

Original Research Article

DIRECT FOREIGN INVESTMENT IN KURDISTAN REGION OF MIDDLE-EAST: NON-OIL SECTOR ANALYSIS.

Abstract

Kurdistan Region is a tourist hub. This research analyses other Non-Oil Sectors that have huge attractions of Foreign Direct Investments into the Kurdistan Region from 2005 to 2013. Comparative analysis was carried out between Iraq and the Region, and among influential Sectors of the Economy. T-test and ANOVA are statistical tools employed in testing the research hypotheses. The research identify that there exist significant Foreign Direct Investment inflows across the governorates in the region and among influential sectors of the Economy. The research also highlighted areas of high level of investment needs, sectors that have been crowded out and business opportunities in the region that requires huge Foreign Direct Investments. It is recommended that the Regional Kurdistan Government should embark on fiscal Cashless policies in order to stimulate further spill-off effects of attracting enormous Non-Oil Sectors of Foreign Direct Investments into the region.

Keywords: Kurdistan, Foreign Direct Investment (FDI), Non-Oil Sector Analysis, Investment Opportunities in Kurdistan.

1.1 Introduction

Kurdistan is a region in a decentralized Iraqi federation with asymmetric options (Khaled, 2014) asserts. This assertion has a legal (Iraqi 2005 Constitution) backing that affirms Kurdistan Region as such in the Iraqi federation. It is good to note that Iraq is not constitutional based on a political system of ethnic territorial units with overlapping political administrative entities, but if the Kurdistan push succeeds, it may be argued that the form of Iraqi federalism will be constructed around 'Ethnic Federalism'. The quasi-autonomous status empowered on the region legally and politically has spread to attracting massive direct foreign investment. Within the last ten years, more than 40b dollar Direct Foreign Investment (DFI) came to the region. DFI (Also refer as Foreign Direct Investment - FDI) by multinational corporations, Western Countries and other neighboring Countries are huge in the Oil Sector of the economy. Huge and massive direct foreign investment in the oil sector created awesome positive externalities in attracting foreign technology, human capital and expansion of Direct Foreign Investment into non-oil sectors of the economy. In 2012 alone according to Bureau of Economic and Business Affairs (2013) 128 licenses were granted for Foreign ventures into the Oil sector with a potential value of over \$6.3b in Iraq, out of which 67% went to Kurdistan Regional Government. This and other huge Direct Foreign Investments in the Oil Sector will naturally create big ripple effect in attracting massive Direct Foreign Investment into the Non-Oil Sectors of Kurdistan Region.

The cut-off period from 2005 to 2013 figures are essentials as 2005 marks the recognition of Kurdistan as Regional Government with quasi-autonomous status. Table 1 below confirms that since 2005 there is not only massive Foreign Direct Investment in Iraq but there exist huge increasing Foreign Direct Investment from 2005 to 2013.

According to the International Trade Centre (<http://www.investmentmap.org/prioritySector.aspx>) Foreign Direct Investment in Iraq for the years covering 2005 to 2013 are as follows:

Table 1: Direct Foreign Investment in Iraq from 2005 to 2013.

FDI (USD Million)	2005	2006	2007	2008	2009	2010	2011	2012	2013
FDI Inflow	515	383	972	1,856	1,598	1,396	2,082	2,549	N/A

Source: International Trade Centre.

The subject of Foreign Direct Investment from 2005 to 2013 in Iraq has been addressed in several studies (Hanna, Hammoud & Russo-Converso, 2014; UNCTAD, 2013; Bureau of Economic and Business Affairs, 2013; Bertelsmann, 2012; International Trade Centre, 2013; U.S. Energy Information Administration, 2013; Iraqi National Investment Law, 2010).

It is pertinent to observe that out of these many studies, there is a dearth in research on Direct Foreign Investment in the Kurdistan Region – host to vast oil and gas reservoirs with high openness to foreign investments.

1.2 Established Research on Causality Relationship between FDI and Oil Exploration

It is reasonable to assert that, there is causality relationship between Foreign Direct Investment (FDI) existing on large economic activities of Oil & Gas to growth on Non-Oil Sectors of Economies. According to Udejia, Udoh and Ebong (2008) causes of Foreign Direct Investment inflow to domestic economy among other factors include neighborhood externalities and the presence of natural resources such as Oil and Gas reservoirs. In another aspect, Olayiwola and Okodua (2013) establish causality relationship between FDI to Non-oil economic activity growth in an Oil-dominated economy. In their research, using econometric analysis, they were able to establish that in the long-run, FDI affects economic growth on non-oil sectors positively. FDI or FDI economic and technological advantages are well documented (Mundra, Mundra and Sing, 2013; Dunning, 2002; and Denisia, 2010). According to Mundra et al (2013) FDI has proved to stimulate growth and development of countries. Kurdistan Region is not an exception. FDI is also a source of acquiring valuable technological know-how, apart from fostering linkages with other firms, which can jumpstart economic activities. This means that a spillover effect from FDI on Oil drilling and other economic activities are readily common to Non-oil Sectors of the Economy. To support this line of thought, Harris and Robinson (2004) opine that spillovers are traditionally expected to accrue to the industry by mere entry of multinational entities. Other studies on the determinants of Foreign Direct Investments exist (Oregwu and Onuoha, 2013; Hanna, Hammoud & Russo-Converso, 2014; Olayiwola and Okodua, 2013; Okodua 2009). Expectedly, the bulk of these determinants of FDI in Oil find Countries is Oil and Oil related component. However, worthy of note in all the determinants is that Oregwu and Onuoha (2013) build in a very vital variable in their indicators of FDI determinants - Openness of Trade, though there exist controversy (Globerman and Shapiro, 1999 & 2002; Oregwu and Onuoha, 2013; Harris and Robinson, 2004; Borensztein, Gregorio and Lee, 1995) as to what extent openness to trade has a positive correlation between Gross Domestic Product growths with the level of FDI

to the domestic economy. Compared with and between Governments' policies across regions/countries intra and inter Kurdistan Regional Government's policies, Kurdistan should be adored as exhibiting openness to Foreign Investment. According to statistics released by Kurdistan Board of Investment (assessed on 7/8/2014), the region has attracted some \$16.2 billion (19 trillion IQD) in foreign investment over the past five years.

1.3 Non-Oil Sectors in Kurdistan Region

Investment in Kurdistan Region is guided by Kurdistan Region Investment Law (Law 4 of 2006). It is this law that empowers the Kurdistan Board of Investment. Kurdistan Board of Investment (assessed on 8/7/2014) outlines the relevant Sectors as such as; Housing, Tourism, Agriculture, Health, Education, Banking, Communication & Transport, Trade & Industry and Arts & Sports.

The Housing Sector development and increases according to the Board has fuelled a huge rise in housing demands thus contributing to economic growth. The need for more housing in the region is also an offshoot of increasing number of Companies located in the region. Kurdistan Board of Investment (assessed on 8/7/2014) has it as at date, 78 housing projects amounting to more than \$5.8 billion had been completed within the region. The locations, capital investments and Project Centers as shown in table 2 below;

Table 2: Housing Sector Projects and locations in Kurdistan

Project Center	Location		
	Erbil	Duhok	Sulaymaniah
American Village	\$80,000,000		
Avro City		\$500,000,000	
Dream City	\$300,000,000		
Ganjan City	\$312,000,000		
German City			\$62,000,000
NazCity	N/A		
PAK City			N/A
English Village	N/A		

Source: Kurdistan Board of Investment.

Tourism Sector in Kurdistan is a boom resulting from stability, accommodation policies and openness to modernizations. Also contributing to tourism boom in the region are historical sites and natural sceneries like places in Pank Tourism Complex in Rawaduz. The scenery is a beauty and friendly strange to Middle East hostility. According to Kurdistantour.net (assessed on 3/7/2014), there were 2, 216,993 tourists in the region in 2012 and over 259 hotels.

Agricultural Sector although disadvantaged, but is making inroads because Kurdistan region has arable and fertile land, conducive climate, strong human resources and plentiful water resources according to Kurdistan Board of Investment. Kurdistan Regional areas of agricultural importance is shown in table 3.

115 Table 3: Kurdistan Regional areas of agricultural importance.

Regional Area/Zone	Agricultural importance
Sharezoor Valley	Vegetables, Diary and Feed production.
Kalar	All round agricultural produce (Multiple projects).
Rania Plains	All round agricultural produce (Multiple projects).
Erbil Plains	Grain production, Feed and Vegetable production, Poultry and Cattle diary.
Hareer Plains	Vegetables and Oil production.
Aqra Plains	Rice, Grain and Vegetables, Poultry and Dairy Farms.
Zakho Plains	Grain and Livestock.

116 Source: Kurdistan Board of Investment.

117
118 Health Sector in Kurdistan region is faced with challenges but according to Kurdistan Board of
119 Investment (assessed on 8/7/2014) over one hundred and ninety-five million dollars have been
120 invested on seventeen projects in the region, the purpose of which is to enhance and overcome
121 some of the challenges.

122
123 Education Sector in the region is massively being restructured to enhance Private Sector
124 involvement and this is yielding huge entry. There are a good number of Universities in the
125 region, although there exist few English-taught Universities in the Region. Data obtained from
126 Kurdistan Board of Investment shows that more than three hundred and seventy five million
127 dollars have been invested into the sector as at date.

128
129 Banking and Insurance Sector attracted and is still attracting huge capital investment. In the
130 region there are two State owned Central Banks, fourteen State owned Banks and thirty privately
131 owned Banks. As at date, there is over \$2.3billion investment in the Banking and Insurance
132 Sector. Although, this witnessed large growth in banking does not yet has same correlation to
133 Insurance in the region.

134
135 Communication and Transport Sector in Kurdistan is having a field day. There are two
136 International Airports – Erbil International Airport and Sulaymaniah International Airport in the
137 Region. There is considerable advancement in telecommunications as the Region is a host to two
138 mobile phone providers.

139
140 Trade and Industrial Sector in the region as at date is within the range of \$5billion annually as
141 posits by Kurdistan Investment Board. The region is consumer import orientated.

142
143
144 The Arts and Sports Sector in Kurdistan Region despite historical existence of many edifices,
145 begs for real capital and human investment.

146
147 The purpose of this research is to conduct analytical study of Direct Foreign Investment in
148 Kurdistan Region with a specific objective of carrying out Non-oil Sector analysis from 2005 to
149 2013. The relevance of this research, among others is that it contributes to literature on
150 opportunities of investment in Kurdistan mainly to non-oil sectors of the economy, showing
151 sectorial areas that have been crowded out. It will also analyze influence of Oil on Direct Foreign

Investment to non-oil sectors using quantitative facts, the outcome contributes to professional knowledge and sets pace for further studies in this sphere. The research will also contribute in laying a foundation for database in a region where data collection and dissemination which material for further economic growth is lacking.

In order to drive home the specific objectives, the following null-hypotheses are hereby formulated;

1. None of the comparative analyses of; Sectors verses Amount of FDI, Governorates verses Amount of FDI, Sectors verses Number of FDI and Governorates verses Number of FDI in Kurdistan Regional from 2005 to 2013 is significant.
2. FDI in Kurdistan Region is not significantly different compared with that of Iraq between the periods of 2005 to 2013.
3. The level of Foreign Direct Investments between Non-Oil Sectors in Kurdistan Region from 2005 to 2013 is not significantly different.

This study is structured to introduce the title and justifying its significance. The introduction is garnished with a brief review of existing relevant literature, after which the research method adopted is highlighted. Data presentations, Analysis, Results and Discussions and Findings will follow. Recommendations and Conclusions ends the research design.

2. Research Method and Data

The data collection method adopted is qualitative exploration of existing data from established sources aimed at establishing a data base and carrying out relevant analysis of Non-Oil Sector Foreign Direct Investment in the Kurdistan Region from 2005 to 2013. Comparative analytical studies between Iraq and Kurdistan Regional Government is quantitatively analyzed using available data to test stated hypotheses.

The data for this research were collected from numerous publication of Kurdistan Region Board of Investment, Studies and Information Department, though inherent human errors should be attributed the Researchers.

A compendium of these publications of Kurdistan Region Board of Investment were professional organized and analyses were made by sectorial classifications, thus highlighting areas of high need, Moderate need, low need and areas that have been crowded out. Percentages are used to highlight areas of significance. The research hypotheses were tested using SPSS software Paired T-test for hypothesis 1 and 2, while ANOVA was used for hypothesis 3 testing. Decision criteria for acceptance or rejection of the outcomes of these hypotheses are based on 95% confident levels, thus test statistics of equal or lower than 5% is considered significant.

3. Data Presentations, Analysis, Results and Discussions

3.1 Data Presentations:

Table 4: Licensed Authorized DFI in Kurdistan from 2005 to 2013- Sectorial and Governorates Analyses

Sector	Governorates	Number	Investment Amount in \$	Total Number	Total Capital Investment (\$)
Agriculture	Duhok	6	431,142,972	26	704,934,181
	Sulaimaniya	2	10,649,500		
	Erbil	18	263,141,709		
Art	Duhok	0	0	4	11,756,498
	Sulaimaniya	0	0		
	Erbil	4	11,756,498		
Banks	Duhok	0	0	2	740,000,000
	Sulaimaniya	0	0		
	Erbil	2	740,000,000		
Communication	Duhok	0	0	5	220,890,942
	Sulaimaniya	3	92,995,942		
	Erbil	2	127,895,000		
Education	Duhok	7	28,960,682	19	719,601,569
	Sulaimaniya	5	461,547,150		
	Erbil	7	229,093,737		
Health	Duhok	7	35,722,954	41	1,023,116,475
	Sulaimaniya	3	106,411,446		
	Erbil	31	880,982,075		
Housing	Duhok	38	2,137,367,598	164	13,614,320,225
	Sulaimaniya	45	2,422,655,178		
	Erbil	81	9,054,297,449		
Industry	Duhok	57	1,241,597,177	184	12,779,506,218
	Sulaimaniya	51	7,432,125,400		
	Erbil	76	4,105,783,641		
Service	Duhok	0	0	7	188,982,715
	Sulaimaniya	4	89,291,555		
	Erbil	3	99,691,160		
Sports	Duhok	8	61,468,932	20	92,398,998
	Sulaimaniya	11	19,930,066		
	Erbil	1	11,000,000		
Tourism	Duhok	40	719,782,751	127	6,578,363,224
	Sulaimaniya	16	1,391,400,820		
	Erbil	71	4,467,179,653		
Trade	Duhok	22	295,441,878	112	4,540,636,607
	Sulaimaniya	55	492,093,193		
	Erbil	35	3,753,101,536		
Transportation	Duhok	0	0	2	104,204,000
	Sulaimaniya	0	0		
	Erbil	2	104,204,000		
Grand Total	Duhok	185	4,951,484,944	713	41,318,711,652
	Sulaimaniya	195	12,519,100,250		
	Erbil	333	23,848,126,458		

Sources: Analysis of Data from Board of Investment, Studies and Information Department, Kurdistan Region.

Table 5: Authorized Joint-Ventures between Foreign and Kurdistan National in Kurdistan Region from 2005 to 2013- Governorates Analysis

Governorates	Total Capital Investment (\$)
Duhok	544,035,059
Sulaimaniya	2,417,699,104
Erbil	835,855,093
Total	3,797,589,256

Sources: Analysis of Data from Board of Investment, Studies and Information Department, Kurdistan Region.

Table 6: DFI in Kurdistan Region from 2005 to 2013 by Country and Percentage Analyses

Country	Capital Investment (\$)	Percentage
Egypt	350,000,000	0.85
Emirate	2,527,216,000	6.12
Georgie	600,000	0.001
Germany	81,205,712	0.20
Iran	25,440,802	0.06
Lebanon	990,976,871	2.40
New Zealand	139,389,850	0.34
Russia	2,805,670	0.01
Sweden	13,500,000	0.03
Switzerland	158,665,762	0.38
Turkey	1,088,861,600	2.64
Turkish	25,000,000	0.06
UK	214,403,975	0.52
USA	127,322,925	0.31
Iraq - Iran	2,001,850,000	4.84
Iraq - Canada	2,000,000	0.001
Iraq - Emirates	411, 555,555	1.
Iraq - Germany	82, 770,000	0.20
Iraq - Jordan	8,000,000	0.02
Iraq - Kuwait	51,250,000	0.12
Iraq – Mauritius Island	15,000,000	0.04
Iraq – South Africa	12,000,000	0.03
Iraq - Sweden	20,893,549	0.05
Iraq - Turkey	281,606,000	0.69
Iraq - UK	112,000,000	0.27
Iraq - USA	315,000,000	0.76
Iraq - Netherland	2,500,000	0.01
Iraq – Pakistan	13,000,000	0.03

Iraq - Spain	3,284,530	0.01
Iraq- Korea - Canada	264,670,056	0.64
Lebanon - France	4,160,000	0.01

Table 7: Direct Foreign Investment in Kurdistan Region from 2005 to 2013.

FDI (USD Million)	2005	2006	2007	2008	2009	2010	2011	2012	2013
FDI Inflow	N/A	N/A	1,193	421	142	1,197	566	623	5,185

Source: Analysis of Data from Board of Investment, Studies and Information Department, Kurdistan Region.

3.2 Data Analysis, Results and Discussions

3.2.1 Test of Hypotheses 1

To test null-hypothesis 1, which states that none of the comparative analyses of Sectors verses Amount of FDI, Governorates verses Amount of FDI, Sectors verses Number of FDI and Governorates verses Number of FDI in Kurdistan Regional from 2005 to 2013 is significant, the data in Table 4 is used. The relevant statistical tool used is Paired Sample T-test using SPSS software. The outcome appears as seen in Table 8:

Table 8: Paired Samples T-Test of Industrial Sectors and Governorates' FDI from 2005 to 2013

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Industrial Sector - Amount of Investment in Dollars (\$)	-1.059E9	2.058E9	3.296E8	-1.727E9	-3.922E8	-3.214	38	.003
Pair 2	Regional Governorates - Amount of Investment in Dollars (\$)	-1.059E9	2.058E9	3.296E8	-1.727E9	-3.922E8	-3.214	38	.003
Pair 3	Industrial Sector - Industrial Sectorial Number	-11.282	23.188	3.713	-18.799	-3.765	-3.038	38	.004

Table 8: Paired Samples T-Test of Industrial Sectors and Governorates' FDI from 2005 to 2013

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
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Pair 1	Industrial Sector - Amount of Investment in Dollars (\$)	-1.059E9	2.058E9	3.296E8	-1.727E9	-3.922E8	-3.214	38	.003
Pair 2	Regional Governorates - Amount of Investment in Dollars (\$)	-1.059E9	2.058E9	3.296E8	-1.727E9	-3.922E8	-3.214	38	.003
Pair 3	Industrial Sector - Industrial Sectorial Number	-11.282	23.188	3.713	-18.799	-3.765	-3.038	38	.004
Pair 4	Regional Governorates - Industrial Sectorial Number	-16.282	23.916	3.830	-24.035	-8.529	-4.252	38	.000

Sources: SPSS generated Paired Samples T-test.

The outcome of the test shows that the Amount of Foreign Direct Investment in Kurdistan in all the Sectors from 2005 to 2013 are significantly high as the test result showed that $p < 0.05$ with a test static of $p = 0.003$. Same conclusion is also reached for amount of Foreign Direct Investment in a three Governorates of Duhok, Sulamaniya and Erbil.

The Number of Investments among the Sectors are also found to be significant with a test static of $p = 0.004$ which is less than 0.05. As number of Foreign Direct Investment among the Governorates, it was also found to be significantly high with a test static of $p = 0.0001$.

In conclusion, the test outcomes show that hypothesis 1 which states that none of the comparative analyses of Sectors verses Amount of FDI, Governorates verses Amount of FDI, Sectors verses Number of FDI and Governorates verses Number of FDI in Kurdistan Regional from 2005 to 2013 is significant is hereby rejected. A comparative analyses show that the level of Foreign Direct Investment among the Sectors, Governorates and Numbers in Kurdistan Regional Government from 2005 to 2013 are significantly high.

Though the result shows a high significant level across the relevant fields, but the highest number of FDI in the first three Sectors are in Industrial, Housing and Tourism respectively. In terms of the amount of FDI, the order of first three Sectors are Housing, Industry and Tourism.

Table 6 as shown above captures the investing countries and their percentage of investment. The table shows that the neighbors of Kurdistan Regional Governments like Iraq, Iran, Turkey, Lebanon, and Egypt have high percentage of stake. United Arab Emirate has outstanding level of Foreign Direct Investment in Kurdistan. The table shows also that a combination of Foreign Direct Investment by European Countries are high. Also very important to deduce from Table 6, is the level of Joint-Venture Investment in Kurdistan Region from 2005 to 2013 is enormously huge. Joint-Venture Investment in the region amounted to 8.721%, seconded by United Arab Emirate Investment of above 6.12%.

3.2.2. Test of Hypothesis 2

Hypothesis 2 states that FDI in Kurdistan Region is not significantly different compared with that of Iraq between the periods of 2005 to 2013. To test this hypothesis, a Paired T-test of FDI in Iraq against that of Kurdistan in terms of amount of investments and year of investment are carried out, using available comparative data from tables 1 and 7. The result is as shown in table 9.

Table 9 Paired Samples T-test of FDI in Iraq against FDI in Kurdistan from 2005 to 2013.

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Year -	2.000	1.859	.537	.819	3.181	3.728	11	.003
Pair 2	Country/ Region - FDI) In Million Dollars (\$m)	-1.2147500E3	7.2244272E2	2.0855125E2	-1.6737682E3	-7.5573180E2	-5.825	11	.000

Sources: Sources: SPSS generated Paired Samples T-test.

The outcomes of the test shows that Foreign Direct Investment in the Kurdistan Region and Iraq between the years of 2005 to 2013 are significantly different between the two and in amount with test statics of $p = 0.003$ and 0.0001 respectively. With the outcomes of this test, the hypothesis which states that FDI in Kurdistan Region is not significantly different compared with that of Iraq between the periods of 2005 to 2013 is hereby rejected as test results are both less than 0.05.

3.2.3. Test of Hypothesis 3

Hypothesis 3 states that levels of Foreign Direct Investments between Non-Oil Sectors in Kurdistan Region from 2005 to 2013 is not significantly different. This test is a confirmatory of part outcome of hypothesis 1. The hypothesis is concerned with finding out the significant levels between the Sectors, Governorates and Numbers of Foreign Direct Investments in Kurdistan from 2005 to 2013, thus the best statistical tool to use in this regard is the ANOVA. The outcome is shown in table 10.

Table 10: ANOVA of FDI of Non-Oil Sectors in Kurdistan Region from 2005 to 2013

		Sum of Squares	df	Mean Square	F	Sig.
Industrial Sector	Between Groups	385.125	31	12.423	.541	.887
	Within Groups	160.875	7	22.982		
	Total	546.000	38			
Regional Governorates	Between Groups	24.125	31	.778	2.905	.073
	Within Groups	1.875	7	.268		
	Total	26.000	38			
Industrial Sectorial Number	Between Groups	22005.897	31	709.868	.	0.0001.
	Within Groups	.000	7	.000		
	Total	22005.897	38			

Sources: SPSS generated ANOVA.

The outcome of hypothesis 3 test shows that the differences in Foreign Direct Investments within the Sectors in Kurdistan Region from 2005 to 2013 are not significant as test static of $p = 0.887$. Furthermore, Table 10 result indicates that within the Governorates, made up of Duhok, Sulaimaniya and Erbil, there is exist slight level of differences of inflows of FDI within the said period although the magnitude of the differences are not significant with $p = 0.073$. Continuing Table 10 indicates that the number of inflows of Foreign Direct Investments with the period covering 2005 to 2013 across the Region is significantly different. The assertion of high level of significance in terms of number of FDIs is as a result of $p = 0.0001$, which is hugely below 0.05 level of significance.

4. Findings

The Capital inflows from Foreign Direct Investment into Kurdistan Region of Middle East from 2005 to 2013 is huge and increasing.

The outcome of this research also shows that Capital inflows from FDI spread across the Governorates of the Kurdistan Region is significantly high.

Also found to be very high and increasing is the number of FDI across the Sectors and Governorates of the Region.

The findings show that there is significant differences in number and amount of Foreign Direct Investments with the period covering 2005 to 2013 between Iraq and Kurdistan Region of Iraq.

It is further found from the research outcomes that the level of FDI inflows into the various Sectors of the Economy in the Region within the period under consideration is not significantly different. Thus, almost all the Sectors received significant attentions, though with varying number of investments within the Governorates and Sectors.

Other relevant findings is as shown in Table 11

Table 11: Kurdistan Regional Level of Investment needs

Sector	Product	Unit of Measurement	Region's Estimated Need	Current Production Level	Level of Needed Investment
Agriculture	Wheat	Tons	500,000	500,000	Low
	Oat	Tons	600,000	70,000	High
	Corn	Tons	240,000	20,000	High
	Sun Flower	Tons	37,500	10,500	High
	Tomato	Tons	216,000	102,000	High
	Cucumber	Tons	90,400	68,400	Low
	Eggplant	Tons	39,600	20,100	Medium
	Okra	Tons	11,480	6,200	Medium
	Onion	Tons	56,450	48,900	Low
	Courgette	Tons	17,570	10,700	Medium
	Potato	Tons	70,000	61,600	Low
	Grapes	Tons	60,000	10,000	High
	Apples	Tons	64,000	11,600	High
	Peaches	Tons	25,000	14,100	Medium
	Pomegranates	Tons	45,000	15,700	High
	Pears	Tons	5,700	1,300	High
	Apricots	Tons	6,800	2,600	High
	Figs	Tons	10,900	3,100	High
	Chicken	Tons	98,000	55,000	Medium
	Eggs	M	646	430	Medium
	Red Meat	Tons	100,000	22,000	High
	Milk	Tons	400,000	130,000	High
	Fish	Tons	6,700	1,430	High
	Forests	Ha	3,000,000	1,280,300	High
	Meadows	Ha	1,739,000	1,430,000	Low
Food Products and	Flour	Tons	688,000	689,000	Low
	Dried foods	Tons	112,000	29,500	High
	Potato Chips	Tons	13,500	10,100	Medium
	Nuts	Tons	40,200	24,000	Medium
	Dairy Products	Tons	217,500	56,000	High

	Ice Cream	Tons	7,500	5,050	Medium
	Salt	Tons	80,000	3,700	High
	Soft drinks	M Liters	844	616	Medium
	Mineral Water	M Liters	496	537	Low
	Pickles	Tons	9,630	6,250	Medium
	Fruit Juice	Tons	252,000,000	43,000,000	High
	Sesame Juice	Tons	16,300	1,500	High
	Spices	Tons	22,400	1,900	High
	Pastry	Tons	71,300	34,900	High
	Biscuits	Tons	40,600	2,800	High
	Corn Chips	Tons	4,070	1,900	High
	Canned Food	Tons	20,050	2,700	High
Paper and Paper Products	Tissue Paper	Tons	10,900	3,900	High
	Carton	Tons	12,300	4,400	High
	Adverting Paper	Tons	1,640	900	High
	Printing	Pieces	147,500	58,800	High
	Print Newspapers And Announcements	Tons	29,500	20,600	Medium
	Print Books	Tons	8,800	2,500	High
	Print catalogs and calendars	Tons	6,500	1,490	High
Chemicals and Chemical Product	Filter fat	M liters	70.6	48.5	Medium
	Pure asphalt	Tons	153,000	170,000	Low
	Industrial gases	Bottles	208,000	133,600	Medium
	Tar	Sqm	85,000	93,000	Low
	Pharmaceuticals	Tons	2,370	3,000	Low
	Soap	Tons	8,700	1,300	High
	Detergents	Tons	31,400	10,700	High
Rubber and Plastic Products	Bags	Tons	13,490	250	High
	Doors and Windows PVC	Sqm	775,000	831,000	Low
	Plastic tubes and pipes (PVC)	Meters	35, 300,000	761,000	High
	Other Plastic tubes and pipes	Tons	56,000		High
	Baskets and plastic boxes	Tons	8,000	770	High
	Plastic bottles	M bottles	452.5	452.6	Low
	Plastic plates	sqm	22,750	4,100	High
	Sponge	sqm	50,500	52,000	Low
Non-Metallic Mineral	Cut & Crashed Stones	Tons	633,000	468,000	Medium
	Sand	sqm	676,000	691,200	Low
	Automatic brick	M pieces	80.5	99	Low

	Concrete blocks	M Pieces	181.0	175	Low
	Curbstone	sqm	60,000	73,000	Low
	Ceramic and mosaic tiles	sqm	4,540,000	1,935,000	High
	Concrete pipes	Tons	4,600	5,850	Low
	Ready-mix concrete	sqm	644,000	1,080,000	Low
	Marble stones	sqm	1,285,000	136,000	High
	Ready-mix asphalt	Tons	550,000	1,120,000	Low
	Roof tiles	sqm	682,000	110,000	High
	Gypsum	Tons	544,000	590,000	Low
	Cement	Tons	2,700,000	5,500,500	Low
Basic Metals	B.R.C	Tons	10,800	15,000	Low
	Galvanized Iron	Tons	20,550	11,000	Medium
	Aluminum Doors and Windows	Tons	31,800	38,000	Low
	Steel reinforcements	Tons	241,500	96,000	High
	Iron pieces	Tons	44,900	23,000	Medium
	Electric Wires	Tons	20,800	11,000	Medium
	Steel doors and windows	Tons	91,000	104,700	Low
	Steel structures	Tons	7,000	4,200	Medium
	Water and fuel tanks	Tons	16,100	16,900	Low
	Iron barrels and boxes	Tons	2,080	780	High

Sources: KRG Board of Investment. Investment Spotlight. Issue 2 – May 2013

5. Recommendations and Conclusion

It is recommended that:

1. Foreign Potential Investors should concentrate on investing mainly on sectors of high level of investment needs but they require clarifications from the Kurdistan Board of Investment as to current obtainable incentives in the Sector of their interest.
2. Private oriented (Non-Government) Foreign Direct Investment be started via Joint-Ventures with Kurdistan Nationals or already Kurdistan based Corporate body so as to gain adequate environmental knowledge of the business and entrepreneurial terrain of the region before split-off diversifications.
3. To encourage more Foreign Direct Investments into the Housing Sector, more reforms are needed in the Kurdistan Land use and acquisition law.
4. In order to stimulate more FDI into the Banking Sector, The Kurdistan Regional Government should enact policies and laws that will encourage and sustain a Cashless fiscal policy. This will enormously encourage local banking activities.

Conclusion

The growing Tourism in Erbil and other Non-Oil Sectors have attracted and are still attracting huge Foreign Direct Investment into Kurdistan Region from 2005 to 2013. To sustain the tempo of FDI inflows into the region, Kurdistan Regional Government has to come up with a policy that will not only encourage huge local participations in banking but a Cashless economic policy. This will create more spill-over effect in attracting numerous further Foreign Direct Investment into Non-Oil Sectors of the Economy.

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