

# Investment Opportunity

## Brick factory in Wasit province



## Market context

- Demand for new houses is running at an almost insatiable rate in today's Iraq. Ministry of Construction and Housing Senior Under Secretary Estabraq Ebrahim Al-Shok recently confirmed that about 3.5 million new housing units must be constructed in Iraq by 2015. He said that the ministry would support the construction of 15 per cent of these, while the remaining 85 per cent would be delivered by private sector investors.
- Even though this building programme is still at an early stage, some estimates, say that demand for bricks exceeds supply by four times. The market is segmented into industrial and residential sectors, where buyers include both private and public bodies. The private sector is expected to take the lead from the state sector in the next few years. The wholesale sector is still under-developed.
- Brick is one of the most traditional, and most popular building materials in Iraq.



**Big potential for the brick-making industry**

Brick-making dates back many thousands of years to the roots of urban civilisation in the ancient cities of the country. Iraqi bricks are famous for their quality. However, a large part of demand is currently being met by imports. There are a number of state-owned or operated plants in the sector, including plants in Baghdad, Diyala and Al-Kut, all of

which are in need of investment, modern management and market orientation.

- One area where the brick-making industry has already taken off is the city of Nahrwan, 40 miles east of Baghdad. It is also home to a Brick Factory Association, and one factory is already producing around 40,000 bricks per day.

## The opportunity

- This huge demand for properties is the basis for a host of important opportunities in the construction materials sector. The Ministry of Industry and the Wasit Investment Commission are promoting an opportunity to build a brick factory on a greenfield site near the Tigris River at Al-Kut, which is the capital of Wasit province.
- The proposed factory will have an initial capacity of 500,000 bricks per day. Demand for bricks in the province, 100 miles east of Baghdad, is estimated at 2 million bricks per day. Al-Kut is located half way between Baghdad and Basra. In 2003, its population was 374,000 while the population of the province was 913,000.
- The Ministry of Industry estimates that this project may require investment of about £12 million. Interested parties will need to carry out an initial market and production appraisal.

# Technical requirements and supply chain issues

- A key consideration for the Government of Iraq is the need to promote clean production methods. In this context the use of new technologies and methods would be an essential precondition for any investment licence issued.
- The basic raw materials including clay and sand are available locally. They are both cheap and abundant.
- The Ministry of Industry is ready to provide both land and necessary services for the plant. Iraqi investors can lease land for the duration of the project. Foreign investors can lease land for a period of 50 years, in accordance with the 2006 investment law.
- The region benefits from a young and motivated workforce. The average age of the population is about 20.



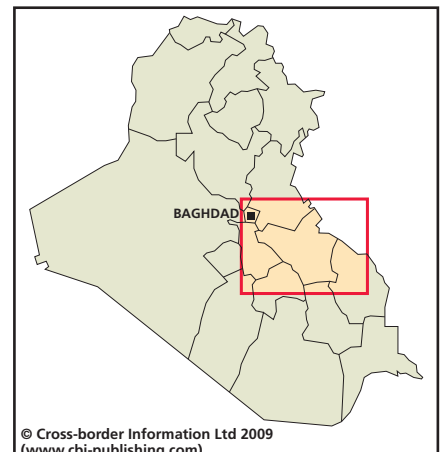
## Investment opportunities across Iraq

Information from the Ministry of Industry and Minerals suggests similar opportunities to invest in the construction materials sector occur elsewhere in Iraq:

- The State Company for Refractory Industries is looking for partners to invest in a business with substantial potential for tapping into Iraq's lucrative construction industry. The company makes refractory bricks, roof tiles and specialist bricks as well as furnaces and boilers.
- The State Company for Glass and Ceramic Industries

produces ceramic wall and floor tiles, sanitary ware and sheet glass. It is looking for investment partners to develop its capacity to meet burgeoning domestic demand for its output.

- The State Company for Construction Industries has five brick plants and produces concrete poles, plastic flooring and plastic pipes. The company also supplies marble, gravel and sand. It is looking for investment from partners to improve its market position as a key supplier to the construction sector.



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**Contacts:** For general information about investment opportunities in Iraq or the investment process, please visit the Iraqi National Investment Commission website at [www.investpromo.gov.iq](http://www.investpromo.gov.iq) or email at [info@investpromo.gov.iq](mailto:info@investpromo.gov.iq).

For information about specific sectors and opportunities, or to arrange a visit, please contact the National Investment Commission through one of the contacts below.

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