

Annex A Translations of Iraq's Bilateral Trade Protocols

This annex contains translations and copies of the Jordan (partial), Syria, and Turkey trade Protocol agreements with Iraq. Iraq and Egypt participated in a relatively short-lived Protocol that earned Iraq about \$33 million in late 2001 and early 2002. We do not have access to documents outlining this agreement.

Jordan-Iraq Trade Protocol

Oil sales to Jordan under the Protocol began as early as 1983. Terms were negotiated annually, including 1991, and every year thereafter during sanctions. There actually were two Protocols: an Oil Protocol and a Trade Protocol. ISG does not have a copy of the Trade Protocol. We do, however, have copies of three Oil Protocol documents for 2003. They were negotiated from 19 to 21 November 2002. Engineer Mohamed Batayna, Ministry of Energy and Mineral Resources signed the first document for the Iraqi side by Amir Rashid Muhammad al-Ubaydi, Iraqi Minister of Oil and for the Jordanian side.

An ISG Translation of the 2003 Iraq-Jordan Trade Protocol Agreement (part 1/2003)

By the Name of God, the merciful, the compassionate

**Agreement Record
Number (1 / 2003)**

**Regarding preparation for crude Oil and its derivatives
From Iraq to Jordan for 2003**

During the visit of the Minister of Energy and Minerals of Jordan to Baghdad from the period of 19th to the 21st of November of 2002, a meeting took place between the Iraqi Minister of Oil and the Minister of Energy and Minerals of Jordan, wherein they studied the preparation related to the Iraqi crude oil and its derivatives to Jordan through 2003, and both agree on the following:

Firstly:

- A. President Saddam Husayn (May God protect him), authorized a grant of \$300 million to the people of Jordan. The grant will be from the value of oil and its derivatives that Jordan imports during 2003.
- B. The grant will be deducted from the value of crude oil in the amount of \$25 million monthly.
- C. If the total value that is mentioned in paragraph (A) drops down to \$600 million in year 2003, the grant will drop by 50% of the total dropped value, and the annual deduction will be adjusted in November and December of 2003.
- D. The grant should not be less than \$200 million.

Secondly:

There will be \$45 million allocated for the commercial exchange agreement, (which is \$3.75 million monthly) from the total value of derivatives that is utilized by Jordan for local consumption during 2003. Also, on the grounds of the same agreement, \$15 million shall be allocated from the total value of liquid gas that Jordan imports from Iraq for local consumption in 2003. These amounts shall be used for financing exports related to improving, supplementing, necessity, and spares from the Jordanian Oil Refinery Company, for the benefit of the Iraqi, Ministry of Oil. The above mention materials and the materials produced in Jordan shall be paid via the Jordanian Oil Refinery Company.

Thirdly:

All dues from crude oil that is imported from Iraq to Jordan in 2003 shall be paid in cash, and the funds shall be utilized for the same goals that are mentioned in the second paragraph and via the Jordanian Oil Refinery Company.

Fourthly:

Shall agree on the equality of oil and derivatives prices as mentioned in the agreement record number (2/2003), between the Ministry of Oil, Oil Marketing Company and the Ministry Of Energy and Minerals in Baghdad dated November 21, 2002.

Written and signed in Baghdad on Ramadan 16, 1423 H
Corresponding, November 21, 2002

[Signature]

From the Iraqi side
Dr. Aamir Mohamed Rasheed
Minister of Oil

[Signature]

From the Jordanian side
Engineer, Mohamed Batayna
Ministry of Energy and
Minerals

An ISG Translation of the 2003 Iraq-Jordan Trade Protocol Agreement (part 2/2003)

Agreement Record
Number (2/2003)

During the meetings that convened at the Oil Marketing Company in Baghdad between November 19th 21st of 2002, concerning the Iraqi and Jordanian study related to the supply of crude oil and its derivatives from Iraq to Jordan for the local consumption for year 2003, have concluded the following:

Firstly: Quantities and daily average:

A. Crude oil:

The two parties agree that the Iraqi side shall supply a total quantity of crude oil in 2003 estimated to be 4.04 million tons, (plus or minus 10%) to be distributed in the months of the year, in accordance with the following daily average (ton/day):

Month	Quantity (ton/day)	Month	Quantity (ton/day)
January	12,000	July	12,000
February	12,000	August	11,000
March	12,000	September	11,000
April	12,000	October	11,000
May	4,000	November	12,000
June	12,000	December	12,000

B. Derivatives:

The two parties agree that the Iraqi side shall supply quantities of derivatives to Jordan through 2003, as follows:

- Fuel oil 520 thousand tons plus/minus 10%
- Gas oil [al solar] 250 thousand tons plus/minus 10%
- Liquid gas 95 thousand tons plus/minus 10%

The average daily supply shall be in accordance with this chart for the months of the year:

Month	Fuel Oil Tons/Day	Gas Oil [al Solar] Ton/Day	Liquid Gas Ton/Day
January	1000	600	450
February	1000	600	450
March	1000	600	350
April	1200	600	250
May	3200	700	250
June	3200	700	200
July	1400	700	100
August	1000	700	100
September	1000	700	100
October	1000	700	300
November	1000	800	350
December	1000	800	350

And a follow up on supplying crude oil and derivative quantities as indicated on the mentioned charts and its transfer, receiving shall be pursued in coordination with the two sides. In addition, the two sides shall audit the total quantities and the daily average, according to actual needs and in conformity with the operation conditions with the two sides. If the Jordanian Side wishes to change the average daily quota, the Iraqi side shall be notified 15 days prior to the new day of the daily quota.

C. The supply of the liquid gas shall be 25% propane, and 75% butane for the quantity of 350 tons per day, any additional supplies will be on the basis of flexibility in specifications to 40% propane and 60% butane.

D. The fuel oil shall be supplied with no less than 60 degrees of ignition.

Secondly:

Prices and other conditions:

A. Crude Oil

1. Between January 1st, 2003 and December 31, 2003, the price of crude oil shall be in accordance with the pricing formula demonstrated below:

The light, Basra crude oil price shall be paid in USD per barrel, the price is for a tank load from station (T1) in Iraq that will be equal to the light Basra crude oil that is announced for Europe, from the delivery of the Arab Gulf for the month that the load occur, minus \$0.95 per barrel, from December 31, 2002, a review on the amount will occur if changes ensue on transportation fare.

In case the actual price is higher than \$20 per barrel, the Jordanian side will be granted a deduction of 40% for the increase for the light Basra crude oil that is announced in Europe.

2. The Jordanian side shall be granted a special reduction as we agree in the report number (5/2002) dated November 21, 2001.

3. The payment of the prepared crude oil shall be paid within a month (30 days) after the load is completed.

4. The Ministry of Energy and Minerals shall establish a letter of credit from the Jordanian Central Bank, which shall have a paragraph implying acceptance of the shipping documentation in case its value exceeds the monthly value as stated in this credit.

B. Derivatives:

The prices of derivatives mentioned above which will be supplied to Jordan from January 1st, 2003 to December 31, 2003 shall be as follows:

1. Fuel oil:

The price per metric ton of fuel oil that is loaded monthly on tankers in Iraq's storage by dollar shall be the average monthly of the fuel oil FOB, Italian base according to the published bulletin of PLATTS market of Europe (3.5% fuel oil) for the loading month with a deduction of \$2.5 per ton.

2. Gas oil (Alsolar):

The price of one barrel of gas oil that is loaded monthly in (C&F) Al-Zarqua in dollars, for the monthly average prices for gas oil (FOB) at the Arab Gulf which published at the PLATTS market bulletin of Europe with deduction of two dollars per one barrel.

The same equation shall be applied, and the special condition for gas oil will pertain for kerosene if it is supplied to Jordan during the period of January 1st, 2003 to December 31, 2003.

3. Liquid gas:

A. Loaded on tankers from the refinery of Bayji/Kirkuk:

The price shall be in dollars and will be the monthly average of prices published at the bulletin of PLATT's LP Gas Wire for the metric ton of propane and butane gas for midwest, with the percentages of 75% butane and 25% propane, minus ten dollars per one unit of metric ton.

B. Delivery at Al-Zarqua refinery/Erbid/Amman:

One metric ton is equal to the mentioned price before deduction, as indicated in paragraph (A), plus 40 dollars per metric ton.

Benzene for automobiles:

If there is a need to import regular benzene from Al-Zarqua refinery, the supply shall be according to product availability in accordance with the pricing equation below:

The price of one barrel from regular benzene for vehicles on a basis of (C&F) Al-Zarqua is equal to the monthly average of the price of benzene for vehicles published in the bulletin of Argus Asia Products Report, titled FOB the Arab Gulf, minus \$2 for every barrel and payment shall be made in cash.

Thirdly: Transportation fare:

The Jordanian Oil Refinery Company shall pay the transportation costs of gas, liquid oil, and other expenditures for sold quantities on the basis of (C&F) base on notice from the Oil Marketing Company, and it will be deducted from the total value of the product, as much as \$15 per ton for the gas oil and in the amount of \$50 per ton for the liquid gas and \$17 per ton for benzene as transportation fees.

The Iraqi side shall continue to carry the liquid gas in case it wasn't possible to transport the quantity demanded. The Jordanian Oil Refinery Company can transport some of the quota based on its ability.

Fourthly: Crude oil:

The two sides agree that the Iraqi side shall supply the total quantities of the crude oil to Jordan with the same specification that were previously agreed upon, (except the adhesiveness specification for oil SN500, the minimum stickiness shall be 9.5 centimeter stock at 100 degree Celsius), this will be through 2003, estimated 17,140 tons plus or minus 10% distributed with according to the specifications and the month of the year as follows:

	Quantity (Tons/Year)	Quantity (Tons/Month)
SN100	40	One Quota
SN150	3000	250
SN500	9500	792
BS150	4600	383

And the price of these materials during the period of January 1st, 2003 and December 31, 2003 are as follows:

	C&F Al-Zarquaa
	Price (Dollar per Ton)
SN100	307
SN150	295
SN500	305
BS150	410

Fifthly:

The weight and measurements shall rely on shipment documentation at the loading location for the purpose of calculating quantities for all sorts of derivatives and contracts (FOB and C&F). The transportation contracts shall have a text that imply that the transporter shall carry the burden of value for the decrease for more than 0.5% for all oil products, except benzene, the percentage of decrease shall be more than 0.7%.

An ISG Translation of the 2003 Iraq-Jordan Trade Protocol Agreement (part 3/2003)

**Agreement report
Number (3/2003)
Raw Oil and its production's transportation**

During the meetings held in the Ministry of Oil in Baghdad from the 19th to the 21st of November 2002 between the Iraqi side and the Jordanian side (enclosed are the attendee's list) concerning the agreement of transporting raw oil and its derivatives to Jordan, both parties have agreed to:

First the crude oil

Starting 2/1/2003 the Iraqis will continue to deliver 28% of Jordan's needed crude oil which quantities and daily average have been decided in the agreement of (2/2003) dated and signed on 11/21/2002.

- A. Based on the 7/2002 agreement which was signed by both parties for the period between the 1st and the 31st of January 2003, the shipping cost will be ten Jordanian Dinars per ton minus 200 Jordanian Fils towards safety, transportation arrangement and road maintenance for the oil tankers during the bidding execution period. Additional seven Fils will be applied for each kilometer/ton in the case of any change of shipping or delivery distance.
- B. Shipping costs will be determined starting 2/1/2003 through the relegation of the tender's decision for shipping the crude oil that was issued by the Jordanian Ministry of Energy and Minerals.
- C. The Jordanian side will furnish the Iraqi one with a list of the transportation companies detailing the quantities of the crude oil for the entire period, when forwarding tender # 2 for the year 2002 which covers the period between 2/1/2003 and 1/31/2004 to the Jordanian transporting companies.
- D. Arrangements and communication will be maintained regarding road maintenance between the crude oil shipping stations in (T1) and the Iraqi-Jordanian border, in order to follow up and implement the plan in the shortest possible period and to improve the crude oil's tanker line.

Secondly: oil derivatives

The Iraqi side will continue to ship the needs of Jordan’s oil production for 2003. Quantities and daily and monthly averages were decided based on agreement number 2/2002 signed by both parties, on 11/21/2002 as follow:

1) Heating Oil

a) Shipping cost per ton from 1/1/2003 through 1/31/2003 will be as follows:

<u>From</u>	<u>To</u>	<u>Jordanian Dinar/Ton</u>
Bayji	Al Zarqaa	13.054
	Al Aqabah	17.640
Al Dowrah	Al Zarqaa	11.604
	Al Aqabah	17.0227

b) Shipping cost to and from different locations will be set starting 2/1/2003 in Jordanian Dinar per ton according to the following formula:

$$\frac{\text{Cost according to (A-1) of the minute \# (7/2002) X shipping cost of the crude oil applied starting 2/1/2003}}{9.80}$$

2) Crude, Liquid and Gas Oil (Solar)

The Iraqi side will continue to ship Jordan’s actual need for 2003 according to agreement (2/2003) signed on 11/21/2002 in Baghdad.

Thirdly:

The Iraqi side will commit to the predetermined regulation number (42) of 2002 and the decisions issued by the Jordanian Cabinet of Ministers when dealing with the maximum dimensions, total weight, and engine capacity of the crude oil tankers.

According to the Minister’s Cabinet decision number 1626 dated 6/25/2002, the maximum total weight should not exceed five tons per truck (tanker), excluding the liquid gas tankers.

Fourthly:

The Oil Production Distributor Company will be in charge of shipping the above mentioned crude oil and all of its derivatives for the benefit of the Jordanian side.

The Distribution Company will continue to authorize the Iraqi Jordanian Land Transportation Company to operate the transportation and to receive its dues according to the rules in regard to the crude oil and the fuel oil only. The Jordanian party will be notified in a timely fashion in case of any changes.

Fifthly:

The monthly quantity of crude oil and its derivatives needed to be shipped will be decided in a letter, fax or telex issued by the Ministry of Energy and Mineral Resources and directed to the Oil Marketing Company. Copies will be sent to the Oil Production Distribution Company and the Technical Department of the Ministry of Oil.

In case of a program change, the other party will be notified prior to any changes, while the Iraqi side is gradually reaching the needed quantity by increasing or decreasing within maximum of ten days from the notification date, in order to avoid the overloading up trucks waiting to offload in Jordan, and to make available the needed number of containers. Follow up of the situation in the trucker lots will be taken care of by the Ministry of Energy and Minerals Resources, or by the Jordanian Oil Refining Company.

Sixthly:

Transporting the imported quantities will be managed by the Oil Production Distribution Company according to agreement number (2/2003) which indicated change in the quantity needed to be transported not to exceed plus or minus 10%.

Seventhly:

Loading locations in Jordan will be switched in coordination with the Oil Production Distribution Company.

Eighthly:

Periodical meetings will be conducted by a coordinated committee from both parties to follow up with the transportation plan.

Ninthly:

The entity that is authorized by the Oil Production Distributor Company will ship the crude and raw oil, and then submit its inquiry in accordance with the Ministry's instructions to the Energy and Mineral Resources Ministry.

Tenthly:

The entity/entities responsible for shipping the crude oil and its derivatives shall pay the difference between the shipped and received quantities in the receiving locations, according to the shipping documents, taking into consideration the 7% allowance for the benzenes and 5% for the crude oil and other production.

Eleventh:

Coordination between the Jordanian Refinery Company and the Oil Production Distribution Company will be directed to overcome any problems concerning the tanker's accumulation and to avoid any future oil transportation problems regarding the oil production. Concerning crude oil, an arrangement will be made through the Ministry of Energy and Mineral Resources.

Twelfth:

Status of the Iraqi tankers will be followed by the Oil Production Distributing Company in order to ensure its safety.

Thirteenth:

The Oil Production Distribution Company will identify and direct the tankers to the offload locations. Any tanker not in its specified location as stated on the shipping policy (issued by the shipping center and endorsed by the Oil Production and Distribution Company) shall not be offloaded by the Jordanian Refining Company, in addition the Oil Production and Distribution Company must be notified.

Fourteenth:

- A. Based on its ability, the Oil Production Distributing Company will ship the Jordanian Refining Company's needs for liquid and gas oil (Solar) directly from Iraq to Al Aqabah.
- B. The Jordanian Refining Company shall pay any discrepancies in shipping cost from Al Zarqaa and Al Aqabah to the authorized entities by the Oil Production and Distribution Company as follows:

- Gas Oil (Solar) (10) Dollar/Ton
- Liquid Gas (18) Dollar/Ton

Fifteenth:

Based on the Jordanian request, the Oil Production and Distributing Company offered to ship the extra quantities of the liquid gas imported through Al Aqabah port to its storage locations in Al Zarqaa, Amman, and Irbid using its own tankers according to a separate agreement to be signed between the Oil Production and Distribution Company and the Jordanian Refining Company Ltd., similar to the agreements signed in earlier years.

Sixteenth:

The Distribution Company or its authorities will ship the oil derivatives, request the Jordanian Oil Refining Company according to its regulation to pay the shipping cost and receive all dues directly.

Seventeenth:

The Oil Production and Distribution Company will be exempted from all applicable fees existing in the Kingdom of Jordan.

Eighteenth:

This agreement is expandable to include any additional needed periods pending an acceptance by both parties.

Written and signed in Baghdad on Ramadan 16th 1423
November 21st 2002

[Signature]
By Jordanian side
Engineer Azmy Khrisat
General Trustee
Ministry of Energy and
Mineral Resources

[Signature]
By Iraqi side
Saddam Zaban Hasan
Deputy
Oil Ministry

[List of attendees**Jordanian Side**

1. Engineer Azmy Khrisat
2. Mr. Ezzuddeen Kanakryyah
3. Engineer Abdul Kareim Alawein
4. Engineer Wijdan Al Rabady
5. Mr. Hazim Rahahlah

Iraqi Side

1. Mr. Saddam Zaban Hasan
2. Mr. Thamir Abbas Ghadban
3. Mr. Sameer Mikhail Asaad
4. Mr. Fadil Muhammad Baqir

Syria-Iraq Trade Protocol

The Iraq-Syria Trade Protocol was negotiated from 27 to 29 May 2000 in Baghdad. The primary participants were the SOMO and the Iraqi State Oil Marketing Organization. The document (See Figures 1 and 2) was signed for Iraq by Saddam Zayn Hasan, Authorized Director of SOMO, and for Syria by Dr. Daood Haidar, Chief of the Syrian Oil Marketing Office.

Turkey-Iraq Trade Protocol

The main details of the Turkey-Iraq Protocol were agreed to at meetings between Iraqi and Turkish delegations in early 2000. Minutes of meetings were signed on 16 January 2000 (Mosul), 29 February 2000 (Baghdad), and 16 May 2000 (location unknown). The 16 January document (See Figure 3) was signed for Iraq by Amir Rashid Muhammad al-Ubaydi, Minister of Oil, Republic of Iraq, and for Turkey by Kursad Tuzmen, Undersecretary for Foreign Trade, Republic of Turkey. It was decided that a joint team of experts from the two sides would meet every three months to review the progress of the implementation of the trade Protocol.

[Page 1]

Agreement Report

During the visit of the Syrian commercial delegate to Baghdad during the period of

27-05-2000 to 29-05 2000, in the interest of improving the trade exchange between the two countries, an agreement was reached between the oil marketing Co. - Iraqi Oil Ministry, and the Oil Marketing office in Syria for the following:

First:

The Oil Marketing Co. (seller) will supply and the Oil Marketing Office will purchase the following materials:

- 1- The crude oil and essential oils for the interest of the Al Hums refinery.
- 2- Gas oil (GO) and liquid gas (LPG) for the interest of The Fuel Distribution Co. (Damascus Fuel).
- 3- Fuel Oil (F.O.) for the interest of the northern area electric organization - Halab (Al Radhwanayah Station).

Second:

All contracts and settlements have to take place according to this report in American dollars.

Third

Cost of all materials should be paid referenced above first as follows:

- 40% of the income to be paid in American dollars, in cash, and to be registered as income to an account that the Oil marketing Co. will designate in Syria.
- 60% of the income to be paid in American dollars to a bank account, under the name of the The Oil Marketing Co., at the Syrian Commerce Bank, and will be run by it to cover Iraqi purchases of merchandise and services from the Syrian general production sector as indicated in appendix (1) of this report, according to issued notifications from the Oil Marketing Co.
- This account will be under bank interest control according to an agreement with the mentioned bank.
- An agreement will be completed about the details of both accounts later.

Fourth:

Agreed that the seller will supply the buyer with both materials of oil gas and oil fuel beginning in June 2000 as follows:

Signature
Signature

Figure 1. The Iraq-Syria Trade Protocol Agreement.

[Page 2]

A- Quantities:

- 1- Gas Oil, (1000) metric tons daily with possibility to increase to (3500) metric tons daily.
- 2- Fuel oil (1000) metric tons daily with possibility to increase to (3500) metric tons daily.
- 3- Provision of the above two materials according to the two attached specifications (Attachment No. 2 and Attachment No. 3).

B- Prices:

- 1- Gas Oil (75) seventy five American dollars per one metric ton loaded on tanker at the loading zone.
- 2- Fuel oil (20) twenty American dollars per one metric ton loaded on tanker at the loading zone.

C- Except for crude oil, the liquid gas and essential oils will be agreed on for its quantity and price at a later date.

C- The payment:

The payment will be according to the quantity loaded in the loading zone and according to what is the fixed shipping policy for each tanker.

The seller issues a quality and quantity certificate and a commercial (trade) bill for the supplied quantities twice monthly for payment purposes. First issuance will be in the middle of the month in which it was loaded, and the second time at the end of the month in which it was loaded.

The buyer will pay in full within the period of (15) days from the date of the commercial (trade) bill to both accounts mentioned in the third item above.

d- Four samples of the materials will be taken from each shipment. Two of them will be kept at the loading zone, and the other two will be delivered to the transporter for the purpose of sanitization by the buyer.

Signature
Signature

Page 3

Fifth:

A- The Buyer ensures the proper tankers are available to load and transport the crude oil and oil derivatives, and to impose all the valid rules and regulations at the loading zones to ensure the proper running of the loading and transportation operations.

B- The seller is responsible for the cost of replacement of shortages resulting from accidents within the Iraqi boarder.

Sixth:

The Iraqi Oil Derivatives Distribution Co. presented its willingness to transport the oil derivatives totally or partially to the Syrian government according to the contract signed between the Iraqi Oil Derivatives Distribution Co., and the Syrian Oil Marketing Office.

Seventh:

Validation of this report will begin immediately from the time that both parties are informed and will stay effective for one year, and will be renewed automatically unless either party notifies the other party of not having interest to renew.

In the event of non-renewal, all responsibilities and rights will remain in effect according to the settlement in this report.

Signed and released in Baghdad on date of 25 Suffar 1421 A.H., equivalent to 29 March 2000 A.D.

Signature

Signature

Saddam Zain Hassan

Haidar

Authorized director

Oil Marketing Office

Oil Marketing Co. - Oil Ministry

Dr. Daood

Chief of

Figure 1. The Iraq-Syria Trade Protocol Agreement (continued).

- * The oil sector needs:
- The textile materials
- Industrial Equipment
- Transportation and communication
- Building materials and supplies
- Any substantial materials and other services requested by Iraqi side.

[Signature]

Figure 2. Iraq-Syria Trade Protocol Annexes:
 Appendix 1 (top left),
 Appendix 2 (top right),
 Appendix 3 (bottom).

ملحق رقم (٢)

GAS OIL / HAJJI
 HAJJI REFINERIES

	<u>GUARANTEED</u>	
SPECIFIC GRAVITY AT 15.6 DEG C	0.840	MAX
API GRAVITY AT 15.6 DEG C	37	MIN
FLASH POINT (P.M), °C	54	MIN
VISCOSITY AT 37.8°C (CST)	5	MAX
POUR POINT, DEG. C	-9	MAX
RAMSBOTTOM CARBON, PER. WTS	0.3	MAX
SULPHUR CONTENT WTS	1.1	MAX
CETANE INDEX (CALCULATED)	50	MIN
DIESEL INDEX	55	MIN
COLOUR (ASTM)	2	MAX

ملحق رقم (٣)

STRAIGHT RUN FUEL OIL FROM
 (HAJJI REFINERY)

<u>STRAIGHT RUN FUEL OIL</u>	<u>GUARANTEED</u>	
SPECIFIC GRAVITY AT 15.6 C DEG.	0.9529	MAX
API GRAVITY	17	MIN
FLASH POINT (P.M), C DEG.	65	MIN
SULPHUR CONTENT, WTS	4	MAX
VISCOSITY AT 50 C DEG., (CST)	100	MAX
WATER AND SEDIMENT, VOL%	0.5	MAX
POUR POINT, DEG. C	21	MAX
ASH PERCENT, (WTS)	0.1	MAX

Figure 3. The Iraq-Turkey Trade Protocol Agreement.

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MINUTES OF MEETING

Upon the invitation of H.E Amer M. Rashid ,Minister of Oil of the Republic of Iraq , a Turkish Delegation headed by H.E Kursad Tuzmen , Undersecretary for Foreign Trade of the Republic of Turkey visited Mosul / Iraq during the period of 14-16 January, 2000 .

The lists of the two delegations are attached as Annex I and II respectively .

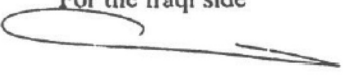
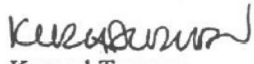
The meetings were conducted in an atmosphere of mutual understanding reflecting the close and friendly relations between the two countries .

The results of the deliberations are as follows ;

- 1- The two sides with the aim to expand bilateral commercial relations on a balanced and mutually beneficial basis, decided to establish a new trade arrangement within the framework of border trade.
- 2- In order to provide smooth functioning of the new trade arrangement and to follow-up the implementation a "Joint Team" consisting of Turkish and Iraqi experts will convene every three months .
- 3- The first session of the "Joint Team" will be held on the occasion of the visit of an Iraqi Delegation to Turkey in the nearest possible time.
- 4- The Turkish side proposed to hold the 12th session of the Iraqi-Turkish Joint Economic Committee Meeting at Ministerial level in early March 2000, with the aim to examine the possibilities of developing existing economic and commercial relations between the two countries.

The new arrangement (outlined in Annex III) agreed upon between the two sides on details of border trade exchange constitutes an integral part of this "Minutes of Meeting".

Done and signed in Mosul on 16th January 2000

<p style="text-align: center;">For the Iraqi side</p>  <p style="text-align: center;">Amer M. Rashid Minister of Oil Republic of Iraq</p>	<p style="text-align: center;">For the Turkish side</p>  <p style="text-align: center;">Kursad Tuzmen Undersecretary for Foreign Trade Republic of Turkey</p>
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Figure 3. The Iraq-Turkey Trade Protocol Agreement (continued).

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ANNEX I	
LIST OF THE IRAQI SIDE	
H.F. Amer M. Rashid	Minister of Oil
Saddam Z. Hasan	Exc. Director General-SOMO
Ali Septi	Division Head, Foreign Ministry
Fakhr Rashan	D.G. Ext. Economic Relations, Ministry of Trade
Rafid A.H. Jassim	D.G. Northern Oil Company, Ministry of Oil
Dr. Falch H.M.Al-Khayat	D.G. of Planning, Ministry of Oil
A. Bari M.Shawket	D.G. Technical Directorate, Ministry of Oil
Ali R. Hasan	Expert, SOMO
Mubder Al-Khudair	Expert, SOMO
Yaqdhan H. Ibrahim	Expert, SOMO

Figure 3. The Iraq-Turkey Trade Protocol Agreement (continued).

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ANNEX II	
LIST OF THE TURKISH SIDE	
H.E. Kursad Tuzmen	Undersecretary for Foreign Trade (UFT)
H.E. Selim Karaosmanoglu	Ambassador of Turkey to Iraq
Tevfik Mengu	Deputy Director General, UFT
Osman Durak	Deputy Director General, Ministry of Foreign Affairs
Sevket Ilgac	Commercial Counsellor, the Embassy of the Republic of Turkey
Oktay Ustundag	Head of Department, UFT
Serhat Gok	Head of Department, UFT
Ender Onen	Expert, UFT
Erdal Ahiska	Director General, TPIC
Fikret Yeletaysi	Head of Department, TUPRAS

Figure 3. The Iraq-Turkey Trade Protocol Agreement (continued).

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Annex III

Arrangement to enhance border trade between Iraq and Turkey

The following items were agreed between the two sides for the implementation of the programme of exporting Iraqi crude oil to Turkey by road tankers during the year 2000 and in turn, to enhance Turkish exports to Iraq.

1- Quantity of crude oil and purchasers :

In addition to the existing working contracts of TEKFEN and UMUT with the Iraqi side, the Turkish side decided to permit the import of the following quantities of Iraqi Crude Oil during the year 2000 under this arrangement :

Firm Name	Quantity (million ton)
OZ ORTADOGU	0.5
KOC	0.5
TEKFEN	0.75
TPIC	1.0
TOTAL	2.75

All additional quantity of crude oil to be imported from Iraq under this arrangement will only be done through TPIC.

2- Cash / Counter trade ratio :

Both sides agreed that (40)% of the value of crude oil supplied under future contracts, including the quantity of 2.75 million tons mentioned in paragraph 1 above, to be signed according to this arrangement shall be deposited under the control of SOMO in a "U.S. Dls " account in a reputable first class Turkish Bank to be agreed upon between the two sides.

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Figure 3. The Iraq-Turkey Trade Protocol Agreement (continued).

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SOMO and the Bank shall agree on details of the financial arrangements .

This account shall be utilized exclusively by SOMO to pay amounts due to Turkish companies for the supply of commodities and services delivered and rendered to the Iraqi organizations .

The remaining (20)% shall be transferred to a Bank nominated by SOMO outside Turkey .

SOMO shall stipulate the above mentioned payment terms in its future crude oil contracts under this arrangement .

3- Iraq's requirements :

An indicative list of requirements of Iraq to be implemented under this arrangement was handed over to the Turkish side . A copy of which is attached herewith.

The realization of the exportation of the commodities to Iraq within this arrangement will be subject to the approval of the two sides.

4- Follow-up:

A joint team comprising experts from the two sides will meet every (3) three months to review the progress of the implementation of this arrangement and to discuss the ways and means of overcoming any obstacle that may arise for the purpose of increasing crude oil exportation to Turkey and in turn , Turkish exports to Iraq .




Figure 3. The Iraq-Turkey Trade Protocol Agreement (continued).

MINUTES OF MEETING

As decided during the meetings realized between Turkish and Iraqi delegations on January 14-16, 2000 in Mosul, the technical meetings regarding the Border Trade Arrangement between Turkey and Iraq were held on the occasion of the 12th Session of the Turkish-Iraqi Joint Economic Committee.

The results of the deliberations are as follows;

1. The Turkish side expressed that the account within the Border Trade Arrangement between Turkey and Iraq could be opened with the Türkiye Halk Bankası A.Ş. which is a government owned first class bank. The Iraqi side agreed with the proposal.

2. The account will be opened as US \$ interest bearing account to be advised by SOMO.

SOMO and the Bank shall agree on the details acceptable to SOMO.

3. Terms and conditions of the account will be in pursuance to the relevant articles agreed on by the two sides in the "Minutes of Meeting" signed in Mosul/Iraq on January 16, 2000.

4. 70 % of the value of the crude oil to be imported by Turkey within the Border Trade Arrangement will be credited in the account mentioned in Article 1 above.

5. 30 % will be deposited directly by the crude oil purchaser to a bank account designated by SOMO outside Turkey.

6. The Iraqi side expressed that the account mentioned in Article 1 should be given immunity by the Turkish authorities from any attachment, garnishment, execution and confiscation and all the necessary measures should be taken to ensure that.

The Turkish side pointed out that the aforementioned account would be operated and granted immunity and to take all necessary measures to such immunity within the existing legal framework of banking system in Turkey.

7. The payments from the account mentioned in Article (1) above against claims arising from actual deliveries of Turkish exports to Iraq, shall be realized on the basis of "First Come First Served" upon instruction from SOMO.

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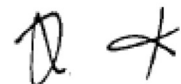


Figure 3. The Iraq-Turkey Trade Protocol Agreement (continued).

8. In order to ensure the smooth functioning of the Border Trade Arrangement between Turkey and Iraq, as decided in the Minutes of Meeting signed on January 16, 2000 in Mosul /Iraq, the Joint Team will meet every three months from the date of signing of this Minutes of Meeting.

During its review, the Joint Team will give special emphasis on the revenues that will have been generated within the system, the amounts paid against actual deliveries upon instruction of SOMO during previous period, the outstanding claims on the Iraqi side to the Turkish exporters, which should not exceed 25 % of the revenues generated in the previous period, and the expected revenues over the following period.

The outstanding claims accumulated during the previous period will be paid to the Turkish exporters from the revenue to be generated in the following period.

The Joint Team will also specify necessary measures with the aim to ensure the eventual compatibility of the total revenues with the remaining claims of the Turkish exporters stemming from actual deliveries and dues incurred over the recent periods on the account at the end of the year.

The two sides will take necessary measures upon the advice of the Joint Team.

9. The Iraqi side will notify the concerned authorities of Turkey on the total value of the contract and nature of the goods to be subject to the contract

10. The realization of the exportation of the commodities to Iraq within this arrangement will be subject to the approval of the two sides.

Done and signed in Baghdad on February 29th 2000 in two copies in the English language, both texts being equally authentic.

Fakhriddin M. Rashan

Kürşad Tüzmen

Vice-Chairman of the Iraqi Side
In the Joint Iraqi-Turkish Committee

Undersecretary for Foreign Trade

29.2.2000

29.2.2000

Figure 3. The Iraq-Turkey Trade Protocol Agreement (continued).

WORKING PAPER

Both Sides agreed on the followings concerning the importation to be realized from Turkey by Iraq within the framework of Border Trade Arrangement set in accordance with the articles of the Minutes of Meetings realized between January 14-16, 2000 in Mosul and February 27-29, 2000 in Baghdad.

1. The account shall be opened with the Türkiye Halk Bankası A.Ş. in the name of the Turkish Petroleum International Company (TPIC) under the control of the State Oil Marketing Organization (SOMO). Within this context, TPIC submitted a letter of undertaking enclosed herewith addressed to SOMO and the Türkiye Halk Bankası A.Ş.

2. The account shall be opened as US \$ interest bearing account. The money deposited in the account belongs to SOMO. The interest rate will be the rate announced by the Türkiye Halk Bankası A.Ş. and declared to the Central Bank of the Turkish Republic for either time deposit and/or demand account.

3. The account shall be operated and granted immunity within the existing legal framework of banking system in Turkey.

4. The payments from the account to the Turkish exporters shall be made in US \$ upon the instruction letter of TPIC and such payment shall not be effected unless document enclosed to this letter bears the authorized signatures of the two persons to be nominated by SOMO to TPIC.

5. The aforementioned enclosed document signed by the two persons nominated by SOMO will be returned to TPIC following the necessary procedure is to be completed by the Türkiye Halk Bankası A.Ş.

6. SOMO shall provide TPIC with the names of the two persons who are duly authorized by SOMO to instruct TPIC to make payments from the account.

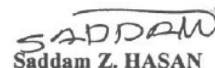
7. TPIC shall inform and provide SOMO with a weekly statement of the account that is going to be issued by the Türkiye Halk Bankası A.Ş. indicating the full details of the movement of the account.

For TPIC



Erdal AHISKA

For SOMO



SADDAM
Saddam Z. HASAN

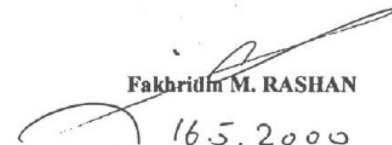
For the Turkish Side



Tevfik MENGÜ

16.5.2000
Silopi

For the Iraqi Side



Fakhriddin M. RASHAN
16.5.2000

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