	\$19.0	\$3.9	\$16.5	\$23.5	\$36.5	\$38.1	\$40.9
Trade Balance	Netherlands	-\$191.1	\$21.8	\$172.7	\$77.8	\$594.6	-\$18.8	-\$3.9	-\$16.4	\$405.9	\$429.5	\$502.2	\$228.9
Total Trade	Netherlands	\$453.3	\$394.9	\$428.8	\$292.3	\$917.8	\$19.2	\$3.9	\$16.5	\$452.9	\$502.5	\$578.4	\$310.7
Exports	Germany	\$208.5	\$433.7	\$97.3	\$191.8	\$51.3	\$0.3	\$0.1	\$0.4	\$72.2	\$38.7	\$4.6	\$10.0
Imports	Germany	\$3,451.8	\$947.1	\$715.3	\$972.3	\$876.0	\$8.0	\$13.6	\$11.0	\$95.8	\$139.4	\$417.9	\$253.2
Trade Balance	Germany	-\$3,243.3	-\$513.4	-\$618.1	-\$780.5	-\$824.7	-\$7.8	-\$13.4	-\$10.7	-\$23.6	-\$100.7	-\$413.3	-\$243.2
Total Trade	Germany	\$3,660.3	\$1,380.8	\$812.6	\$1,164.1	\$927.3	\$8.3	\$13.7	\$11.4	\$168.0	\$178.1	\$422.5	\$263.2
Exports	Russia	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Imports	Russia	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$9.8	\$0.0	\$47.4	\$98.9	\$403.2	\$240.2
Trade Balance	Russia	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	-\$9.8	\$0.0	-\$47.4	-\$98.9	-\$403.2	-\$240.2
Total Trade	Russia	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$9.8	\$0.0	\$47.4	\$98.9	\$403.2	\$240.2
Exports	United	\$124.1	\$84.4	\$87.1	\$70.0	\$159.7	\$0.5	\$0.2	\$0.1	\$32.1	\$0.1	\$0.1	\$0.2

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Trade Flow	Partner	1982	1984	1986	1988	1990	1992	1994	1996	1998	2000	2002	2003
	Kingdom												
Imports	United Kingdom	\$1,677.8	\$499.8	\$720.4	\$809.5	\$552.8	\$67.3	\$16.0	\$19.3	\$46.9	\$84.8	\$78.2	\$237.7
Trade Balance	United Kingdom	-\$1,553.7	-\$415.5	-\$633.3	-\$739.5	-\$393.1	-\$66.8	-\$15.8	-\$19.2	-\$14.8	-\$84.7	-\$78.1	-\$237.5
Total Trade	United Kingdom	\$1,801.9	\$584.2	\$807.5	\$879.5	\$712.5	\$67.8	\$16.2	\$19.5	\$79.0	\$84.9	\$78.4	\$237.9
Exports	Australia	\$3.4	\$4.2	\$0.1	\$0.1	\$0.2	\$0.0	\$0.0	\$0.0	\$32.6	\$74.6	\$20.5	\$27.6
Imports	Australia	\$220.9	\$215.8	\$147.7	\$191.4	\$188.5	\$29.0	\$57.3	\$17.1	\$216.0	\$375.8	\$398.9	\$178.8
Trade Balance	Australia	-\$217.5	-\$211.5	-\$147.6	-\$191.2	-\$188.4	-\$29.0	-\$57.3	-\$17.1	-\$183.4	-\$301.2	-\$378.4	-\$151.2
Total Trade	Australia	\$224.4	\$220.0	\$147.8	\$191.5	\$188.7	\$29.0	\$57.3	\$17.1	\$248.6	\$450.4	\$419.4	\$206.4
Exports	Japan	\$703.6	\$154.8	\$882.7	\$753.6	\$812.0	\$1.2	\$0.0	\$0.0	\$80.5	\$600.8	\$96.3	\$99.5
Imports	Japan	\$3,019.4	\$883.7	\$1,346.2	\$446.9	\$298.0	\$0.5	\$1.2	\$0.4	\$10.9	\$46.8	\$311.3	\$84.1
Trade Balance	Japan	-\$2,315.8	-\$728.9	-\$463.5	\$306.7	\$514.0	\$0.7	-\$1.2	-\$0.3	\$69.6	\$554.0	-\$215.0	\$15.4
Total Trade	Japan	\$3,723.0	\$1,038.6	\$2,228.9	\$1,200.6	\$1,110.1	\$1.6	\$1.2	\$0.4	\$91.4	\$647.6	\$407.6	\$183.7

Source: International Monetary Fund Direction of Trade Data, compiled by CRS using the Trade Policy Information System, Department of Commerce.

a. Trade Balance equals Exports minus Imports

b. Total Trade equals Exports plus Imports

Table 13. Iraq's Regional Trade: 1982-2003

(in thousands of U.S. dollars)

Trade Flow	Partner	1982	1984	1986	1988	1990	1992	1994	1996	1998	2000	2002	2003
Exports	Jordan	\$2,555	\$14,182	\$211,180	\$290,373	\$374,145	\$395,047	\$379,036	\$459,624	\$302,198	\$620,511	\$634,611	\$769,346
Imports	Jordan	\$208,912	\$192,379	\$133,645	\$190,135	\$196,468	\$79,031	\$165,708	\$149,189	\$164,697	\$218,981	\$623,555	\$693,089
Trade Balance ^a	Jordan	\$-206,358	\$-178,197	\$77,535	\$100,238	\$177,677	\$316,016	\$213,328	\$310,435	\$137,501	\$401,530	\$11,056	\$76,257
Total Trade ^b	Jordan	\$211,467	\$206,561	\$344,825	\$480,508	\$570,613	\$474,078	\$544,744	\$608,813	\$466,895	\$839,492	\$1,258,166	\$1,462,435
Exports	Morocco	\$157,436	\$289,573	\$104,055	\$214,034	\$173,173	\$13,332	\$0	\$0	\$0	\$0	\$396,851	\$481,107
Imports	Morocco	\$16,863	\$21,692	\$32,835	\$10,724	\$43,853	\$0	\$2,205	\$3,604	\$0	\$0	\$40,052	\$44,519
Trade Balance	Morocco	\$140,573	\$267,881	\$71,220	\$203,310	\$129,320	\$13,332	\$-2,205	\$-3,604	\$0	\$0	\$356,799	\$436,589
Total Trade	Morocco	\$174,299	\$311,265	\$136,890	\$224,758	\$217,026	\$13,332	\$2,205	\$3,604	\$0	\$0	\$436,903	\$525,626
Exports	Egypt	\$836	\$9,155	\$30,196	\$16,576	\$6,709	\$13	\$151	\$163	\$0	\$377	\$952	\$1,154
Imports	Egypt	\$737	\$23,771	\$17,758	\$41,441	\$34,461	\$23	\$1,145	\$80	\$42,394	\$82,355	\$103,030	\$114,519
Trade Balance	Egypt	\$99	\$-14,617	\$12,437	\$-24,866	\$-27,752	\$-10	\$-994	\$84	\$-42,394	\$-81,978	\$-102,078	\$-113,365
Total Trade	Egypt	\$1,573	\$32,926	\$47,954	\$58,017	\$41,170	\$36	\$1,296	\$243	\$42,394	\$82,733	\$103,982	\$115,673
Exports	Oman	\$0	\$0	\$0	\$62	\$66	\$0	\$0	\$0	\$0	\$1	\$1	\$1
Imports	Oman	\$0	\$0	\$31,873	\$47,402	\$113,545	\$0	\$0	\$1,101	\$3,366	\$40,265	\$36,837	\$40,987
Trade Balance	Oman	\$0	\$0	\$-31,873	\$-47,340	\$-113,479	\$0	\$0	\$-1,101	\$-3,366	\$-40,264	\$-36,836	\$-40,986
Total Trade	Oman	\$0	\$0	\$31,873	\$47,463	\$113,611	\$0	\$0	\$1,101	\$3,366	\$40,267	\$36,838	\$40,988
Exports	Lebanon	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$63	\$40	\$827	\$949	\$1,151
Imports	Lebanon	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$8,209	\$31,625	\$32,574	\$36,206
Trade Balance	Lebanon	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$62	\$-8,169	\$-30,798	\$-31,624	\$-35,055
Total Trade	Lebanon	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$65	\$8,249	\$32,452	\$33,523	\$37,357
Exports	Qatar	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Imports	Qatar	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$91	\$83	\$92
Trade Balance	Qatar	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$-91	\$-83	\$-92
Total Trade	Qatar	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$91	\$83	\$92
Exports	Bahrain	\$0	\$0	\$0	\$0	\$0	\$0	\$13	\$60	\$4	\$5	\$5	\$7

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Trade Flow	Partner	1982	1984	1986	1988	1990	1992	1994	1996	1998	2000	2002	2003
Imports	Bahrain	\$0	\$0	\$0	\$7,482	\$0	\$0	\$0	\$48	\$59	\$71	\$73	\$82
Trade Balance	Bahrain	\$0	\$0	\$0	\$-7,482	\$0	\$0	\$13	\$12	\$-55	\$-67	\$-68	\$-75
Total Trade	Bahrain	\$0	\$0	\$0	\$7,482	\$0	\$0	\$13	\$107	\$62	\$76	\$79	\$88
Exports	Saudi Arabia	\$1,546	\$23,636	\$21,000	\$25,825	\$18,170	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Imports	Saudi Arabia	\$58,410	\$32,560	\$50,270	\$41,876	\$141,978	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Trade Balance	Saudi Arabia	\$-56,865	\$-8,924	\$-29,270	\$-16,051	\$-123,808	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Trade	Saudi Arabia	\$59,956	\$56,196	\$71,270	\$67,701	\$160,148	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Imports	Kuwait	\$981,750	\$333,410	\$238,530	\$327,979	\$273,589	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Exports	Kuwait	\$10,455	\$41,364	\$40,991	\$135,978	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Trade Balance	Kuwait	\$-971,296	\$-292,046	\$-197,539	\$-192,001	\$-273,589	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Trade	Kuwait	\$992,205	\$374,774	\$279,521	\$463,957	\$273,589	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Exports	Syria	\$268,518	\$0	\$182	\$0	\$0	\$175	\$0	\$32	\$0	\$0	\$0	\$0
Imports	Syria	\$132	\$0	\$0	\$0	\$0	\$27	\$0	\$39	\$0	\$0	\$0	\$0
Trade Balance	Syria	\$268,386	\$0	\$182	\$0	\$0	\$147	\$0	\$-7	\$0	\$0	\$0	\$0
Total Trade	Syria	\$268,650	\$0	\$182	\$0	\$0	\$202	\$0	\$72	\$0	\$0	\$0	\$0
Exports	UAE	\$6,455	\$3,909	\$10,909	\$32,727	\$22,727	\$0	\$0	\$909	\$0	\$0	\$0	\$0
Imports	UAE	\$79,750	\$67,222	\$56,539	\$77,741	\$63,752	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Trade Balance	UAE	\$-73,296	\$-63,312	\$-45,630	\$-45,014	\$-41,025	\$0	\$0	\$909	\$0	\$0	\$0	\$0
Total Trade	UAE	\$86,205	\$71,131	\$67,448	\$110,469	\$86,479	\$0	\$0	\$909	\$0	\$0	\$0	\$0

Source: International Monetary Fund Direction of Trade Data, compiled by CRS using the Trade Policy Information System, Department of Commerce.

- a. Trade Balance equals Exports minus Imports
b. Total Trade equals Exports plus Imports