

"Iraq got the foreign investment rules long sought by U.S. corporations," says Antonia Juhasz, a visiting scholar at the Institute for Policy Studies in Washington.

Juhasz said the new laws, which were a part of the 100 'Bremer Orders' instituted by former U.S. administrator Paul Bremer when he headed the Coalition Provisional Authority during the first year of the occupation, provided a flood of benefits for U.S. companies.

These included "100 percent repatriation of profits earned in Iraq by foreign companies; 100 percent foreign ownership of Iraqi businesses, including banks; privatisation of Iraq's state owned enterprises; 100 percent immunity for U.S. contractors and soldiers from Iraq's laws; and 'national treatment' which allowed for Iraqis to be all but excluded from the reconstruction for years while the U.S. government paid 50 billion dollars to some 150 U.S. corporations for work in Iraq."

What followed was "a U.S. corporate invasion of Iraq," says Juhasz. "Many companies had their sights set on privatisation in Iraq, also made possible by Bremer, which helps explain their interest in 'major overhauls' rather than getting the systems up and running."

In contrast, there was much state support for businesses under the previous regime, which followed a socialist system under which the government allowed Iraqis to establish their own factories and workshops, and supported them in many ways.

Businesses were granted low interest loans and permission to transfer foreign currency. They could get state-owned land to build on. Administrative laws facilitated enterprise, and so small industry business bloomed during the 1970s and 1980s.

Major industries in Iraq for oil products, phosphates and cement, along with the military industry, were mostly state-run under the previous regime. Foreign companies were allowed, under state supervision, to build factories as Iraq moved towards increasing industrialisation.

This growth was reversed during the 1990's under the U.S.-backed UN economic sanctions. The sanctions crippled the Iraqi dinar and people's ability to purchase goods and services.

The business situation worsened further during the U.S.-led invasion when most factories ceased to function. Many were bombed, and for other factories employees stayed at home. Following the invasion several were looted, and were never able to start again.

Some private businesses held out, but eventually security problems, lack of electricity and fuel, a staggering inflation rate (70 percent) and lack of safe transportation led many of these too to close down. Unemployment now stands at more than 50 percent -- but most people believe the real situation is far worse.

Thousands of business and factory owners sold what they could and fled to neighbouring countries. Those who did not now wish they had.

"I used to employ more than 30 workers in my plastic products factory, and business was good before the occupation," Abbas Ali said in Baghdad. "It is impossible to work now, and I had to go back to my old job as school teacher. I was offered 200,000 dollars for the business, but now it is not worth anything. I blame myself for not selling it to flee, like some of my colleagues who live safely in Syria now."

And still, there are steel, textile, and other factories that continue to produce what they can.

Kais al-Nazzal built a set of steel factories about 60km west of Baghdad near Fallujah, and is fighting to keep them going. "We imported the best quality steel manufacturing equipment and spent millions of dollars on modern buildings to meet international standards," Kais al-Nazzal said.

"We have been able to work through the occupation period, but we must admit there are hardships under the recent domestic disturbances that are causing us considerable losses."

Local studies have found 85 percent unemployment in the industry sector. Many of the 15 percent who remain employed are registered at a few state factories that pay their employees even if they produce nothing.

"We are trying to do some work here, but the whole situation is not encouraging, so it seems that we will wait until a miracle takes place," a manager at a state-owned cement factory on the outskirts of Baghdad said.

The business and economic morass Iraq finds itself in today is evident in the market places across the capital city.

About 80 percent of domestically manufactured goods were distributed prior to the invasion and occupation through the Shorja

market in the centre of Baghdad. The wholesale market is a bazaar along narrow roads where hundreds of small shop-owners display their merchandise.

"There is no Iraqi brand any more," plastic products distributor Johar Aziz told IPS. "Iraqi products flourished during the quarter century before occupation, but now we only sell imported products of the lowest quality, and people have to buy them because there is no alternative."

Other markets in Baghdad are suffering a similar crisis, like the Samarraii compound where tyres are sold, the Jamila market for fruits and vegetables, and the Sinaa market for computers.

The main shopping centres like Saadoun Street and Rasheed Street, and the once upmarket Mansour area and the Karrada district are now like ghosts of what they once were.

"We used to open our shops for at least 16 hours a day, but now we only open for a few hours because of the security threats," Duraid Abdullah, an electrical appliances shop owner in Karrada said. "We are facing all kinds of threats starting from being abducted for money or sectarian reasons, as well as being evicted from our shops by gangs supported by government forces."

A businessman who once owned a small textile factory that has gone bankrupt said he had not expected the coming in of a U.S. administration to be bad for business.

"The picture of Japan after World War II dominated the minds of businessmen in Iraq after occupation," he said. "Most of us thought the American invasion of Iraq was bad for many things, but it must be good for business in general and industry in particular. We were terribly wrong. The Iraqi economy was meant to be destroyed for political reasons."

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## **destroy**

Posted by: rsaxto on Dec 4, 2006 1:55 AM

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No wonder things are so disastrous in Iraq: Americans kill and injure huge numbers of Iraqis then they destroy huge numbers of Iraqi businesses and then they install American overlords to tell the Iraqis to obey them no matter how idiotic their commands are and then they export all profits, if any, to the USA leaving most of the people in deep poverty. Get all Americans out now you stupid overlords so the Iraqis can pick up the pieces and get back to decent jobs with decent bosses. The Bushies make disaster wherever they go and whatever they do: impeach the criminals.

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