

# Transportation Sector in Iraq: Aviation & Maritime Scene Overview

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# Table of Contents

Transportation Sector in Iraq: .....	2	Revenues & Wages across the Years.....	45
Aviation & Maritime Scene Overview.....	2	River Taxi of the State Company for Maritime Transport.....	46
Transportation in Iraq Overview .....	6	Recent Projects .....	47
Ministry of Transportation Structure .....	7	Conclusion.....	48
Aviation Sector .....	8	Recommendations .....	48
Introduction .....	10	Major Issues .....	49
Number of Flights in Iraq over the Years .....	11	References .....	51
Number of Flights According to Airport.....	12		
Number of Domestic Flights According to Airport .....	13		
Number of Flights According to Airlines & Airport .....	14		
Iraqi Airways vs Neighboring Countries Destinations & Countries Reach	15		
Total Number of Passengers in Iraq over the Years .....	17		
Total Number of Passengers According to Airport.....	18		
Total Cargo According to Airport .....	19		
Number of Employees across the Years .....	20		
Total Wages & Revenue of the Three Main Aviation Entities .....	21		
Iraqi Skies: Overflights and Air Navigation Services Charges .....	22		
Iraqi Airline Companies .....	23		
ICT Businesses in Air Transport.....	26		
ICT Businesses in Air Transport.....	27		
Recent Projects .....	28		
Recent Projects .....	30		
COVID-19 and Aviation in Iraq .....	31		
Major Issues .....	33		
Major Issues .....	34		
Maritime Sector .....	37		
Introduction .....	38		
Number of Ships Arrived & Departed the Iraqi Ports .....	39		
for Good Transportations.....	39		
Number of Ships & Volume of Transported Goods .....	40		
Total Import & Export of Goods through the Iraqi Ports .....	41		
Oil Sea Transportation: .....	42		
Cargo Volume, and the Value in Billion IQD.....	42		
State Company for Maritime Transport:			
Volume of the Imported and Exported Goods.....	43		
Number of Employees in the Maritime Sector.....	44		

# Abbreviations

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ABA	Al-Burhan Airways	ICAO	International Civil Aviation Organization
ACC	Air Combat Command	ICT	Information and Communication Technology
ADPI	Aeroports de Paris Ingenierie	INA	Iraqi News Agency
AOC	Air Operator Certificate	IQD	Iraqi Dinar
API	Advanced Passenger Information	JFK	John F Kennedy
APP	Approach Command	kg	Kilogram
B2B	Business to Business	km	Kilometer
B2C	Business to Customer	KRG	Kurdistan Regional Government
C2C	Customer to Customer	KRI	Kurdistan Region in Iraq
COSIT	Central Organization for Statistics and Information Technology	MTOW	Maximum Takeoff Weight
CSO	Central Statistical Organization	OPEC	Organization of the Petroleum Exporting Countries
EASA	European Aviation Safety Agency	PCR	Polymerase Chain Reaction
EODP	Iraq Emergency Operation for Development Project	SARP	Standards and Recommended Practices
FIR	Flight Information Regions	SCMT	State Company for Maritime Transport
GCANS	General Company for Air Navigation and Services	TWR	Air Traffic Control Tower
GCPI	General Company for Ports of Iraq	UAE	United Arab Emirates
GDS	Global Distribution System	USD	United States Dollar
IATA	The International Air Transport Association		
ICAA	Iraqi Civil Aviation Authority		

# Executive Summary

## Aviation

- **Iraq's civil aviation is operated from five airports**

Baghdad, Erbil, Basra, Sulaimaniya, and Najaf international airports handled 43,367 flights and 1,700,591 passengers in 2020. In that year, Erbil International Airport handled the highest number of international flights, while Baghdad International Airport served the most overall passengers.

- **Iraqi Airways remains the largest airline company in the country**

Although numerous new airlines, such as Fly Baghdad, Fly Erbil, and UR Airlines are making a name for themselves.

- **The Euphrates Central Airport project is set to rejuvenate its area**

As it will improve transportation and promote tourism through its strategic location and up to 20 million annual passenger capacity.

- **Iraq is constructing new airports and repairing old ones**

Efforts are in place to rehabilitate Mosul International Airport, as well as lay the groundwork for Dohuk and Maysan International Airports.

- **The aviation sector of Iraq is riddled with problems**

The European Commission's prohibition on Iraqi Airways, outdated fleets, and the lack of efficient aviation academies. All of this necessitates significant efforts if the sector is to meet international standards.

## Maritime

- **Four ports are responsible for Iraq's maritime commerce**

Umm Qasr, Khor Al-Zubayr, Abu Flous, and Al-Maqil ports harboured 2868 ships with around 30 million tons of transported goods in 2020.

- **Oil exports suffered setbacks during the COVID-19 pandemic**

Al-Basrah and Al-Rahawi oil ports accumulated only 71.2 and 102.9 billion IQD in revenues in 2020, a startling 30% and 58% decline, respectively, from the previous year. This is largely due to the oil price crash concomitant with the pandemic.

- **Al-Faw Grand port is Iraq's biggest project in years**

Upon completion of the project, an approximated 7 billion USD in annual revenues is expected, as well as thousands of jobs to be provided for the public community.

- **Projects to expand the capacity of current ports are underway**

The Iraqi government has invested a billion USD in the construction of additional berths in Umm Qasr and Khor Al-Zubayr ports. A step that will greatly increase operations.

- **Major issues demand attention if the maritime transport is to flourish**

Oil dependence, corruption, failure to comply with international regulations, and the lack of modernization in the maritime fleet, are some of the issues that need to be addressed to revive and maintain the Iraqi maritime sector.



# Transportation in Iraq Overview

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A brief history of transportation in Iraq brings us back to the 1920s. Similar to many countries in the region, Iraq's means of transport were orthodox and basic, residents mainly depended on horse-drawn carriages and boats.

For international travel and fishing, ships were deployed off the coast of Al-Basra. The modernization of transport was introduced to Iraq in the 1950s by adopting modern machinery.

Paved roads began to emerge, and private automobiles and public transportation were becoming the new norm in urban areas. The Tigris and the Euphrates, Iraq's principal two rivers, were utilized by steamboats, a step that greatly enhanced commodity transport operations.

The major breakthrough in the transportation sector came in the 1970s, when a significant portion of Iraq's domestic development budget was allocated to boost aviation and maritime modes of transport, fostering regional networks to facilitate industrial expansion. Additionally, air jets and modern ships were deployed to connect Iraq globally, securing its position as an international economic trade hub.

A decade later, Iraq is involved in a consecutive chain of conflicts and wars that leaves its infrastructure substantially damaged for years to come.

This, in turn, hindered the nation from keeping up with the technical growth the world was experiencing. Moreover, investors were discouraged from stepping into Iraq's economic grounds, which were best described as unstable and risky.

The transportation sector plays a major role in the development of the country.

As a key factor in promoting the advancement of dependent operations, a strong transportation infrastructure will ensure the proper functioning of closely related sectors and present a reliable playground for emerging businesses and startups.

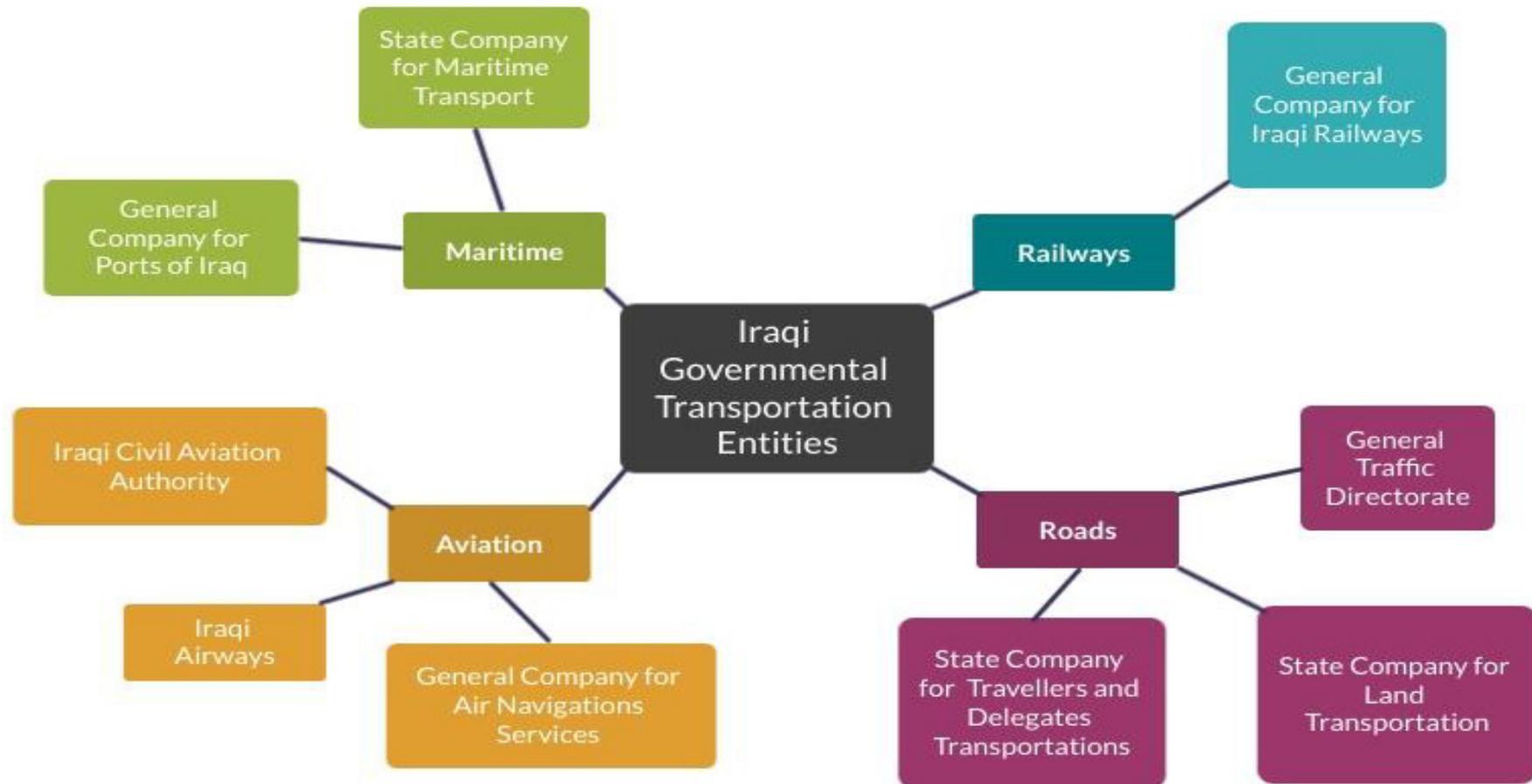
In this report, we will thoroughly examine the Iraqi aviation and maritime scenes. From the number of flights and passengers, ships and cargo loads, to total revenues and wages.

Each component will be reviewed and analyzed to determine the current state of the sectors.

Recent projects and developments, as well as their depth of impact on the aviation and maritime transport will be explored. Furthermore, we will discuss the major issues that challenge the expansion of the sectors and suggest possible approaches to tackle them.

# Ministry of Transportation Structure

The Ministry of Transportation in Iraq administers the aviation, land, and maritime sectors with their respective subcategories. It is in charge of imports and exports, transportation of people and goods, development of railways, management of ports, monitoring of weather forecasts, and many more related operations(26).



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## Aviation Sector





# Introduction

Air Transport plays a vital role in economic growth and development, serving as a gateway to the international economy and providing crucial connectivity on a regional, national, and international level.

It aids in generating trade, promoting tourism, and creating employment opportunities. Aviation provides the only high-speed global transportation system, making it key to international business. Iraq took its initial steps towards aviation in 1933 with the establishment of Al-Muthana Civil Airport, and on January 29, 1946, Iraqi civil aviation made its first flight (Al-Mada Annexes, 2020).

Civil aviation in Iraq had enormous promise at its inception, but owing to the numerous obstacles and challenges it has experienced over the years, its role in the growth of economic and social elements has been minimized, despite the country's riches. Until recently, the public sector was the primary body in charge of civil aviation (Al-Jubouri, 2016), currently, an increasing number of privately owned companies are entering the scene.

There are three government bodies responsible for civil aviation in Iraq; the Iraqi Civil Aviation Authority (ICAA), the General Company for Air Navigation and Services (GCANS), and Iraqi Airways. ICAA is the high authority in charge of controlling the Iraqi airspace and issuing licences for aviation staff as well as authorization to land on and depart from Iraqi airports (COSIT, 2020).

It is also in charge of coordinating policy formulation and execution with other Iraqi authorities, alongside the International Civil Aviation Organization (ICAO) affairs (Iraqi Civil Aviation Authority, UNESCWA, 2020). GCANS was established in 2018 as a distinct entity from the Iraqi Civil Aviation Authority, which is currently the regulator. Its op-

erations began in January of 2019, and it harbors more than 270 air traffic control officers providing air combat command (ACC), approach command (APP), and air traffic control tower (TWR) services (ICAO, 2019).

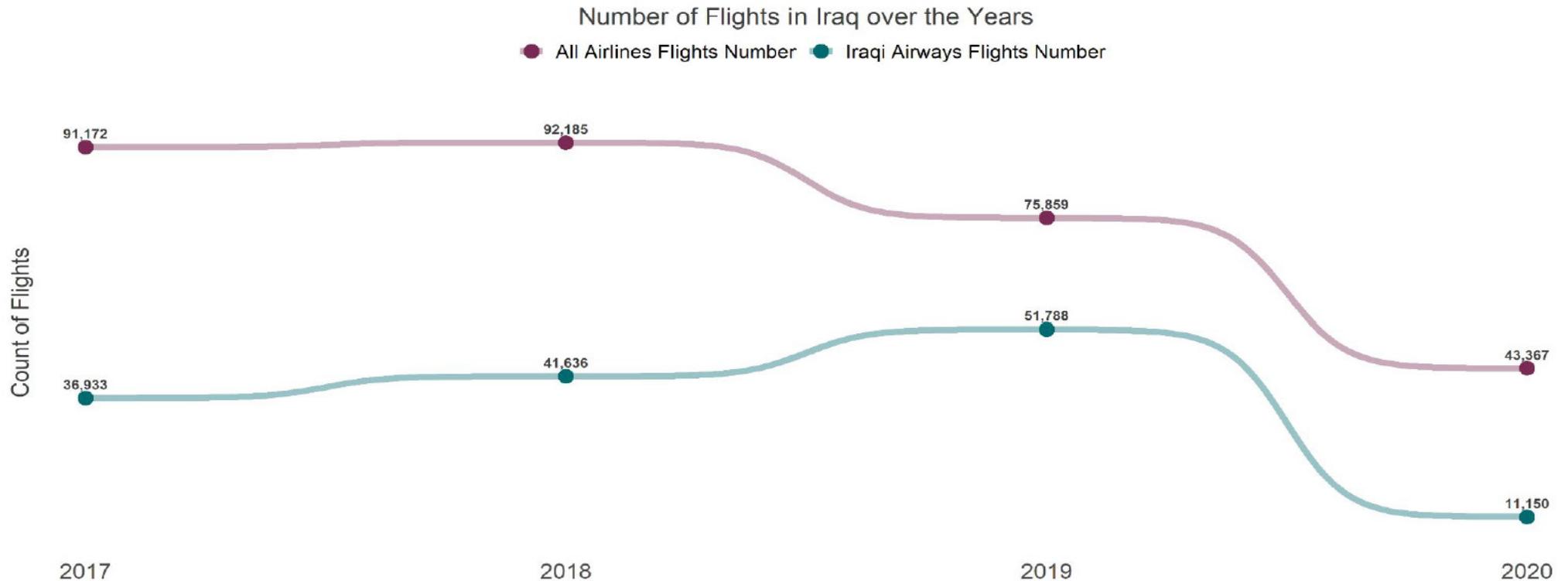
Iraqi Airways is the country's national airline, based on the grounds of Baghdad International Airport in Baghdad, and is the Middle East's second oldest airline, founded in 1945. Iraqi Airways provides both domestic and regional services (Iraqi Airways, 2022).

This section is meant to provide insight into the Iraqi aviation sector, including its statistics, major issues, businesses, and recent projects.



# Number of Flights in Iraq over the Years

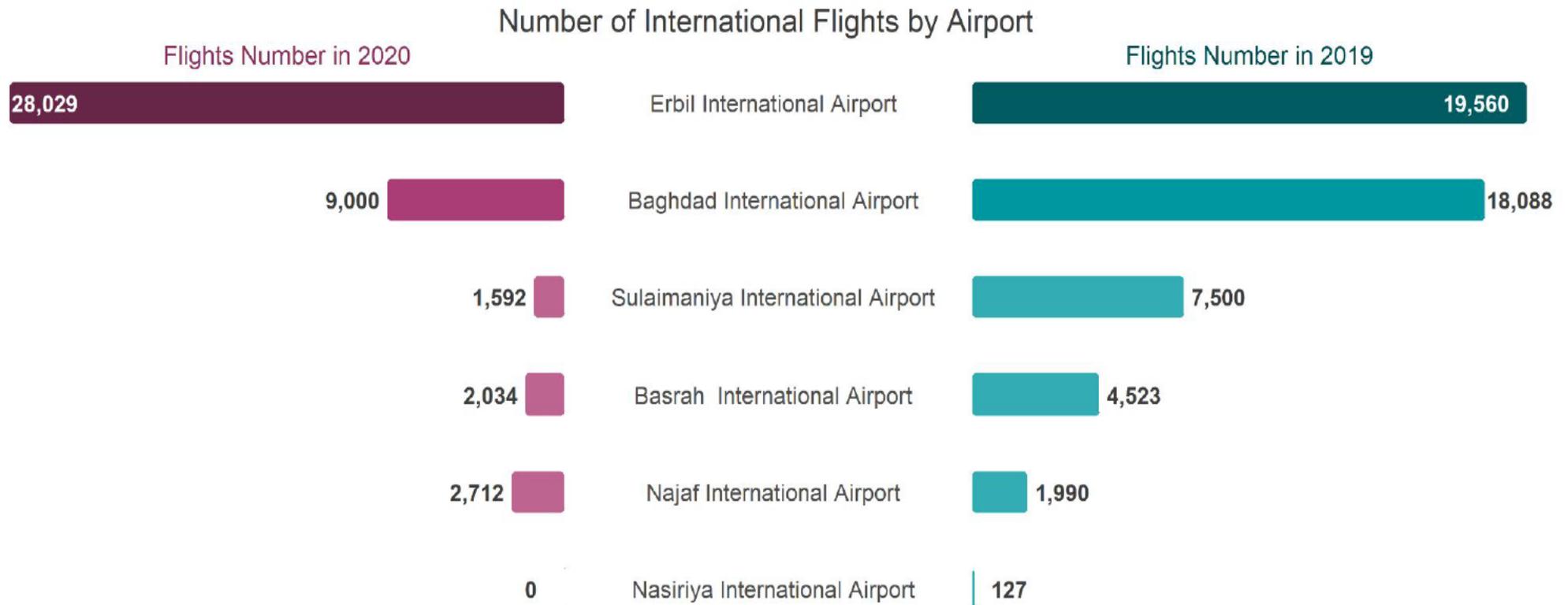
The number of flights over the years prior to 2019 witnessed a steady flow, with flights operating under Iraqi Airways constituting 40.5% and 44.8% of the overall number of flights in 2017 and 2018, respectively. In 2019, however, the majority of flights were operated by Iraqi Airways which took up 68.2% of the total number (COSIT, 2019). The authorities imposed a travel restriction on more than 13 nations in 2020, not to mention other countries that have banned flights from Iraq (IMPACCT, 2020), This can be seen through the dramatic drop in the number of flights within the same year (COSIT, 2020).



Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.

# Number of Flights According to Airport

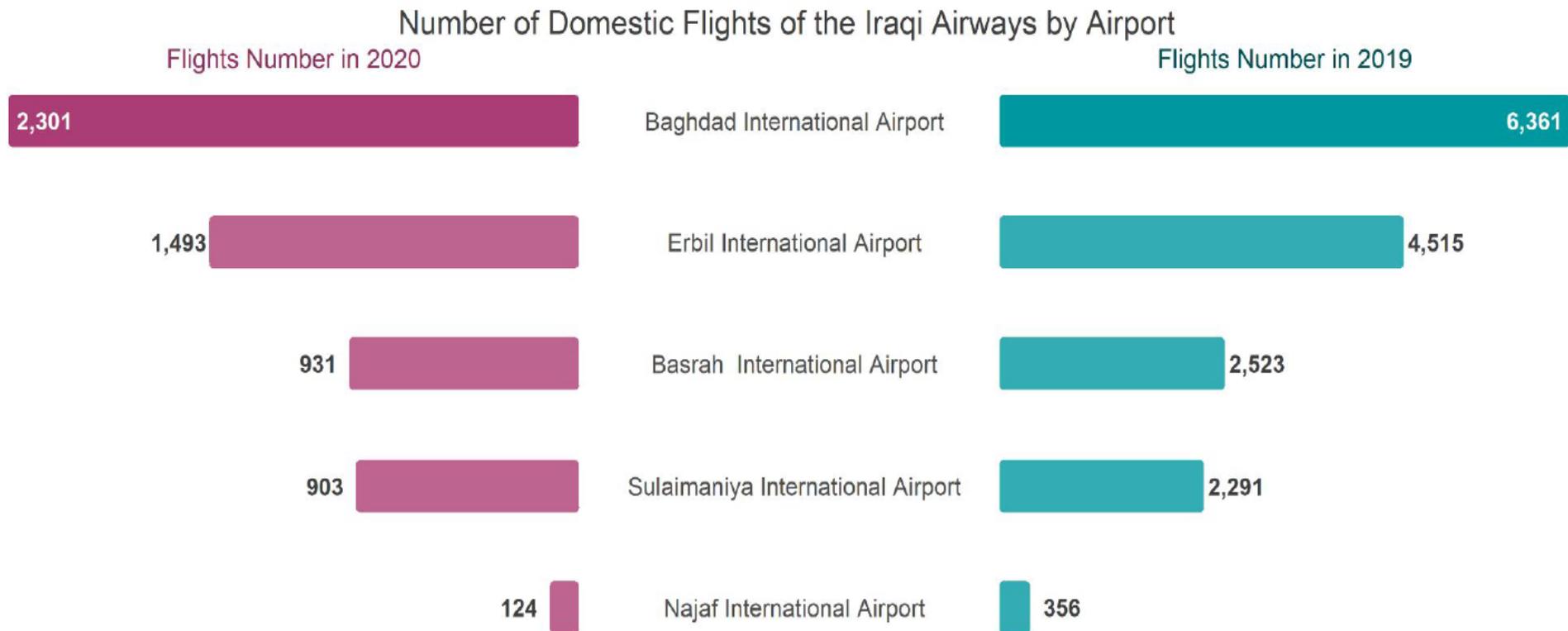
Erbil International Airport is the main airport operating within the capital of the Kurdistan Region in Iraq, Erbil, and it takes the lead when it comes to the number of international flights within the years 2019 and 2020, with a total of 47,589 flights. Baghdad International Airport is Iraq's largest airport and serves the most airlines; nonetheless, it ranks second with 27,088 international flights in those two years (COSIT, 2020).



Source: Central Organization of Statistics & Information Technology  
Iraqi Ministry of Planning.

# Number of Domestic Flights According to Airport

Baghdad International Airport resides in Baghdad, the city that serves as a link for Iraq's northern and southern provinces. This might explain why it has the highest number of domestic flights out of all Iraqi airports. Iraqi Airways' average domestic economy class cost is 73\$ USD, while its business class fare is 158\$ USD. Domestic flights from Basra to Sulaymaniyah are the most expensive, costing 107\$ USD in economy and 170\$ USD in business class. On the other side, the cheapest domestic flight is between Najaf and Baghdad, which costs \$55 in economy and \$76 in business class (Iraqi Airways, 2022)

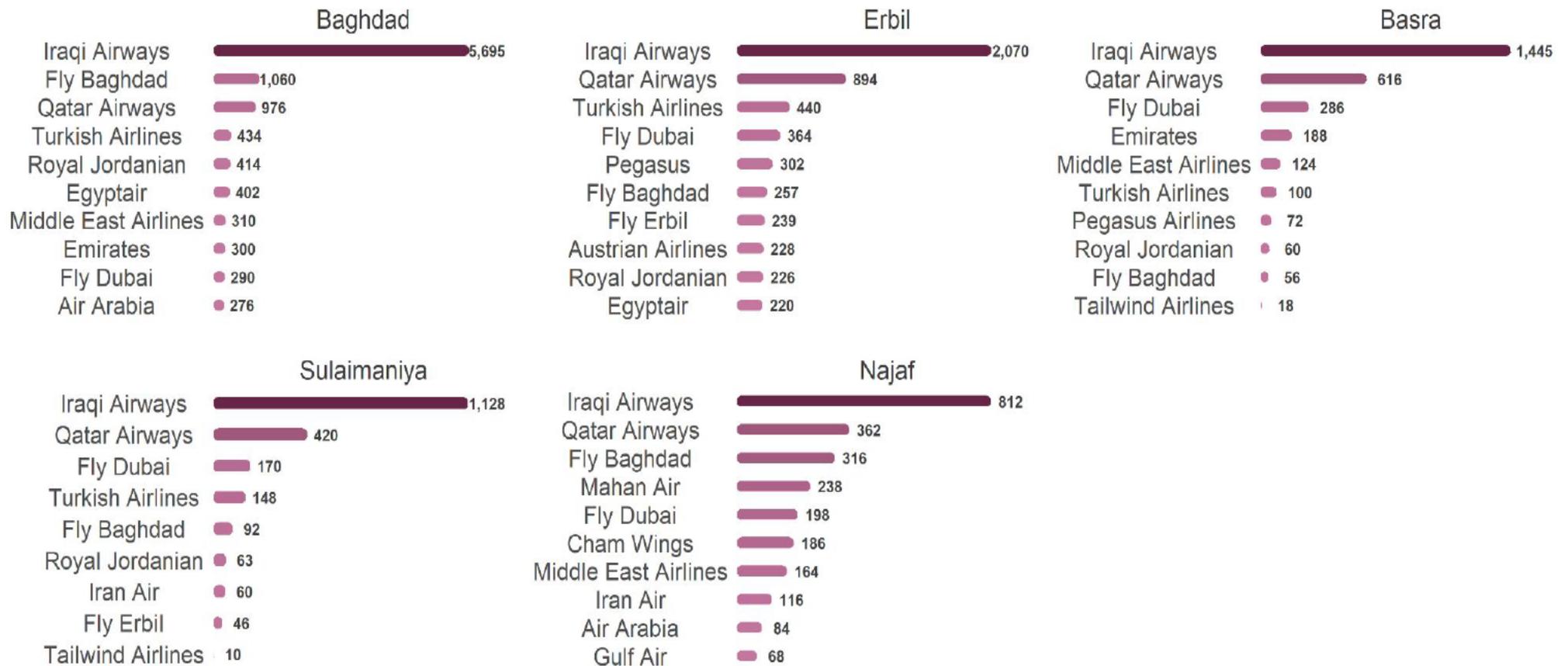


Source: Central Organization of Statistics & Information Technology  
Iraqi Ministry of Planning.

# Number of Flights According to Airlines & Airport

Iraqi Airways is the airline with the most flights across all airports, but mostly at Baghdad International Airport, where it is based. It is noteworthy to see that Fly Baghdad has the second largest number of flights at Baghdad International Airport, where it is headquartered, but trails in most other airports. Qatar Airways is the international airline that takes the lead, accounting for the second greatest number of flights across all airports, save for Baghdad International Airport (COSIT, 2020).

Number of Flights According to Airlines & Airports in 2020



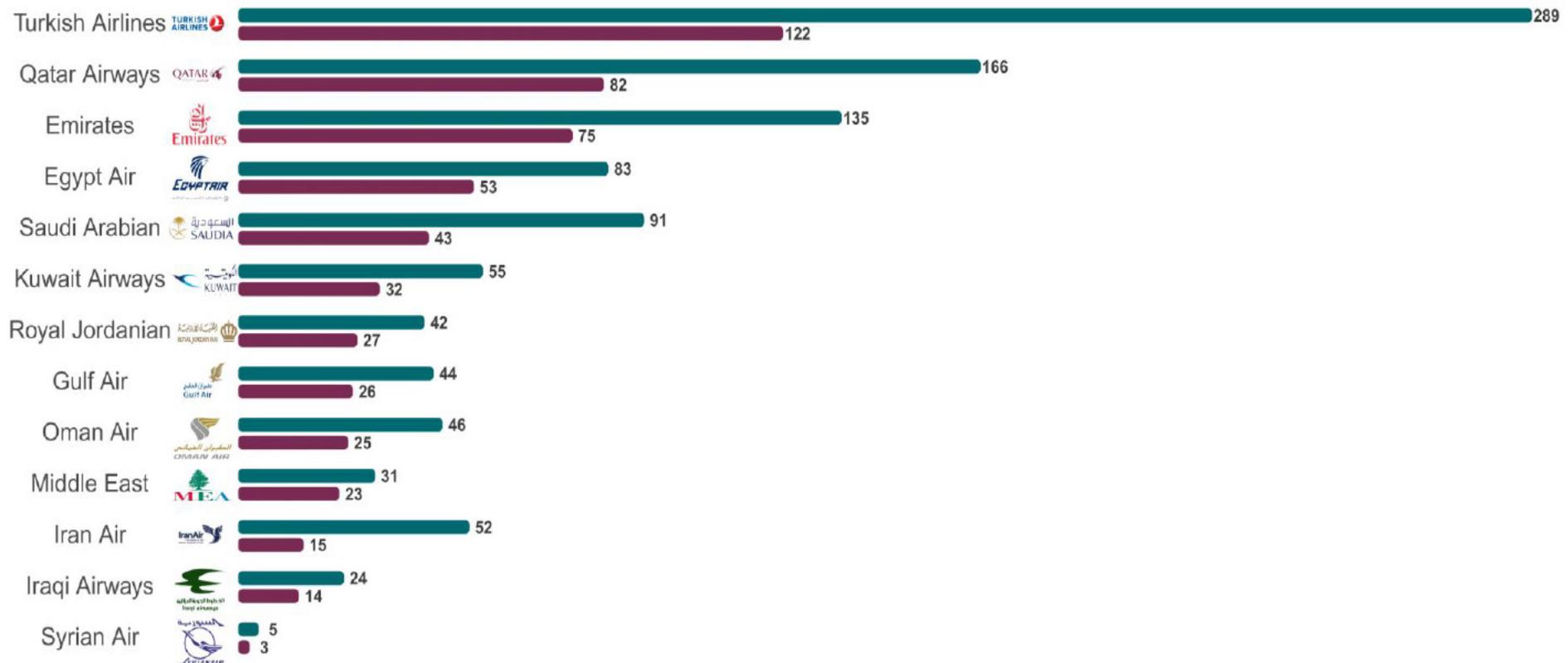
Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.  
 Note: The data shows the top ten airlines according to flights' number of each airport.

# Iraqi Airways vs Neighboring Countries Destinations & Countries Reach

Due to the numerous hurdles Iraqi Airways faces, which will be discussed in greater depth in subsequent slides, it ranks towards the bottom of the list with 24 destinations in 14 countries. Turkish Airlines has the broadest destination reach within the Middle East, with 289 destinations in 122 countries. Qatar Airways has the second broadest destination reach, with 166 destinations in 82 countries. Emirates is third, followed by Egypt Air, Saudi Arabian, Kuwait Airways, Royal Jordanian, Gulf Air, Oman Air, Middle East, Iran Air, Iraqi Airways, and Syrian Air.

Number of Destinations & Countries Reach by Iraqi Airways and Neighboring Countries Major Airlines

■ Number of Countries ■ Number of Destinations

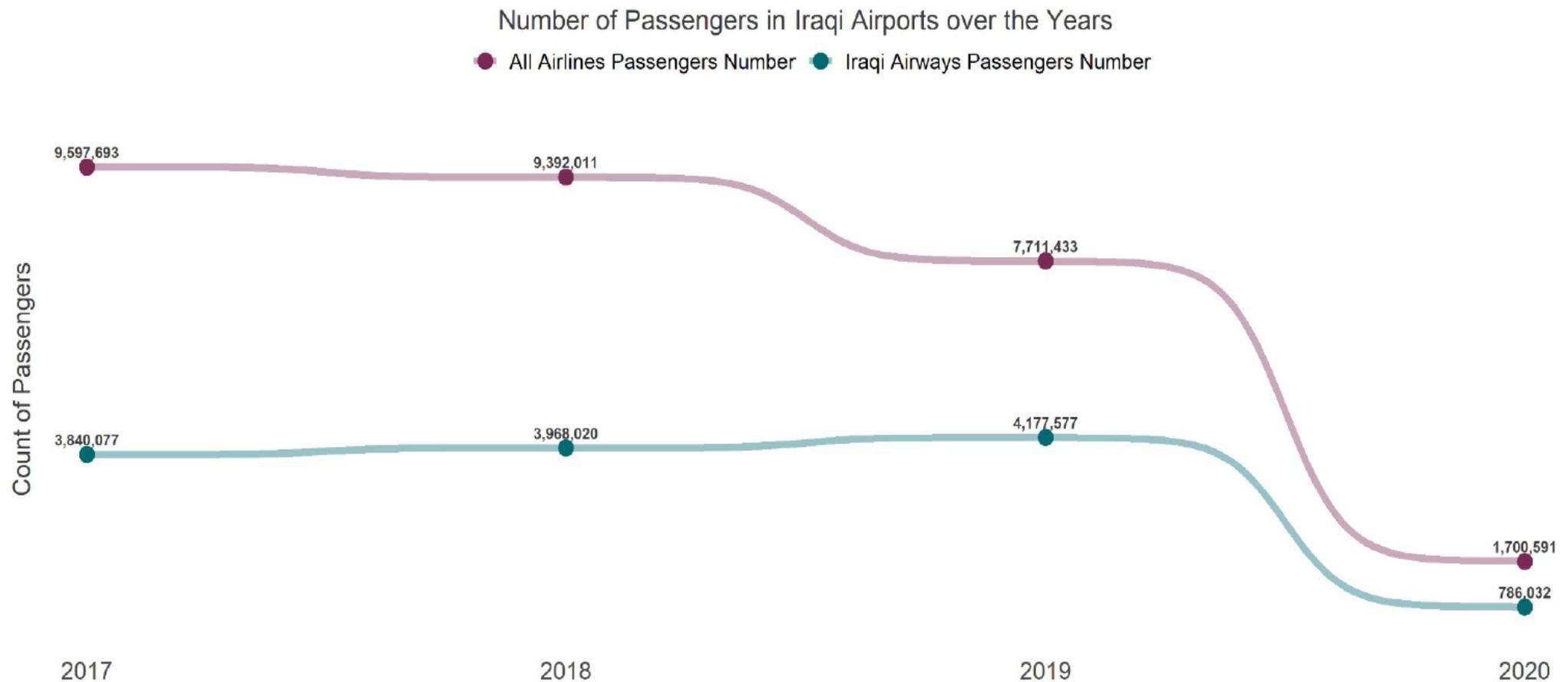


Source: FlightConnections



# Total Number of Passengers in Iraq over the Years

The number of passengers flows somewhat parallel with the number of flights mentioned in the aforementioned slides. The figure demonstrates some consistency between 2017 and 2018, and is in line with the increasing number of Iraqi Airways flights in 2019, as their passengers account for 54.2% of all passengers that year, albeit with a little less pronounced differential. The same is true for the year 2020, with a large decrease in the number of passengers caused by the aforementioned reasons in the previous slide (COSIT, 2020).



Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.

# Total Number of Passengers According to Airport

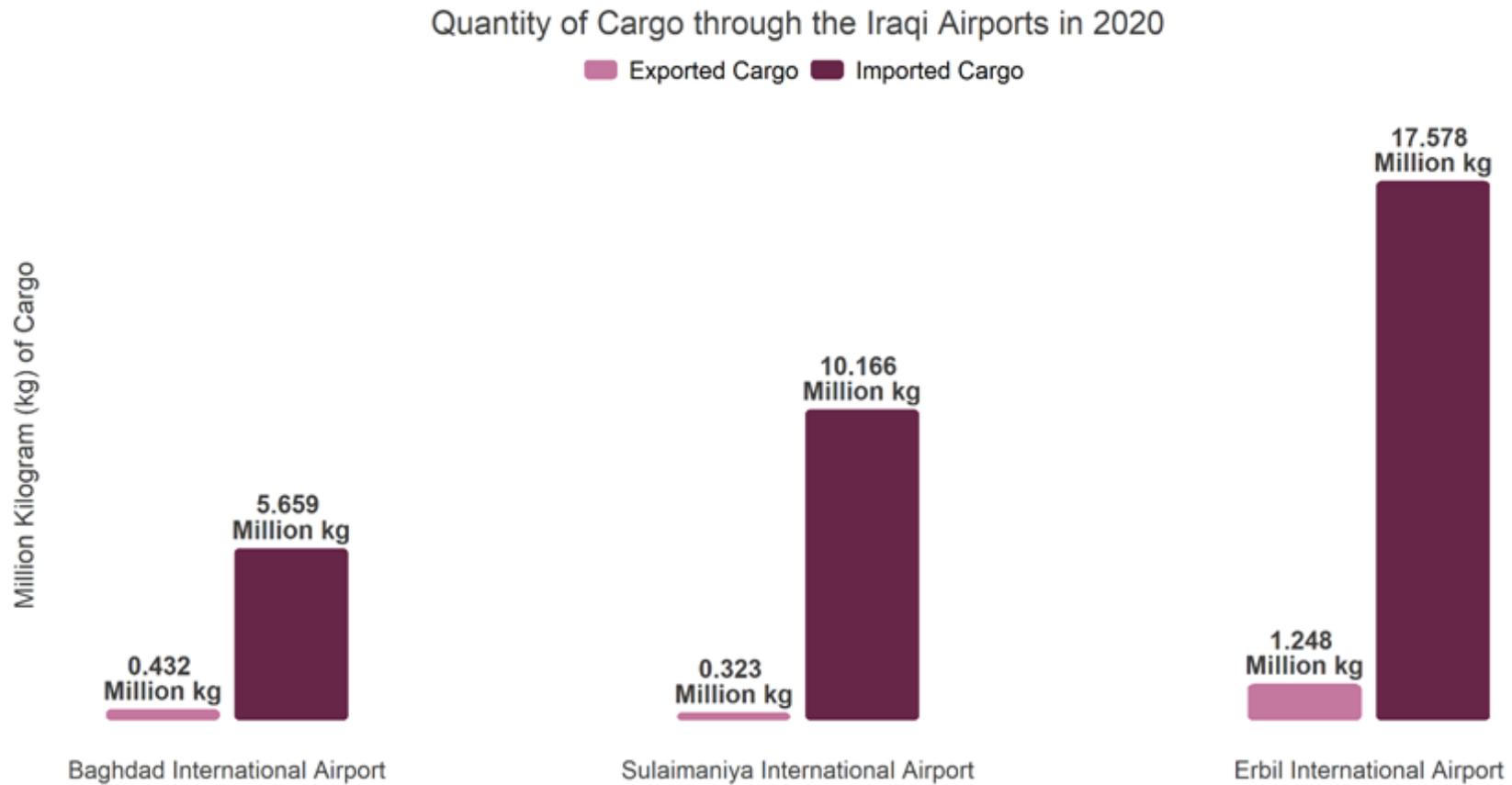
Despite there being more international flights operating within Erbil International Airport, the data shows that Baghdad International Airport handles more passengers, both Iraqi and foreign; with a total of 2,493,785 passengers flying internationally through the latter within 2019 and 2020 (COSIT, 2020). It is shown how there is a considerable fall in the number of passengers across all Iraqi airports between 2019 and 2020, owing mostly to the travel bans and curfews imposed in 2020 as a result of the COVID-19 pandemic.



Source: Central Organization of Statistics & Information Technology  
Iraqi Ministry of Planning.

# Total Cargo According to Airport

When it comes to cargo moved by Iraqi airports, Erbil International Airport takes the lead with the most imported (17.578 million Kilograms (kg)) and exported (1.248 million kg) cargo. Sulaymaniyah International Airport handles the second largest amount of imported goods and Baghdad International Airport handles the second largest amount of exported goods. It is also worth noting that the amount of imported cargo greatly surpasses that of the exported across all airports (COSIT, 2020).



Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.

# Number of Employees across the Years

The overall number of employees at Iraqi Airlines has been relatively consistent over the years. However, it has sustained an 11.3% decline in 2020. After maintaining a steady trend for the previous two years, the ICAA had a 15.9% reduction in the same year. GCANS is a newly established institution with a steady number of employees since 2019 (COSIT, 2020).

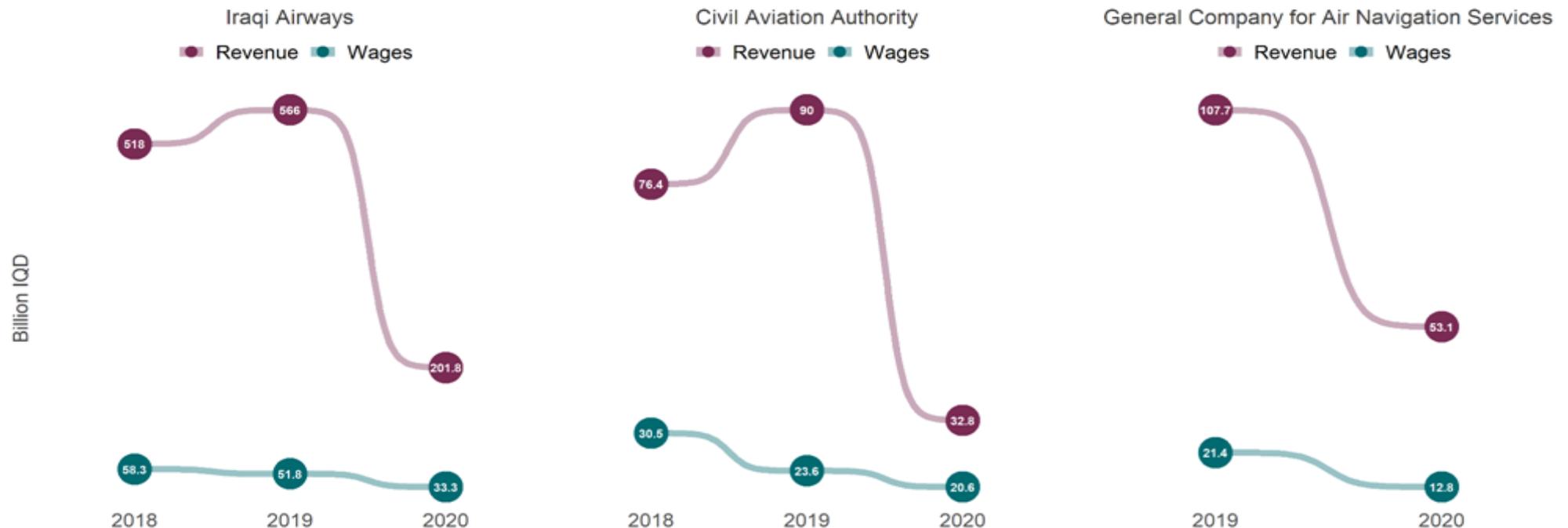


Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.

# Total Wages & Revenue of the Three Main Aviation Entities

Once again, the impact of the COVID-19 pandemic on the Iraqi aviation sector can be seen in means of revenues and wages. Iraqi Airways, the Civil Aviation Authority, and the General Company for Air Navigation Services have sustained sharp declines in 2020, with 64.3%, 63.8%, and 50.7% decrease in revenues from the previous year, respectively. Wages distributed to employees of the three establishments were not to go unswayed by the pandemic either, mainly due to the stagnation of the aviation sector (COSIT, 2020).

Revenue & Wages in Billion IQD across the Years



Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.

# Iraqi Skies: Overflights and Air Navigation Services Charges

When it comes to overflights on Iraqi territories, all aircrafts are subject to the regulations set by the ICAA which correspond to the Standards and Recommended Practices (SARP) contained in ICAO's Conventions on International Civil Aviation.

Except in the case of an aviation emergency, an aircraft should never attempt to overfly or enter Iraqi airspace without first obtaining the proper approval. Forms available on the official ICAA website need to be submitted prior to overflying or operating in Iraq.

The International Air Transport Association (IATA) bills and collects navigation costs. Overflight costs for aircrafts crossing the Baghdad Flight Information Regions (FIR) without landing are as follows:

- Fixed-wing aircraft will be levied 450 USD
- Rotary-wing aircraft (helicopter) will be levied 225 USD.

Air navigation and approach fees will be imposed to international planes landing in Iraqi airports, where fees range between 60-105 USD according to tonnage of Maximum Takeoff Weight (MTOW) as determined by the ICAA (ICAA, 2020).

Given the strategic location of Iraq connecting the eastern and western hemispheres, overflights could be another source of revenue in the aviation sector.

However, the fragile status of the country hinders exploiting the full potential of these air navigation services.

A 2022 report made by OPS-Group, an organization concerned with international aviation condition, states that Iraqi airspace and airports are "challenging and high risk" (OPS Group, 2022).

This claim is supported by a string of terrorist attacks on Baghdad's airport in recent years, the latest of which caused damages to newly purchased aircrafts, resulting in a temporary halt of flights and aviation activities between Kuwait and Iraq in beginning of this year (Al-Jazeera, 2022).

Therefore, implementation of security measures in these areas is of utmost importance to ensure the continuation of these services and make it a prominent part of the aviation sector.



# Iraqi Airline Companies

Iraq entered the aviation scene with the Iraqi Airways airline company in 1945, which remained the sole Iraqi company concerned with aviation during the time. Following the war on Iraq, there was an emergence of airline companies, such as Sawan Airlines, ZagrosJet, Al-Nasir Wings Airlines, Mesopotamia Air, Kurdistan Airlines, and Azmar Airlines among others. The majority of these companies ceased their operations overtime.

As of this day, Iraq has 5 active airline companies as can be seen below:



## Iraqi Airways

Established in 1945, Iraqi Airways was Iraq's first introduction into aviation and the national carrier of the country.

During its first years and up to the 1980s, Iraqi Airways was constantly adapting to the changes and advances occurring within the aviation scene worldwide, by expanding their routes and upgrading their fleet, especially in the 1970s, as JFK airport in New York City was added to the list of its destinations facilitated by the newly purchased Boeing 707 and the larger Boeing 747 aircrafts.

As the early 1980s came with the Iraq-Iran war, there was little influence to the airline's normal activities. However, the 1991 invasion of Kuwait grounded the airline's activity due to the sanctions implemented by the United Nations, causing all of Iraqi Airways' 17 jets to be moved to secret locations, mainly in Jordan.

Domestic flights were allowed in 1992, but those too became a rarity because of the No-Fly Zone imposed by the United States and United Kingdom over Iraqi skies, however, muslim pilgrims were permitted to travel to religious cities in the 90s.

Following the War on Iraq, after a long period of solely domestic flights, the airlines resumed international activity on October 2004 mainly to Jordan (Iraqi Airways, 2009).

Currently the airline flies to 5 domestic destinations and to 14 countries with 24 different destinations (Flightconnections, 2022).

Bookings can be done through their official offices and agents, as well as their online website through credit/debit cards (Iraq's Tourism Sector, KAPITA, 2021). The Iraqi Airways fleet now consists of 32 aircrafts of varying models, 13 of which are not in operation (PlaneSpotters, 2022).



فلاي بغداد  
FlyBaghdad.net

## Fly Baghdad

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Originally catering to the charter market, Fly Baghdad's first launch as an airline was in 2014.

With the decision to relaunch the airline into the schedule market in 2017, Fly Baghdad became the first low-cost carrier in Iraq, with their slogan (Low Price ... More Flights).

The airline currently flies to 22 destinations and offers a myriad of ways to book flights; through cash and direct payment within their offices, using E-Wallets such as ZainCash and AsiaHawala, using Qi Cards, as well as credit/debit cards.

Their fleet now consists of two Boeing 737-700, Two Boeing 737-800 and one Boeing 737-900 ER and one Bombardier CRJ-200 with an average aircraft age of approximately six years, and are planning to expand their fleet by purchasing new aircrafts of the model Boeing 737-700 NG, and planning to fly them to serve stations in the Middle East, Asia, and Europe (Fly Baghdad, 2022).



## Fly Erbil

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Established in 2015, Fly Erbil is an airline based in Erbil, and carries scheduled passenger flights both locally and internationally with 22 different destinations mainly in the Middle East and Europe.

The airline's fleet size consists of two aircrafts, namely a Boeing 737 operated by UR Airlines and an Airbus A320. Fly Erbil aims to be the leading low-cost airline within the region, through their goals of offering their passengers international standards of quality comfort, and placing safety as their top priority (Fly Erbil, 2021).



## Al-Burhan Airways

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Established in 2014, Al-Burhan Airways (ABA) is the first Iraqi company to gain an Iraqi Air Operator Certificate (AOC #5) for commercial helicopter operations, with permission to land on any safe Iraqi location. ABA, in collaboration with Rotorflug, a German helicopter specialist that has been delivering services all over the world since 1972, offers a wide range of services, including but not limited to business travel, emergency medical evacuation, and bespoke flights for specific customer needs. Headquartered in Baghdad International Airport, ABA provides critical services to meet the expanding demands of businesses, governments, and citizens (Al-Burhan Airways, 2022).



## UR Airlines

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Is the newest Iraqi airline company founded in 2019 and headquartered in Baghdad International Airport. It operates a small fleet of 3 aircrafts and flies to 13 destinations primarily in the north of the Arabian Peninsula and Europe (UR airlines, flightradar24, 2022)

# ICT Businesses in Air Transport

Since internet booking has been unavailable to Iraqis for the longest time, they have relied on travel agencies and airline offices to book their tickets. However, as online payment options such as ZainCash, AsiaHawala, and credit/debit cards have grown in popularity, so has online booking. Furthermore, a slew of ICT apps have emerged to act as a medium between clients and online booking.

Giving them the convenience of internet booking and removing the burden of going to a travel agent. Sindbad, for example, allows customers to pay in cash by sending an agent to the customer's preferred location to collect the payment.

Currently, Iraqi airline companies such as Fly Baghdad, Fly Erbil, and Iraqi Airways have implemented online booking through their websites, although the online portal is still under maintenance for the latter.



**Sindbad**

Is an online travel agency.

It allows customers to book and pay for flights directly through their website or application, utilizing online payment options like credit/debit cards or ZainCash, or in cash via an agent who collects the payment from the customer at their specified location free of charge (Sindbad, 2022).



**Kawenter**

Headquartered in Baghdad, Kawenter is a startup application that was founded in 2021 seeking to facilitate and simplify travel and visa procedures. The application allows its users to apply for e-visas, use its tools to streamline and simplify visa processes, and learn about entrance criteria for over 180 countries worldwide (Magnitt, 2022).

# ICT Businesses in Air Transport

## SAFR

### Safir

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is a startup that specializes in providing comprehensive travel services such as airline tickets, hotel bookings, and custom-designed packages for both private and public travel.

Safir was founded in 2020 and is sanctioned by Iraq's Ministry of Culture and Tourism. It already has over 100 global partners situated in a variety of tourist locations, including Lebanon, the United Arab Emirates, Turkey, Spain, Italy, the United Kingdom, Germany, France, the Netherlands, Switzerland, Sweden, China, and the Maldives. Furthermore, it facilitates issuing visas to the UAE, Jordan, Oman, Egypt, Turkey, Thailand, and India, in addition to entrance permits to Iraq for foreigners (Iraq's Tourism Sector, KAPITA, 2021).

### Babylon Booking

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A B2B flight booking service that merges over 700 airlines, including over 150 low-cost carriers, from many GDSs, suppliers, and third-party APIs.

Moonline Travel and Trade owns the enterprise, which has operations in Iraq, Turkey, the United Arab Emirates, and Germany. With a user-friendly interface and seamless invoicing, the portal allows IATA and non-IATA travel firms to purchase and issue airplane tickets in only a few clicks.

Additionally, it provides travel companies with pre-built solutions, tools, templates, detailed reports and data, as well as ongoing assistance (Babylon Booking, 2022).

## Recent Projects

The five main operational civil airports in Iraq are Baghdad International Airport, Erbil International Airport, Sulaymaniyah International Airport, Najaf International Airport, and Basra International Airport. There are several projects to construct more airports in the critical parts of the country including:

- **The Euphrates Central Airport Project**

It is centrally located between Babylon, Karbala, Najaf, and Al-Diwaniya. During the first, second, and third stages, the endeavor is designed to carry 6, 12, and 20 million people per year, respectively.

The project, which would cover 45,717 square kilometers, is scheduled to contain a passenger building, a 4500 meter long runway (Code 4F) with the potential to carry an Airbus a380, 12 contact parks for Code 2F and Code F/2C aircrafts, and a number of aircraft stops in its initial stage of construction. In addition, there will be a 60-meter-high watchtower, an airport city, an air freight facility with its own arena, and aircraft maintenance facilities.

The project is still nascent and its strategic location is set to ease transport in the central Euphrates area as well as promote religious tourism (National Investment Commission, 2021)





# Recent Projects

- **Mosul International Airport Rehabilitation Project**

Mosul International Airport was established in 1920 and was designated as a civil airport in 1990.

The airport was taken over by Islamic State extremists in 2014, causing significant damage to its infrastructure, and it has been closed since (KirkukNow, 2020).

According to the Iraqi national investment committee, a project is now ongoing to rehabilitate the airport, which will comprise runways and associated infrastructure, buildings, and a watchtower.

The project would entail the development of 15,000 square kilometers of land (National Investment Commission, 2021).

The Iraqi Civil Aviation Authority (ICAA) has signed a memorandum of understanding with the French firm Aeroports de Paris Ingenierie (ADPI) in January 2021 for the rehabilitation of Mosul International Airport under a French loan for Iraq.

This is the first step toward developing a master plan for the airport's reconstruction, determining loan pricing, and signing and implementing the contract (ICAA, 2021). The cost of rehabilitation is yet to be estimated (National Investment Commission, 2021).

- **Duhok International Airport Project**

The building of the Duhok International Airport began in September 2012, with a \$450 million dollar investment budget (Airport Technology, 2013).

The project was forced to suspend due to the Islamic State's (IS) conflict and the ensuing financial crisis. Only 10% of the whole project has been finished thus far, according to official sources (Al-Jazeera, 2015).

Prime Minister Masrour Barzani visited the site to finalize the contracts so that work on the airport, which is vital to Duhok and the surrounding region, may resume (KRG, 2021).

- **Maysan Airport Project**

The project will be held on the grounds of Al-Bitterah Military Airport, which is owned by the Ministry of Finance. The venture is new and the cost of which has not been specified (National Investment Commission, 2021).



# COVID-19 and Aviation in Iraq

The COVID-19 outbreak has had a significant impact on aviation operations in Iraq. As the data demonstrates, the travel prohibitions and restrictions had a substantial impact on the number of flights and passengers travelling to and from Iraq, resulting in significant financial losses for the country.

Commercial flights to and from Iraq have resumed for the time being, and all of the country's airports are fully operational. In accordance with the Iraqi Civil Aviation Authority's instructions, the airport administration has clarified the requirement to begin mandating all Iraqi and foreign arrivals and departures aged 12 and above to present an international vaccination card (with a QR verification code) demonstrating proof of at least two doses of one of the COVID-19 vaccines.

In addition, a PCR test must be performed 72 hours prior to the flight for all passengers aged 10 and up, with the exception of those who are unable to do so for medical reasons (Iraqi Ministry of Health, 2021).

The Ministry of Health has launched a website called Iraq Pass for individuals to sign up for acquiring and keeping track of their vaccination certificates as well as their PCR tests (Iraqi Ministry of Health, 2021).





Iraq has suffered from extended periods of instability and turmoil, from the numerous wars during the time of the previous regime, to the Iraq war, the ISIS occupation, and the COVID-19 pandemic, not to mention the raving corruption within its governmental systems.

All of which have heavily hindered the development and advancement of the aviation sector, and have set the aviation sector of the country far behind those of its neighbouring countries.

- **Iraqi Airways, the national carrier of Iraq, was blacklisted by the European Commission in 2015.**

This was due to specific reports of alleged failures to comply with the ICAO safety regulations as well as the failure to provide documentations requested by the European Aviation Safety Agency (EASA) (Aviation Voice, 2015).

They have not been removed since, according to the latest updated blacklist published by the European Commission in November 2021.

However, Iraqi Airways still serves some of its European destinations, namely Germany and Denmark, as the ban does not include services operated with an aircraft that is wet-leased from carriers approved by the European Union.

In this case a Boeing 737-888 aircraft through a contract with the Slovakian carrier Air Explore (ch-aviation, 2020). The Iraqi Airways directorate has taken the steps necessary to try and lift the ban (INA, 2021), as positive reports were to be submitted to the European Peace Agency at the end of 2021 and the beginning of the current year, and the ban is expected to be lifted very soon (INA, 2021).

- **The lack of efficient aviation academies in the country.**

Young Iraqis aspiring to enter the aviation sector, whether as pilots or aircraft maintenance engineers or in other aviation professions, nearly always study abroad. There is just one ICAA-accredited academy in Iraq, and it has many fundamental deficiencies.

As a result, encouraging the government and investors to participate in localizing aviation training might have a broad positive influence on the sector in Iraq, especially given the rising demand for pilots (Kitabat, 2017)

# Major Issues

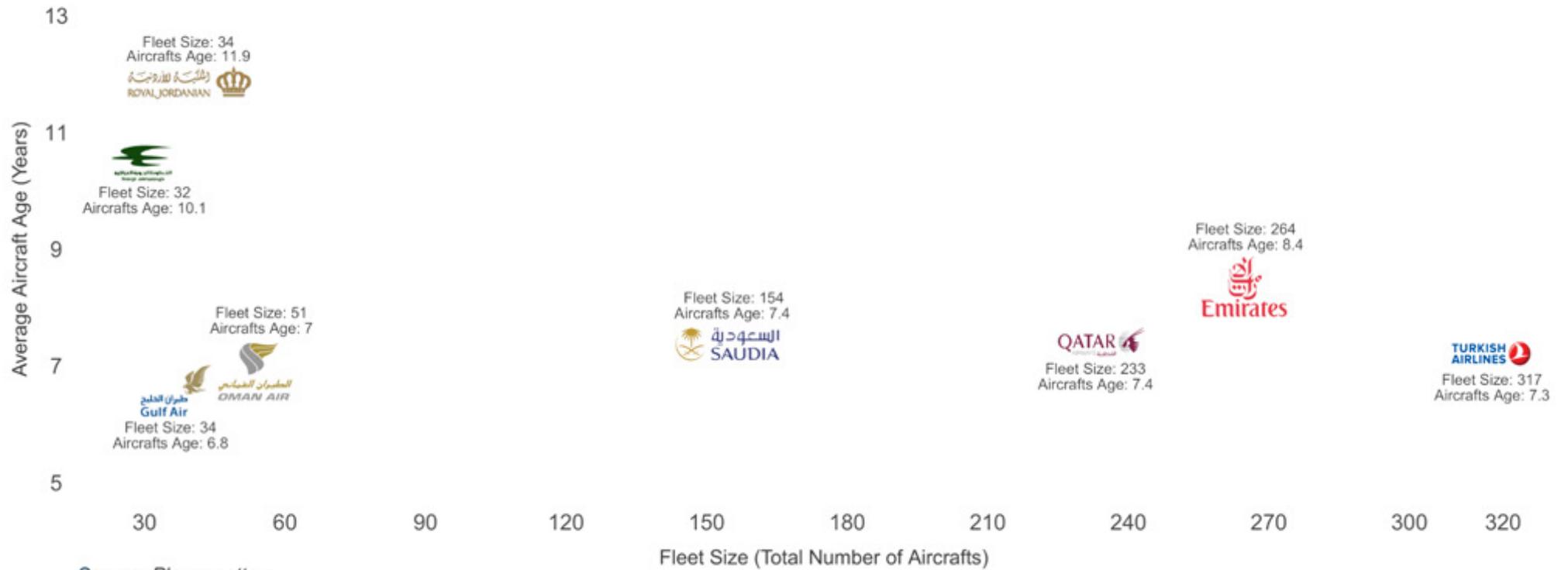
- **Iraqi Airways' out-of-date fleet.**

The firm now has 32 aircrafts with a average age of 10.1 years, 19 of which are operating and the rest are grounded (Plane Spotters, 2022). For comparison, Emirates Airlines has a total of 265 airplanes, 197 of which are operational and the rest are parked, with an average age of 8.4 years (Plane Spotters, 2022).

Meanwhile, Saudia Airlines has 154 aircrafts, 138 of which are operational, with a average aircraft age of 7.4 years (Plane Spotters, 2022). Recent efforts to strengthen the position of Iraqi airlines have included the purchase of Boeing 737 MAX and Boeing 787 Dreamliner aircrafts, which are yet to be delivered, and the arrival of an Airbus A220-300 aircraft in January of this year, the first of 5 which were purchased in 2013 (Iraqi Airways, 2022).



### Fleet Size & Average Age of Aircrafts in Iraqi Airways and Neighboring Countries Major Airlines



Source: Planespotters





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## Maritime Sector

The maritime sector is an essential pillar of Iraq's economic infrastructure; it links the country's national systems to the global market, facilitates the flow of goods and commodities, and ensures the flourishing of port cities and the country as a whole.

Iraq's maritime transport is limited to a coastline of approximately 48 km sitting between the borders of Iran to the east and Kuwait to the south, where Shatt Al-Arab canal is the only linkage that connects Iraq to the Persian Gulf.

All the ports of the country are located in the province of Al-Basra under the management of the General Company for Ports of Iraq (GCPI). Established in 1919, GCPI is headquartered in the city of Al-Basra with 7864 workers as of 2020.

The ports consist of Al-Basra and Khor Al-Amaya oil terminals, and four commercial ports; Al-Maqil, Khor Al-Zubayr, Abu Flous, and Umm Qasr, of which Umm Qasr is the main and only deep-water port in the country (Marine Insight, 2021).

The maritime shipping activities, however, are handled by the State Company for Maritime Transport (SCMT), which is located in Baghdad and has a branch in Al-Basra. SCMT initiated its operations in 1952, has 1264 employees as of 2020, and owns a fleet of 7 ships after selling one of the ships due to being outdated and nonfunctional (COSIT, 2020).

To highlight the importance of maritime transport in the Iraqi economic playground, 608.1 billion IQD was the total revenue accumulated by the maritime sector in 2020, dominating the remaining sectors of transportation (COSIT, 2020).

It is also important to point out that total revenues of Iraqi ports have been on a steady rise since 2004. Yet the country's reliance on oil, in which it accounts for a staggering 99% of total exports, hinders the role of Iraq's ports in the economic development of the country (Aljawareen, 2020).

# Number of Ships Arrived & Departed the Iraqi Ports for Good Transportations

There is a direct relationship between the amount of cargo imported or exported, and the number of operating maritime vessels. Generally, an increase in imports and exports translates to an increase in the number of ships transporting the goods.

Thus, the 12.2% increase in the number of arriving ships in 2020 from its previous year is attributed to the increased imports of the country (COSIT, 2020). The number of departing ships in the corresponding year exhibited a 37% decline compared to 2019 due to decreased exports in light of the collapse of international markets and the restrictions imposed by the COVID-19 pandemic (Hussein, 2021).

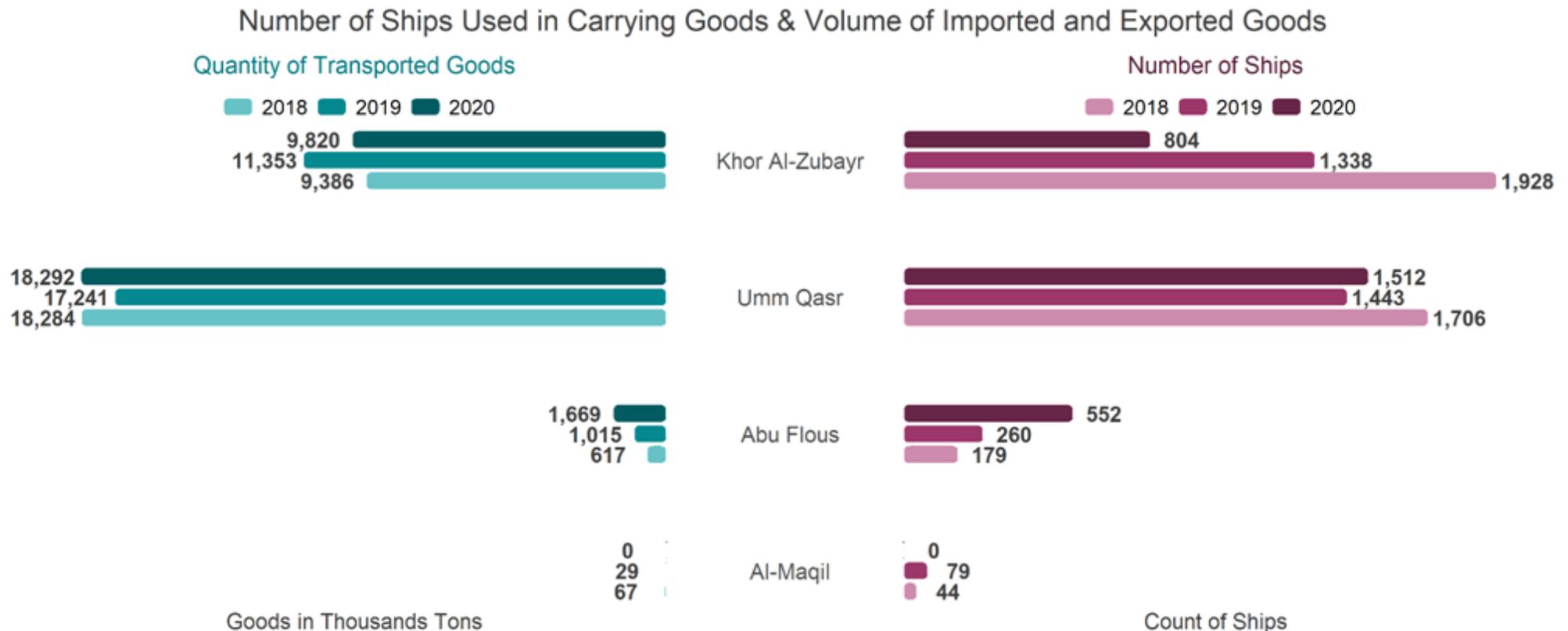


Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.

# Number of Ships & Volume of Transported Goods

Umm Qasr is Iraq's biggest and sole deep-water port. Thus, it is only natural that it would carry the majority of the maritime transport activities in the country. With an average of 18 million tons of transported goods in recent years, Umm Qasr port has kept a persistent record in maintaining the Iraqi maritime transport.

The second largest port is Khor Al-Zubayr, which transported 9.8 million tons of goods in 2020, a 13.5% decrease from the previous year (COSIT, 2020). Nevertheless, it is worth noting that despite the complications brought forth by the pandemic, the anti-corruption measures implemented by the Iraqi government were able to fill in the gap and keep the maritime transport floating (Al-Monitor, 2021).

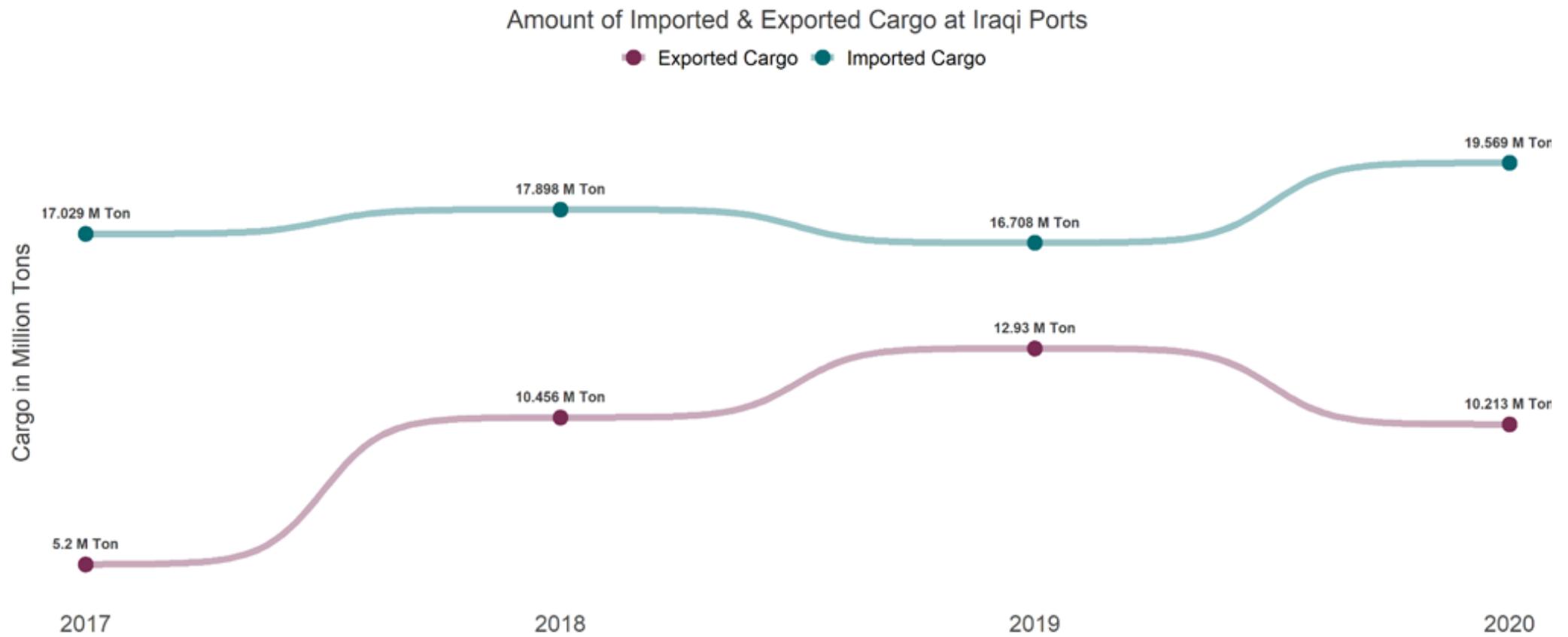


Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.

# Total Import & Export of Goods through the Iraqi Ports

The decline and successive rise in the amount of imports between 2019 and 2020 were due to the import plans of the country's establishments which included termination and renewal of existing contracts.

The steady rise in the quantity of exports until 2019 is associated with the increased export of petroleum products through Umm Qasr and Khor Al-Zubayr ports, noting that Khor Al-Zubayr is transitioning from a commercial port to an industrial one. The year 2020, on the other hand, exhibited reduced petroleum exports and the crippling impact of the COVID-19 pandemic which regressed Iraq's export operations (COSIT, 2020).



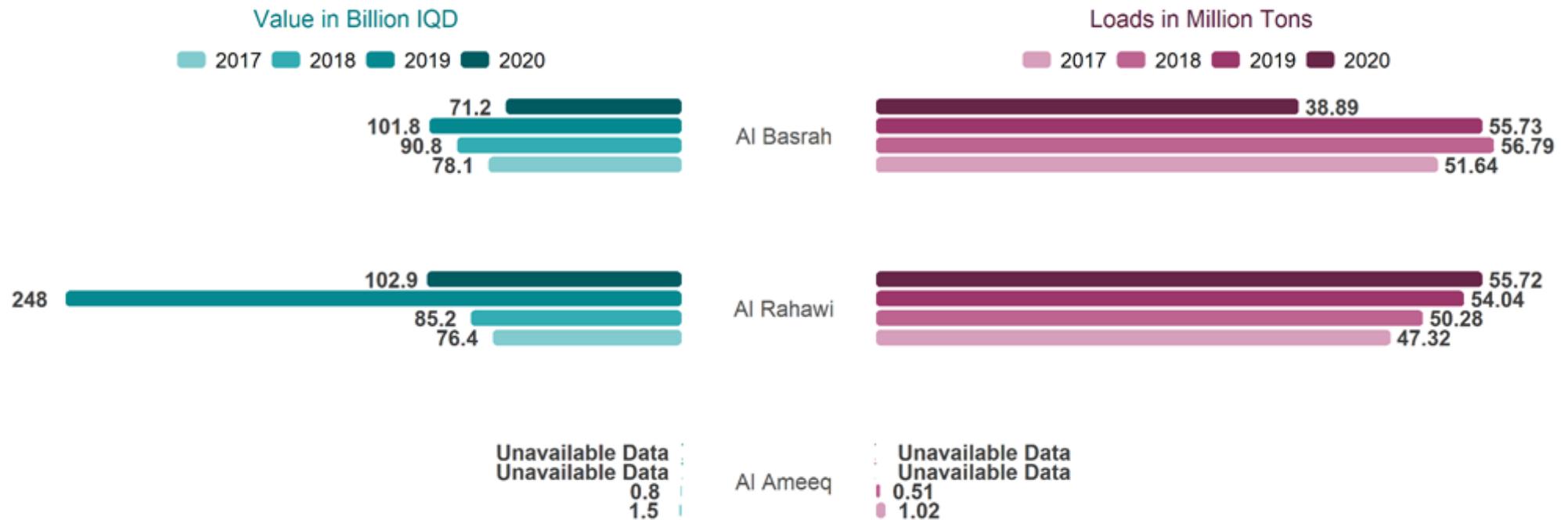
Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.

# Oil Sea Transportation: Cargo Volume, and the Value in Billion IQD

Al-Basrah oil port experienced a decline in activity in 2020. With only 38.9 million tons of cargo load, revenues fell short when compared to previous years. Similarly, Al-Rahawi port had a steep drop in revenues despite the large 55.7 million tons of cargo volume.

This is attributed to the COVID-19 pandemic first, and the failed negotiations between OPEC and its allies second, which sent a shockwave through the oil industry, forcing oil prices to drop to unprecedented levels of 28.1 USD and 13.8 USD per barrel sold in March and April 2020, respectively (Hussein, 2021).

The Volume and Value of Oil Transported through Iraqi Ports

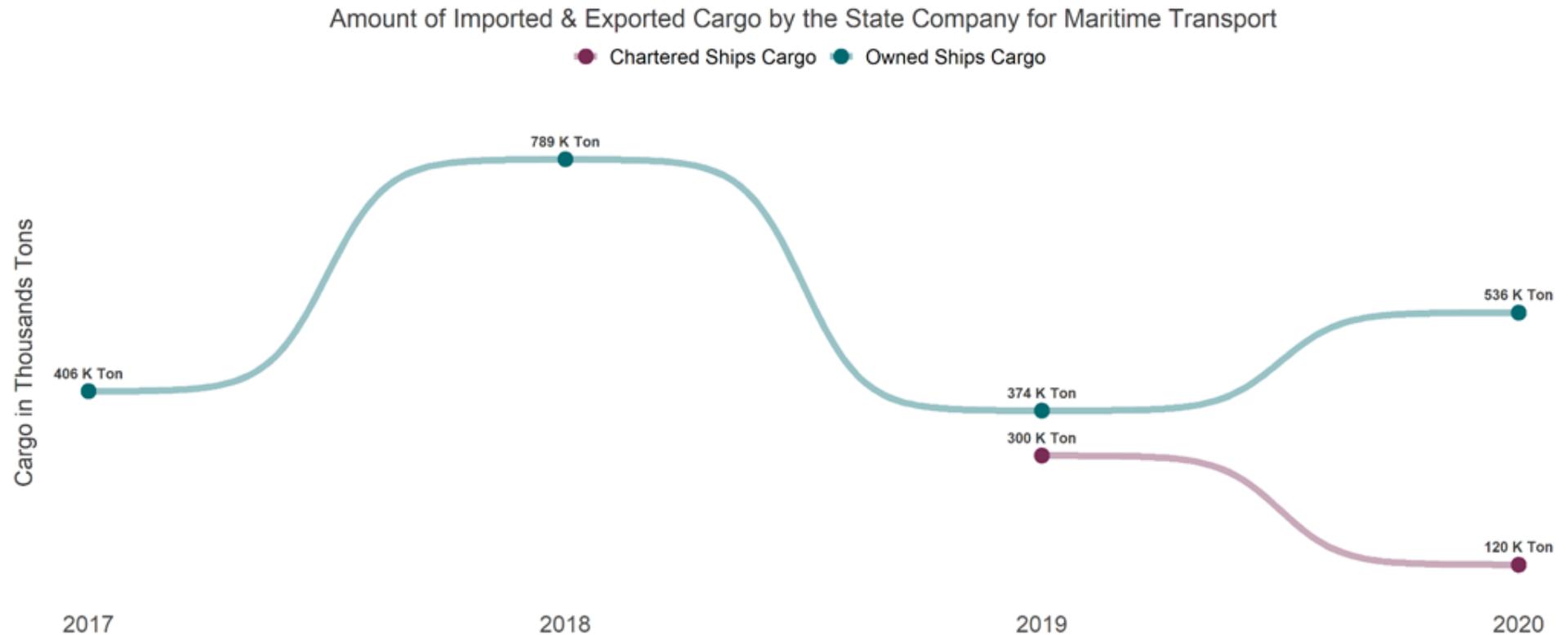


Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.

# State Company for Maritime Transport: Volume of the Imported and Exported Goods

The volume of transported cargo by the State Company's ships amounted to 374 thousand tons in 2019, a hefty 52.6% decrease from the previous year due to the critical condition the country was undergoing, the environmental changes, and the rise and decline in river water levels. The following year exhibited a 43.3% increase in transported cargoes from 2019 as a result of global market demand and the contracts held by the company.

Correspondingly, the amount of cargo transported by chartered ships in 2020 had a 60% decline from the previous year on account of rice ration contracts agreed upon by SCMT and the Ministry of Transportation (COSIT, 2021).

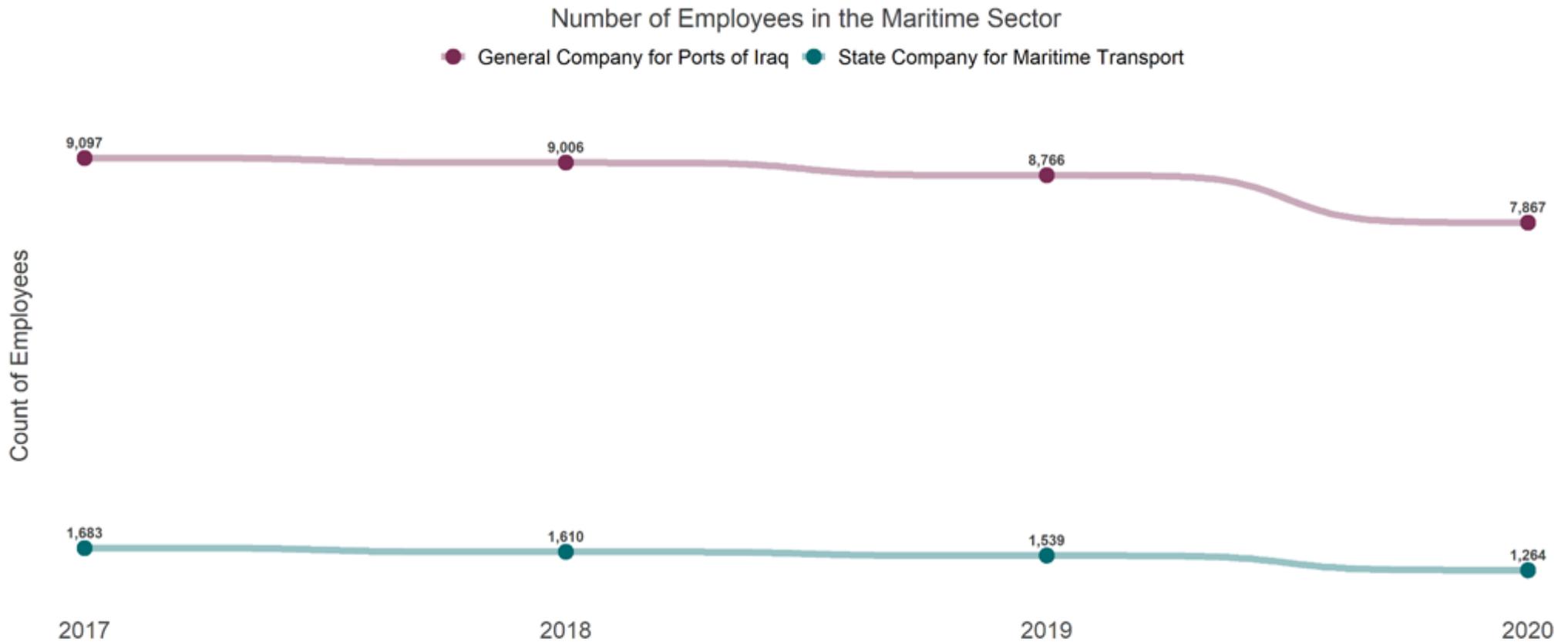


Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.

# Number of Employees in the Maritime Sector

SCMT has had a steady decline in the number of its employees since 2017 with a drop in 2020 to 1264 workers, the lowest it has been in several years. The 18% decrease from 2019 is mainly because of employee retirements and termination of services (COSIT, 2020).

Similarly, a continuous decline in the number of workers in GCPI can be seen in recent years. However, the 10.3% decrease in numbers between 2020 and 2019 raises concerns as it is the largest plunge in the number of employees since 2015. Hopes of providing jobs and decreasing the country's unemployment rates lie within the new projects the Iraqi maritime sector is currently developing.

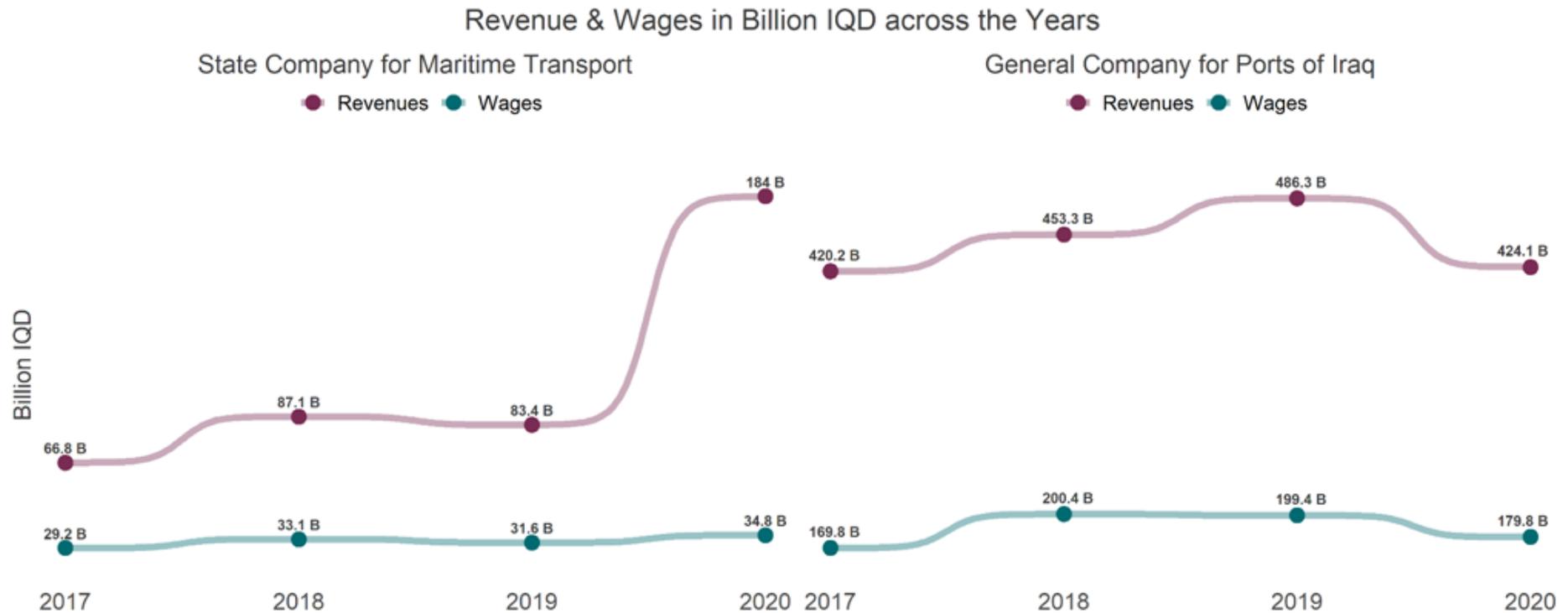


Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.

# Revenues & Wages across the Years

SCMT demonstrated a slight 4.2% decrease in revenues in 2019 from its previous year, attributable to the closure of Umm Qasr port for a period of time. However, the 184 billion IQD revenues accumulated in 2020 is the largest amount of profit the State Company has amassed in years.

Additionally, total wages and benefits paid to the employees in the corresponding year witnessed around 10% increase from 2019 owing to dispensation of pensioners' benefits as well as increasing incentives (COSIT, 2020). On the other hand, GCPI exhibited a surge in revenues in 2019 and subsequent decline in 2020, mainly due to the increase and decrease in Khor Al-Zubayr port's oil cargos, this was in agreement with the British Petroleum company. A total of 179.8 billion IQD in wages and benefits were paid to the employees of the General Company in 2020, an approximate 10% decrease from the 199.4 billion IQD paid in the year 2019 in correlation with the retirement of employees (COSIT, 2020).



Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.

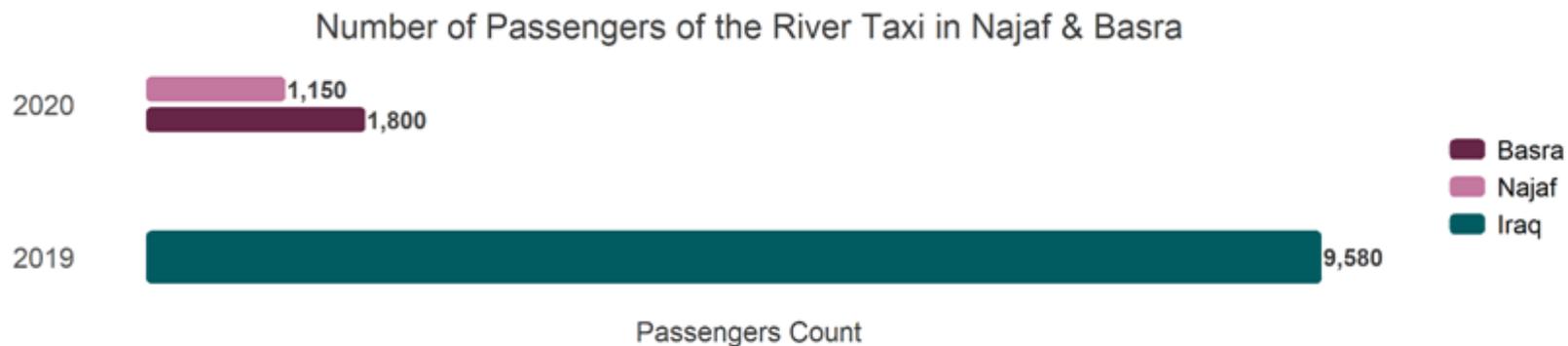
# River Taxi of the State Company for Maritime Transport

The usage of river taxis as a local means of transportation in Iraq is mostly limited to the cities of Najaf and Basra. In 2020, approximately 3000 passengers used river taxis. Given the proper attention and resources, this number could be greatly enhanced if river taxis grow more available and accessible.

In Baghdad, where traffic congestion is at troubling levels due to its residents' heavy reliance on private cars, taxis, and minibuses. River taxis utilization can present the public with a quicker and cheaper alternative to cross the Tigris river, which cuts the capital in half to Al-Karkh and Al-Rusafa shores (Abbas et. al., 2020).

Originating in Turkey and ending with Shatt Al-Arab, the Tigris river sustained domestic transportation of goods and people for the earliest known civilizations inhabiting the country.

With 1318 km of the river spanning the cities of Iraq, it holds great potential in supporting and easing the pressure on land transportation, as well as offer investors further options to venture into.



Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.

# Recent Projects

The maritime sector is experiencing major developments to stimulate the industry and provide opportunities for investors to delve into. Of those worth mentioning are the following:

- **Al-Faw Grand Port**

The Iraqi Ministry of Transport laid the foundation stone for the 6 billion USD Al-Faw Grand Port project in April 2010. The 2000 meters long berth and 39 thousand meters of core container terminal project would lie on the Gulf near the city of Al-Basrah. Expected revenues of the port are thought to rise from 2.72 billion USD in 2022 to 6.9 billion USD in 2040 (Aljawareen, 2020) With an annual absorptive capacity of 114 million tonnes at its final stage, Al-Faw is deemed Iraq's real start for an economic renaissance and the largest port project in the middle east (Global Construction Review, 2021).

Furthermore, benefits from the project include:

- Expanded opportunities for investors such as rental of berths
  - Decrease the country's dependence on oil and diversify its economy
  - Decrease unemployment rates
  - Initiate Iraq's dry channel project that would link Asia to Europe
- **Construction of 13 multipurpose berths for each of Umm Qasr and Khor Al-Zubayr ports.**

Five hundred million USD were allocated for each port in plans of reducing the pressure on existing berths by increasing the capacity for loading and unloading goods.

The expected additional annual capacities for the project are 3.75 million tons for Umm Qasr port and 4.25 million tons for Khor Al-Zubayr port.

The project is also expected to cover all necessities of the new berths such as equipments, services, roads, and railways (National Investment Commission, 2021).

# Conclusion

Years of neglect have left the Iraqi aviation and maritime sectors with a multitude of issues, be it the outdated fleet of aircrafts and ships, or the corruption that is rooted deep in the transportation sector at large. But with the upcoming reforms in the Iraqi government, and the increasing awareness of the general public and their demands for change, a new era of development and growth in Iraq's ecosystems is expected in the foreseeable future.

As the country continues its efforts to expand the transportation sector, investors are presented with numerous opportunities to utilize, where tackling any of the previously mentioned challenges is a potential investment venture.

The undergoing projects of Duhok and Mosul international airports, for example, will require baggage handling, food catering, and security services. Similarly, Al-Faw Grand port will introduce investors to a wide variety of possible investment options.

# Recommendations

- Implementation of up-to-date technologies in the operational systems of the ports to raise efficiency and improve port facilities collectively, which will expedite processing times for cargos and administrative routines.
- Upgrading the aviation and maritime fleets to keep pace with competing neighbouring countries.
- Aim at further minimizing the corruption in the maritime sector by integrating committed strategies and security protocols. Additionally, quality control measures should be of utmost importance to ensure the proper condition of goods entering the market.
- Devise clear plans with the goal of attracting investors into the Iraqi aviation and maritime scene.
- Satisfaction of international regulatory requirements and standards of conduct to lift sanctions and restrictions imposed on the sector.
- Diversify the types of exports to reduce Iraq's dependence on oil as its main source of revenue.

# Major Issues

- **Oil dependance**

Issues in the maritime sector arise with Iraq being one of the most oil-dependent countries in the world. The Iraqi minister of finance, Ali Al-lawli, warns that Iraq's persistent reliance on oil as its main source of revenue could lead to an economic crisis within 5-10 years if not averted by diversifying the country's exports, especially when there is a global incline towards renewable energy (Sky News Arabia, 2021).

- **Corruption and the lack of security**

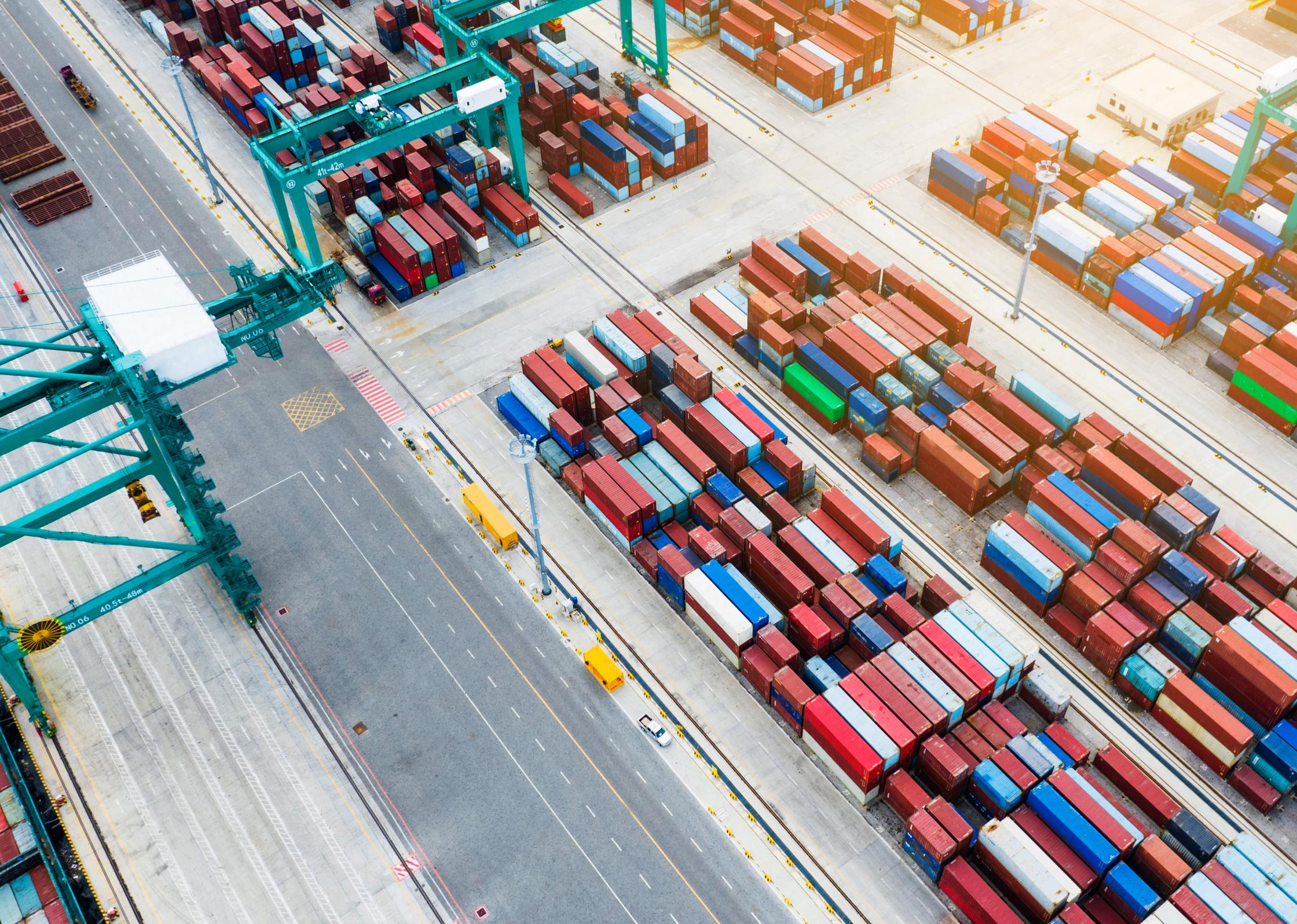
It is also not surprising when the matter of corruption is brought forth in the transport sector. With the General Company for Ports of Iraq operating under poor security measures, political interest and corruption interfere with the healthy functioning of the sector. This comes in the form of counterfeiting information of cargo arriving at the ports, forgery of official papers and documents, bribes to avoid customs and quality controls, as well as hiring employees on the basis of political and tribal affiliations instead of qualifications and merit. All this ensues distrust in the management of maritime transport and deters investors from venturing into Iraq's economy (Aljawareen, 2020).

- **Insufficient funds**

Another challenge that faces the sector is the limited financial budget allocated for maritime machinery and equipment such as ships, tankers, cranes, and excavators. This has left Iraq at the rear end of the maritime transport race when putting neighboring countries' competition onto the scene. For instance, the aging fleet of 7 ships owned by Iraq's State Company seems unambitious in comparison to Qatar's 74 state-of-the-art vessels owned by Nakilat maritime company (Nakilat, 2020).

- **Failure to conform with international regulations**

Furthermore, it is important to touch on the fact that Iraq is not on the White List of the International Maritime Organization, a list of countries that comply with the Standards of Training, Certification and Watchkeeping of Seafarers. Hence, additional sanctions are imposed on the already burdened maritime sector (Aljawareen, 2020).





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