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FOR IMMEDIATE RELEASE
March 4, 2008

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CIPE RELEASES LATEST IRAQ BUSINESS SURVEY

Business Leaders Remain Optimistic about Economic Prospects; Security Has Improved though Fewer Women Are Employed

WASHINGTON, DC – A strong majority of Iraqi businesses feel optimistic about the country's economic future and nearly half of those surveyed feel the business environment is better now than it was last year, according to a poll recently released by the Center for International Private Enterprise (CIPE). Meanwhile, the number of businesses claiming to employ women has been reduced by nearly two thirds – despite the apparent consensus that the security situation inside Iraq has improved over the past year.

This was the third survey of Iraqi business leaders CIPE has conducted in the past four years. Previous surveys were conducted in 2004 and 2005. This latest survey, taken between November 2 and December 19, 2007, polled 1,630 business owners in six major cities: Baghdad, Arbil, Basra, Hila, Kirkuk, and Sulaymaniyah. The results for each of the three surveys can be found on CIPE's website (www.cipe.org).

Over three quarters (78 percent) of those polled indicated that they expected Iraq's economy to grow over the next two years, including 20 percent who believed the economy would grow significantly. Furthermore, 46 percent of respondents claimed that the business environment in Iraq is better now than it was one year ago. Regarding this same question, only 19 percent said the business environment last year was better, while 33 percent stated there was no difference.

An overwhelming majority (84 percent) of business leaders surveyed believe the security situation has improved in the past year, while 11 percent disagreed. Of those who felt security had improved, 23 percent said that they strongly agreed with this assessment and 61 percent responded that they agreed somewhat.

At the same time, in this year's survey, far fewer businesses reported employing women compared to the previous poll. Only 26 percent of businesses reported employing women in the latest survey, whereas 63 percent of respondents in 2005 said that they employed women. It should also be noted that the 2005 figure represented a 50 percent increase over the results of the same question in the 2004 poll.

Apart from security issues, the most common issue identified by Iraqi business leaders as an obstacle to economic growth was the lack of legal and regulatory enforcement within the country. The other most frequent major challenges cited by Iraqi businesses were high fees associated with business activities, the lack of respect for property rights, difficulty in obtaining loans, and a general lack of information and effective communication regarding business-related matters.

Corruption continues to be a major concern for Iraqi business leaders. Nearly nine out of 10 (88 percent) identify corruption as a serious or significant problem. Roughly half of those who responded (52 percent) stated that corruption added 20 percent or more to the cost of doing business, and one third estimated that corruption increased these costs by more than 30 percent.

CIPE is a non-profit affiliate of the U.S. Chamber of Commerce and one of the four core institutes of the National Endowment for Democracy. CIPE has supported more than 1,000 local initiatives in over 100 developing countries, involving the private sector in policy advocacy and institutional reform, improving governance, and building understanding of market-based democratic systems. CIPE programs are also supported through the United States Agency for International Development.

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