



Iraq Impressions

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Businesses operating in emerging markets or transitional countries can learn from the difficulties that the Coalition is having in Iraq.

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Over the last two months, Ian Gordon, an Arabic speaker, our director of operations and a former British military officer and Assistant Commissioner of Police in Singapore, has been visiting Iraq. During these visits he has traveled from Jordan to Baghdad and then to areas north and south of Baghdad.

The conflict in Iraq continues to dominate the news. The security situation remains one of the most challenging anywhere. In many respects Iraq has joined Afghanistan as the frontline of the war on terror.

Over the last weekend there have been two disturbing further developments in "Iraqistan". Firstly the downing of a Chinook helicopter and a ground attack against a convoy simultaneously signals a new sophistication in ongoing attacks against military forces in Iraq, and secondly, the kidnap of a Turkish engineer in Afghanistan signals an extension of terror tactics by Al Qaeda related forces. This week there have been continued attacks on coalition forces and the murder of judges associated with human rights investigations into the former regime.

For businesses operating in emerging markets or in countries recovering from conflict, we believe that lessons can be learned from the Iraq experience. In essence the process of winning the peace in these circumstances is about having a plan for restoring services and for community engagement. False starts in either returning a battlefield to normality or in failing to address widespread criminal acts only make the longer term objective of a stable society a more difficult and costly process.

Companies operating in these challenging environments need to ensure that they have their own plans and community development infrastructure in addition to those of the ruling authority. On the micro level they need to engage the local community in their undertaking so that local interests are aligned with company interests. Initially this may look more expensive or time consuming but Iraq is illustrating that it is an investment that will yield significant returns in the medium term.

In this short report Ian sets out some of his personal observations from his recent trips to Iraq.

Saddam created a lot of infrastructure but some of it appears to have been destroyed for no real military purpose. This is now causing considerable inconvenience to the reconstruction efforts.

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The Country

The 'man on the Baghdad Omnibus' is remarkably well informed about history and world events. The Iraqis are an intelligent people with a strong sense of the antiquity of their land and their lineage from the founders of civilisation as we know it today. They are immensely proud, more than averagely clever and know that they can become the economic powerhouse of the Gulf, if not the Middle East.

The land around the two rivers is fertile and verdant and more than capable of supporting the population for most of its food requirements. They do not strike one as a people in need of 'aid' in the way that we associate the term with the economic basket cases of the world, or with parts of drought or war ravaged Africa.

I was told that, in 1970, Iraq had the same per capita income as Australia and I could see no evidence to make me disbelieve that assertion.

The Infrastructure

Like many dictators, Saddam made good, big roads!

Baghdad airport is also enormous and can handle any size of aircraft.

Much infrastructure, however, has been damaged by the war, some of it for no really important military purpose. For example, the destruction of the telephone exchanges and mobile networks can have made little difference to the ability of Iraq to resist the US advance, but their loss is now a serious impediment to winning the peace. Similarly, a bridge on the excellent highway to Jordan has been bombed, requiring traffic to 'cross-country' around the bridge and over the dried river bed that it spans – very inconvenient for civilian traffic but of **no** consequence to military vehicles of the old Iraqi army.

Traffic jams in Baghdad are created by unrepaired bridges, army security check points, and security barriers reducing six lanes to three. Despite this tempers seem to remain equable. Few traffic lights work and even where they do or police are on point duty, they are largely ignored. It is still possible to drive down dual carriageways the wrong way against approaching (civilian) traffic without causing too much concern, although this is unwise if military traffic is approaching!

Communications

The telephone exchanges are not all restored and mobile communications are only available with Thuraya or Iridium phones or, in Baghdad, with the CPA's MCI network.

The military presence seems inappropriate to the task of reconstruction and winning the peace.

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Redevelopment

The speed of redevelopment is not obvious and no one seems to know what the overall plan is. This seems inevitable given that the military bombing plan seemed to take no account of the needs of the future redevelopment of Iraq after the war was over.

This planning 'disconnect' seems to run through the redevelopment activity. Various companies have won contracts to redevelop Iraq, but their priorities are commercially driven and not connected to any discernible overall strategy to win the peace.

The Military Presence

It is strange to have a US Armoured division responsible for security in a city like Baghdad as their equipment, manpower and training is inappropriate to the task. Heavy tanks and huge pieces of self-propelled artillery on street corners do not send any encouraging signals to the populace or to foreigners involved in reconstruction.

The US military personnel one sees at border crossings or vehicle check points all too often look either bored, anxious or dispirited. They fail to project a smart air of efficiency and so portray the new authority in a less than imposing light. The result is an image of needlessly impressive and imposing tanks and artillery and unimpressively unimposing soldiers, when it should be the other way around.

There is some contrast in the south where the British have a different approach, albeit in an area of less Sunni militancy. However, the differences are not just visual. There is active engagement of the local population, not just at the street patrol level, but at the local leadership level, where consultative assemblies are operating under military guidance to decide their own redevelopment priorities. There have been fewer attacks in the south and the potential for improvement, investment and trade is more promising there.

Conclusion

It is all too easy to criticize, and infrastructure is improving, but the pace of change is slow. It is hampered by the need for almost every foreigner to be given security and escorts everywhere they go, which not only reduces the numbers of foreigners and companies involved in constructive work, but reduces their speed of action and responsiveness.

This is the result of the policy of trying to provide business with a commercial "war dividend" from Iraqi reconstruction, when much of the

country is still at war and much of the infrastructure reconstruction can not, in a war situation, be easily done as a commercial venture.

Overall the likely eventual outcome remains in the balance. It is clear that the USA has chosen to fight its war against terrorism in Iraq. So far, it has been resolute in its determination to defeat terrorism in Iraq and elsewhere. The parallels between this and the domino theory which resulted in the USA deciding to make a major stand against communism in Vietnam are obvious. As with communism it is likely that the war against terror will not be won by such conventional actions in any one particular country. It will be won by economic, political, social and psychological battles 'fought' by allies across the globe.

Our Efforts

In our last article we mentioned that we were in the process of forming Background Asia Risk Solutions ("BARS") to handle corporate security issues. This has been done and we are now co-located with Background Asia in offices in Singapore.

BARS is operational and we have produced a brochure with our services that can be extracted from our website (www.backgroundasia.com , click on "Brochures"). We are providing security assessments, advice, close protection, training and security response services in Asia Pacific and the Gulf region.

Our mission is to assist our clients address the evolving security threats in those regions and at present our focus is on maritime security, hotel security, schools, security training and counter terrorism issues.

If you would like to discuss how we can assist you please contact either Alex Duperouzel or Bryan Toki on +65 6534 0866.

Please note that this newsletter is for information purposes only and, as we are not lawyers, does not constitute legal advice. See your lawyer if you would like legal advice, drop us a line if you would like specific advice on topics relating to your specific circumstances.

You can find out more about BARS on our website www.backgroundasia.com

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