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Subject	IRAQ: LORD MANDELSON'S VISIT TO BASRA, 6 APRIL	
Summary	Lord Mandelson brings heavyweight UK business delegation to Basra. Over 150 Iraqi business and political figures attend investment conference. UK delegates leave with a strong sense of Basrawi optimism, and a realistic view of business opportunities in Southern Iraq. Good relationships were established: key will be to follow these up, through the London Investor Conference on 30 April as well as through further work here.	

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1. Lord Mandelson, accompanied by a UK business delegation, attended an investment conference at Basra Airport on the evening of 6 April.
2. The conference brought together 23 UK companies - including, amongst others, major players such as Rolls Royce, Shell, BP, and HSBC - with over 150 business people and politicians from Southern Iraq. It provided an opportunity for UK companies to build relationships with key figures in Basra, and gave Iraqi participants a sense of which sectors UK investors were particularly interested in.

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3. The initial invitation list of 50 rapidly expanded as news of the conference spread. With the ready cooperation of the Governor's Office, who agreed to set up the room for us, we decided to move to a bigger venue. Apart from a wide range of business leaders, Governor Wa'ili attended, as did key members of the incoming local administration, including Dr Shiltagh and Dhya'a Jabar (favourites to be the next Governor and/or Chairman of the Provincial Council). The Directors General of the major investment sectors in Basra – including the South Oil and South Gas Companies, Ports and Airport – also participated. To broaden the conference, the Deputy US commander, Brig Gen Smith, attended, as did UK Force Commander Brg Tom Beckett together with members of the US regional Embassy Office and the PRT. This mix proved invaluable in giving the UK visitors a picture of Basra in the round.

4. Lord Mandelson's presence attracted a lot of media attention, which initially caused chaos in the entrance hall. But, as Governor Wa'ili sagely observed, "without the media, we are nothing", and a modus vivendi was reached. Lord Mandelson's opening remarks, which looked back at the UK's long relationship with Basra, and looked forward to closer economic cooperation, were well received. There followed a series of presentations. Michael Wareing, the British Co-Chair of the Basra Development Commission (BDC), was followed by speakers on the potential for investment in Basra Airport and the province's ports. Dr Haider Ali, head of the Basra Investment Committee (BIC: which has been heavily supported by the BDC and the UK) covered the investment climate, while General Mohammed, commander of the Basra Operation Centre, gave an overview of security. Plenty of time was allowed for networking, and the conference continued in a round-table format, with tables arranged by sectors.

Comment

5. The conference was timed perfectly. Following on from last week's UK/US 2* transition, it enabled us to demonstrate that whilst the military were drawing down, the UK's commitment to Basra continued. In the run up to the formation of the new Provincial Council, it got the message across that if Basra was really keen on economic growth, international investment had to be a priority. And, as one participant wryly observed, with the fall in oil prices, there needed to be a degree of urgency in securing it.

6. The overall tone of all participants was optimistic. This reflects the mood in the city. Recent polling shows that over 80% of Basrawi businesses think that the economic environment has improved in the last year, and, more significantly, that it will continue to improve over the next two years. But the optimism will be ill-founded without the drive on both sides to get contracts signed. The Iraq Investor Conference, to be held in London on 30 April, will be an important step. The role of this post in following up opportunities will be equally important, and I am grateful for the energy with which UKTI is pursuing options for providing us with the necessary expertise.

7. I am particularly grateful to Lord Mandelson for his determination to fit Basra into an already crowded visit schedule. His presence was a clear indication of the UK's intent, and this has been widely recognised. I am also grateful for Michael Wareing's indefatigable commitment to Basra's economic development, which led him to stay on for a further day of discussions. All in all, a very productive event.

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