

NEWSLETTER

**M.G.
International
Transports GmbH®**



Siegen/Germany, 25th November 2009.

Newsletter for shipments to Iraq

Dear clients,

I.) EID Holidays :

Officially EID holidays will be from November 26th, 2009 till December 1st/2nd, 2009. During this time customs offices in Iraq will be closed, the Iraqi Ports will work only with reduced capacity. The first working day for most of the official entities and private companies will be Wednesday December 2nd, 2009.

II.) Taxation for Ministry of Health and other governmental contracts

We have been informed, that shipments for Iraqi Ministry of Health (Kimadia) in particular but also for other governmental contracts are under a special taxation, beside the usual 5% rehabilitation tax.

This is related to the Iraqi Income Tax Law "based on Art. 28 (4) of Law No. 113 of 1982" – the Income Tax Law ("ITL") – which authorizes the Tax Department "... to require from any person to deduct a percentage not exceeding 10% of the amount due to contractors or other persons connected to them...". As a result, it seems that the request to pay 3.3% of the supply value to the customs authorities should be regarded as a kind of guarantee deposit that will be released once the supplier as tax payer has proven, by submitting a tax clearance letter, that he has settled his tax obligation with respect to the contract concerned.

Please feel free to contact us for further details.

III.) Border situation

a.) Al Karameh / Trebil (Jordan/Iraqi border)

The flow of cargo via Jordan into Iraq is still limited as well as the number of Iraqi trucks entering into Jordan on a daily basis (average 40-50 per day max). Still no Iraqi reefer trucks are allowed to enter into Jordan. Therefore, all reefer cargo has to be transhipped from Jordan to Iraqi reefer trucks at the border.

Current waiting time at the border approx 2-3 Days.



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b.) Syrian/Iraqi borders

The traffic via the Syrian gateway into Iraq is slightly increasing. As a border point, so far, only the border point of "Al Waleed" remains open (except the railway border).

c.) Habour / Zakho (Turkish / Iraqi border)

The service is still running well only with some delays. The waiting time for Turkish trucks into Iraq is currently approx. 7-10 days max. and approx. 8-10 days for empty Turkish trucks from Iraq back into Turkey.

d.) Umm Qassr port

The ports storage facilities are not working at their full capacities and this may cause delays during discharging and storage. Here we do recommend to arrange the discharging on direct delivery basis.

e.) Safwan/ Abdali commercial border point (Kuwait / Iraqi border)

The situation is normal again. Approx 100-200 trucks with commercial cargo are crossing this border point daily. All cargo has to be transhipped from Kuwaiti to Iraqi trucks.

Yours faithfully,

M.G. International Transports GmbH

