

Reformist Framework of the Foreign Investment Environment in the Post-Conflict: Critical Appraisal of Iraq Case

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Abstract

The main purposes of this thesis are to examine the possibility of establishing a safe and attractive investment climate in post-conflict countries, and to delineate the role of governmental and political systems in those countries with regard to the restoration of the investor confidence and rehabilitation of damaged public investment institutions. The thesis reviews the enormous challenges facing the host countries as they seek to determine optimal strategies for reforming the post-conflict environment. It emphasises the importance of attracting the large-scale foreign investment that is so urgently needed in the interest of rebuilding what was destroyed in the conflict. The research to date has tended to focus on partial remedies, rather than on an integrated approach to reform. This study seeks to bridge the gap in the legal literature through an accurate exploration of the impact of conflicts and wars on foreign investments. It also presents a comprehensive programme of reform.

Iraq, after decades of wars and conflict, provides a case study that demonstrates the need for better strategies for rehabilitation of the investment environment. The conceptual argument provided herein is that, despite the efforts of the US civil administration authority and Iraqi regime to encourage foreign investment, it has failed to do so, and foreign investment in Iraq remains quite limited. Consequently, this study analyses the reasons why foreign investors are reluctant to come to Iraq, and classifies the relevant reasons into a group of determinants, together with an examination of the risks that still exist. Although there have been several studies of foreign investment in Iraq, none yet has comprehensively examined the obstacles within Iraq's investment environment. Some writers have argued that efforts to reform the Iraqi investment environment have already succeeded to some extent, and that there are sufficient justifications for foreign investors to come to Iraq and begin harvesting dividends from the many attractive investment opportunities, such as those in the oil and energy sectors, housing, banks, etc. The present study, however, demonstrates that the path to investment in Iraq is still full of obstacles, because the necessary reforms have been far from fully addressed.

While taking full account of various bleak scenarios, this study provides a roadmap for addressing existing limitations. Key lessons regarding previously unsuccessful reform efforts having been learned, it is now possible to create a new scenario aimed at rehabilitating the investment climate in Iraq and providing a deeper understanding of the problems involved.