

NEWSLETTER

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



Siegen/Germany, January 25th, 2010.

Newsletter for shipments to Iraq

Dear clients,

first of all, we wish you a Happy New Year 2010 and like to take the opportunity to thank you for your cooperation and support during the last year. We are looking forward to serving you also in the New Year, please do not hesitate to contact us.

By early February 2010 our new website will be online. You are highly invited to visit our new website and make use of a large number of information.

I.) What's new in the Market for 2010 ?

As usual, a number of things are changing whenever a new year starts. Below a short summary of what is new regarding shipments to Iraq:

- **New Port Tariff for Umm Qassr Port.**
The Iraqi State Company for Maritime Transport has issued a new port tariff. In addition the fees for delivery orders has increased.
- **Aqaba Port Tariff**
The Port Authorities of Aqaba have increased the port services by approx 5%.

So far other port tariffs in the region have not been increased or have only slightly been changed.

- **Iraqi Customs demands, that Shippers own containers have a full prefix**
Please note that as per Iraqi customs instructions, all containers (in particular shippers own containers) must have a valid pre-fix code. Containers without pre-fix will not be accepted anymore at Umm Qassr port.
- **Customs duties apply for shippers own containers.**
If a shipment is exempted from duties and a valid "duty exemption letter" is available prior to arrival of the goods, the Iraqi customs authorities will allow the importation of the cargo without duties but request duties for the value of the shippers own container. According to the Iraqi customs, only the cargo is exempted but not the shippers own container. The duties will be approx USD 260.00 per 40 ft and USD 130.00 per 20 ft shippers own container.



NEWSLETTER

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



II.) Security situation in Iraq

In general the security situation became more critical during the last weeks and we expect that also for the coming weeks the number of attacks will increase. This is mainly due to the coming election.

The port of Umm Qassr had been closed in the last week several times due to security warnings. The discharging of vessels (on to the jetties) continued but no direct deliveries or pickups were possible.

For Baghdad and other major cities we sometimes have curfews.

III.) Iraqi Import Tax on contracts

Please consider that according to the Iraqi Income Tax Law, your contract can be under taxation. This is related to the Iraqi Income Tax Law "bases 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..."

The Iraqi Income Tax is NOT related to the "Duty Exemption Letter Procedure". For further information, please contact us and we will be pleased to send you addition information issued by "Amereller Legal Consultants".

IV.) Important Dates

- 07.03.2010 - Elections in Iraq
We expect curfews and closing of borders / ports / airports on/ around that date.
- 20.03.2010 - Nawruz (Kurdish New Year).
There will be a some days of holidays around that date.
- 14.07.2010 - National Day
- 11.08.2010 - Beginning of Ramadan
- 10.09.2010 - Eid Al-Fitr (followed by some days of holidays).
- 18.-21.10.2010 - Erbil International Fair 2010.
- 17.11.2010 - Eid Al-Adha (followed by some days of holidays).





III.) Border situation

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

So far nothing has changed. The flow of cargo via Jordan to Iraq is still low and only a small number of Iraqi trucks entering Jordan on daily basis. The majority of cargo is currently transhipped at Trebil border.

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 route via Turkey is still running very well. There are no major delays at Habur/Zakho border. Currently the waiting time is approx 3-4 days max.

d.) Umm Qassr port

Beside the points mentioned on page one of this newsletter, the following items might be of interest for you:

- All containerized cargo, arriving to the "New Port Area" has to pass a screening bridge and will be inspected later on by the customs. Currently the queue for the cargo inspection is approx 3-6 days.

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