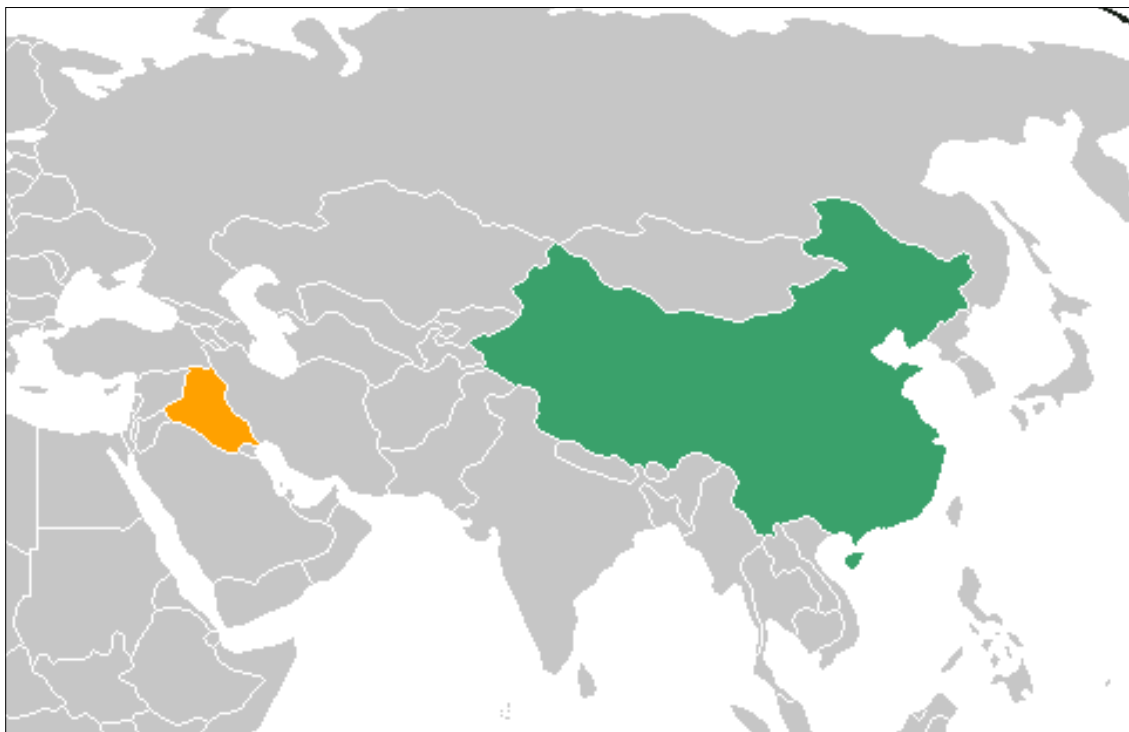




China and Iraq Seek to Expand Bilateral Strategic Partnership

OE Watch Commentary: On 23 September, at the end of a five-day visit to Beijing, Iraqi Prime Minister Adil Abdul Mahdi signed eight Memorandums of Understanding (MoU) with the Chinese Government. The meeting between the Iraqi and Chinese delegates comes as the trade balance between the two countries surpasses \$30 billion. Iraqi oil exports to China amount to \$15 billion. The accompanying passages from local sources discuss the economic and security ties formed during the meeting.

As the first accompanying passage from the social media page of the Iraqi Prime Minister discusses, “the agreements and memorandum of understanding covered financial, commercial, security, reconstruction, communication, culture, education and foreign affairs.” The second passage from the Chinese Government operated news site *Xinhua* notes that China aims to expand upon the Belt and Road initiative through further construction operations in Iraq and by increased oil cooperation among the two states. Jinping is quoted as saying that “China is ready to work with Iraq to push their bilateral strategic partnership to new height(s)...” Additionally, the passage mentions Jinping’s desire to increase security and law enforcement coordination between Iraq and China.



China Iraq locator map.

Source: Busterof666 via Wikimedia, https://commons.wikimedia.org/wiki/File:China_Iraq_locator_map.png CC BY 3.0

The third passage from *Al-Monitor* discusses an “oil for reconstruction and investment program,” under which Chinese companies will finance investment projects in exchange for 100,000 barrels per day of oil. Chinese investment prior to the deal amounted to \$20 billion and was primarily focused in the Iraqi energy sector. Furthermore, as the fourth excerpt points out, the current Iraqi Electricity Minister stated, “China is our primary option as a strategic partner in the long run. We started with a \$10 billion financial framework for a limited quantity of oil to finance some infrastructure projects.”

The final passage from the Erbil-based Iraqi Kurdish news source *Rudaw* discusses an attempt to diversify economic ties between China and Iraq. Under one of the MoUs signed at the meeting, the two states agreed to build a “joint Iraqi-Chinese manufacturing city in Iraq to produce goods” which would meet international standards. The Iraqi Minister of Industry and Minerals Saleh Abdullah al-Jabouri stated his ministry introduced 200 “projects and investment opportunities” to Chinese firms. (Also see: “China’s Cooperation with the Iraqi Kurdistan Region,” *OE Watch*, September 2019) **End OE Watch Commentary (Fesen)**

“China is our primary option as a strategic partner in the long run. We started with a \$10 billion financial framework for a limited quantity of oil to finance some infrastructure projects.”

Source: Adil Abd Al-Mahdi, Facebook Feed, 23 September 2019. https://www.facebook.com/Adil.Abd.Al.Mahdi1/posts/2711476228916900?_tn=-R

In Beijing on Monday, the Iraqi and Chinese governments signed eight agreements and mou in the presence and supervision of the Prime Minister Mr. Adel Abdul Mahdi and president of the Chinese Council of state...The agreements and memorandum of understanding covered financial, commercial, security, reconstruction, communication, culture, education and foreign affairs....



Continued: China and Iraq Seek to Expand Bilateral Strategic Partnership

Source: “Xi meets Iraqi PM on bilateral cooperation, situation in Middle East, Gulf region,” *Xinhua*, 23 September 2019. http://www.xinhuanet.com/english/2019-09/23/c_138415892.htm

Chinese President Xi Jinping on Monday met with Iraqi Prime Minister Adel Abdul Mahdi on bilateral cooperation and the situation in the Middle East and Gulf Region at the Great Hall of the People in Beijing.... Hailing the two sides’ traditional friendship, Xi stressed that China is ready to work with Iraq to push their bilateral strategic partnership to a new height from a new historical starting point.... China is ready to enhance the integration of the Belt and Road initiative and the Iraqi reconstruction plan, Xi said, noting that both sides could push forward cooperation in petroleum, infrastructure and other fields.

Source: Salam Zidane, “Iraq, China launch ‘oil for reconstruction’ agreement,” *Al-Monitor*, 10 October 2019. <https://www.al-monitor.com/pulse/originals/2019/10/iraq-china-india-oil-construction.html>

When Iraqi Prime Minister Adel Abdul Mahdi led a delegation to China in September, Baghdad and Beijing activated an “oil for reconstruction” and investment program. Under the arrangement, Chinese firms work in Iraq in exchange for 100,000 barrels per day.

Speaking to the press, Abdul Mahdi said that, including this new deal, about 20% of Iraq’s daily oil production is being exported to China. “We agreed [with Beijing] to set up a joint investment fund, which the oil money will finance,” he said, adding that Iraq requires that China not monopolize implementing projects inside Iraq but rather will work in cooperation with international firms.

Chinese investments in Iraq total \$20 billion, mainly in the energy sector via a consortium with international firms or independently to develop power plants. Moreover, annual trade between the two countries exceeds \$30 billion, with a total of \$15 billion in Iraqi oil exports.

“First is building and modernizing the highways and internal roads with their sewage systems. Second is the construction of schools, hospitals, and residential and industrial cities, and third is the construction of railways, ports, airports and other projects.”

Source: Luay Al Khatteeb, Facebook Feed, 24 September 2019. https://www.facebook.com/LuayAlKhatteeb/posts/1366578080173834?tn__=K-R

China is our primary option as a strategic partner in the long run. We started with a \$10 billion financial framework for a limited quantity of oil to finance some infrastructure projects.

Source: Mohammed Rwanduzy, “Iraqi PM ends China visit with flurry of agreement signings,” *Rudaw*, 23 September 2019. <https://www.rudaw.net/english/middleeast/iraq/23092019>

Iraq’s Prime Minister Adil Abdul-Mahdi concluded his five-day trip to China with the signing of eight broad-ranging agreements on Monday in a bid to diversify ties between the two countries.

However, in a bid to diversify their economic ties, one of the agreements signed involve the building of a joint Iraqi-Chinese manufacturing city in Iraq to produce goods meeting “world standards,” according to Iraqi Minister of Industry and Minerals Saleh Abdullah al-Jabouri. The agreement is the sixth of its kind. Jabouri added that his industry ministry presented 200 “projects and investment opportunities” to Chinese companies during the Iraq-Chinese Economic Cooperation Forum.