

**Investment bankers move in on Iraq**

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By Robin Wigglesworth in London, Capital Markets Correspondent



Even as the US prepares to pull out its last troops from Iraq, well-heeled investment bankers are starting to descend on Baghdad, hoping to capitalise on the strife-torn country's tentative efforts to rebuild its physical and financial infrastructure.

Safety remains a big concern. Visiting bankers must travel with contingents of security personnel. When in Baghdad, they reside in the heavily guarded "Green Zone", or in containerised housing units – rudimentary, converted shipping containers – on the outskirts of the city.

Undeterred, investment bankers from institutions including [Morgan Stanley](#), [Goldman Sachs](#), [HSBC](#), [Citigroup](#) and [BNP Paribas](#) are still flocking to Iraq.

Mandates on offer include advisory work on a sovereign credit rating, stock flotations, billions of dollars worth of infrastructure and project finance, and in the longer term, potentially Iraq's first publicly sold sovereign bond.

"Iraq is a compelling opportunity for us," said the regional head of a big global bank. "With all the oil wealth Iraq has, everyone sees the opportunity. It's virgin territory for the big international banks."

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The first significant deals are likely to be the initial public offerings of Iraq's three phone operators. Zain Iraq, Asiacell and Korek are required by the authorities to offer a quarter of their shares on the Iraq stock exchange by the end of August, and could raise more than \$3bn if the flotations go smoothly.

Zain Iraq is being advised by Citigroup, BNP Paribas and [National Bank of Kuwait](#); Asiacell, controlled by [Qatar Telecom](#), has appointed HSBC and Morgan Stanley to manage its IPO; and Korek, 20 per cent owned by [France Telecom](#), is still finalising its list of advisers.

Still, Iraq remains an exceptionally challenging market to penetrate, and one where shifting, sometimes [explosive politics](#) play an important role. A long-delayed oil law, for example, remains in limbo, even after years of negotiations.

"Everything in Iraq is an uphill battle. If it wasn't, tons of bankers would move to Baghdad tomorrow," says Shwan Taha, the chairman of Rabee Securities, one of Iraq's biggest brokerages.

Fearful of falling out with policymakers, bankers are therefore reluctant to talk publicly about their Iraq ambitions, but privately enthuse over the potential business that could be on offer in the coming years.

"It will take a lot of patience before we see Iraq pay off ... [but] there are several transactions in the pipeline that look like they're going forward now," said one banker.