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KURDISTAN

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KURDISTAN

seeing is believing

FALEH KHEIBER/Reuters/CORBIS



Duhok

Once the breadbasket of Iraq, Kurdistan is emerging as a vibrant business force in the Middle East recovery process as it seeks investment to rebuild its economy.

The successful staging of provincial elections in Iraq in January has provided a further boost to the economic prospects of Kurdistan, the semi-autonomous region in northeastern Iraq.

The streets of Erbil, the regional capital, have been buzzing with accelerated business activity in recent months, and an increasing number of Westerners can be found mingling with the locals. Upmarket hotels and luxury

housing projects are being constructed, and the city's international airport has opened a second terminal to handle the increasing amount of passenger traffic.

The reason for this increased activity is that the Kurdistan enclave provides a useful business and investment gateway into the rest of Iraq, at a time when the country's security and economic prospects show signs of recovery. As a result, business and government leaders are beating a path to the region to check out opportunities.

Kurdistan is the size of Ohio, with a population of about 5 million. A mountainous land blessed with plentiful supplies of water, the region was once the breadbasket of Iraq and has an estimated 45 billion barrels of oil.

It has been a haven of peace and stability and a reliable partner for the U.S. since it achieved the current degree of self-rule in 1992. Government officials point out that not a single coalition soldier has died, nor has a single foreigner been kidnapped in Kurdistan in the past six years.

The region consists of three provinces: Erbil, the regional capital and main commercial center; Duhok, which is close to the Turkish and Syrian borders; and Sulaimaniya, which hosts three universities and is also a commercial and cultural hub.

KOREK TELECOM: Your Friendly Hand in Iraq



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Opening minds and markets

Two telecom tycoons are emblematic of Kurdistan's emerging free-market dynamism – Faruk Mustafa Rassool, chairman of Asiaccell, and Serwan Mustafa, chairman and founder of Korek Telecom.

Asiaccell, the first mobile telecom company in Iraq, was established in the city of Sulaimaniya, while Korek was the first mobile operator in Erbil and Duhok.

Asiaccell is celebrating its tenth anniversary this year and has marked the occasion by announcing that its subscriber base has exceeded 6 million, a 34% market share.

“Asiaccell began under very difficult conditions,” recalls Rassool. The region was experiencing an economic embargo by the international community, and Rassool had to smuggle the components of the planned cellular network across the mountains into Kurdistan. “It’s a huge achievement that we

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are now a company with more than 6 million subscribers,” he says.

When Iraq was liberated by the coalition forces in 2003, Asiacell won the license for the north in an auction for the allocation of mobile telephone operations. “Of the companies competing, we were the only Iraqi company,” says Rassool. “We have reached the majority of the Iraqi areas in record time, and we are the first company to be present in all of Iraq.”

In 2007, Asiacell paid \$1.25 billion for the 15-year global system for mobile

more than 4.8 million customers to our network in the next four years,” says Serwan Mustafa. “The Kurdistan and Iraqi markets are growing tremendously, so there is a lot of ground for expansion.”

When Korek was established in 2001, it had a license to operate only in the Kurdistan region but gained a countrywide license two years later when it bid \$1.25 billion for one of three 15-year licenses being auctioned by the regional government.

Having invested so heavily in purchasing its license, Korek is seeking a strategic part-

Fundamentals for growth

Kurdistan’s problems stem from its time under Saddam Hussein. More than 4,500 villages were destroyed, and the economy was starved of investment. Today, under the leadership of Masoud Barzani, the regional president, and Nechirvan Barzani, the prime minister, the government is rebuilding infrastructure and improving administrative transparency.

The government believes Kurdistan has a level of stability and security that provides a huge competitive advantage, but needs foreign investors with their knowledge and know-how to jump-start the economy.

The region has an investment law that provides many benefits, including security and land and tax exemptions, and there are no limitations on the amount of capital that investors can transfer out of Kurdistan.

The immediate priorities are to ensure that everyone has proper basic services such as housing, roads, electricity and water, says Othman Shwani, the minister of planning. “We know how important it is to lay down the fundamentals first in order to have strong, dynamic and sustainable growth in the future.” ♦

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(GSM) license, paving the way for its expansion. “We have educated thousands of Iraqis in many new skills,” says Rassool. “We have taught them new technologies, the English language and computer skills. We have opened the market to many people and opened their minds to many aspects of modern society.”

Korek Telecom has 2 million subscribers in the Kurdistan region and is in the process of setting up its network in key cities elsewhere in Iraq. “We plan to add

ner to assist with its future expansion plans. “We are currently in advanced negotiations with two other mobile phone providers, Turkcell from Turkey and Etisalat of the United Arab Emirates,” says Mustafa.

He points out that while in most parts of the world telecom markets are saturated with companies needing to take customers from each other, Iraq is a greenfield site. “We have a potential market of 28 million users, and only a third of them use mobile phones. It is a great opportunity for Korek.”

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