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With Siemens deal, it's Germany to the rescue in Iraq. By Cathrin Schaer *

The almost-done Siemens deal in Iraq is much more than a business coup. It's an example of German soft power hard at work that could have an impact on everything from immigration and a culture of corruption, to how the next Iraqi government is formed.

Have you thought about asking Siemens for help? Source: AP
“Thank you Germany! Thank you Germany,” my colleague Qassim says, smiling broadly as we meet in a cafe in northern Iraq. It’s a surprisingly enthusiastic greeting but it turns out he’s thanking me – a token German – for a recent gift from the German government. It had just sent the Iraqi Kurdish administration weapons, including anti-tank guided missiles, so their armed forces could fight the Islamic State.

Over the seven years I’ve been working with local journalists on an Iraqi politics website, Niqash.org, I’m still always fascinated by the goodwill that many Iraqis unquestioningly ascribe to their German friends. It obviously doesn’t always involve guns or bombs either, as this week’s news about a multi-billion-dollar deal between Iraq and German industrial giant, Siemens, attests.

Iraqis have vastly differing opinions on their country’s relationships with others. The Americans are seen as important allies by some, but as deadly enemies by others. Britain has a difficult history in the region. Neighboring Iran is trying either to unfairly influence Iraq, or to save it. Same goes for Saudi Arabia and Turkey.

But not the Germans: They have always been seen as more neutral. And that perception cuts across groups, in a country where religious, ethnic and tribal divisions determine your personal opinion on foreign relations. It’s an impressive statement on Germany’s so-called international soft power – and also, as Baghdad-based journalist Mustafa Habib notes, of “the love that many Iraqis have for German cars. And ‘Made in Germany’.”

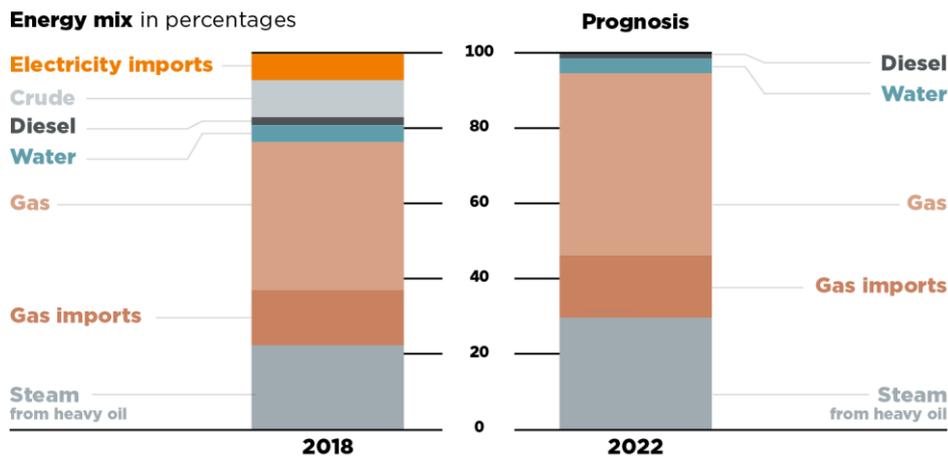
The [Siemens deal](#), if it pans out, promises to get the country’s power grid back up and fully running. Worth between an estimated €8 and €13 billion (\$11.75 – \$15.25

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billion) and, backed by the German government, the deal dwarfs past German direct investment in Iraq.

Iraq in Numbers

Energy mix in percentages



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Sources: World Bank, Iraqi Ministry of Energy

For many Iraqis, it's also a sign of hope. Iraqi social media was lighting up with chatter about the Siemens deal this morning. "Did you hear? The Germans are going to solve our power problems. That's what everybody is saying," Mr. Habib reports.

The Siemens deal is also a reply to demands made by ongoing, and increasingly violent anti-government demonstrations in Iraq over the past few months. Protestors have demanded better state services – such as potable water and a regular power supply – and more job opportunities.

There are anti-government protests in Iraq every summer but these have been markedly different because of their organic nature and political impartiality. When the protestors set fire to party headquarters down south, they didn't choose just one or two political parties but all of them. Nothing was sacred. The arson attacks were the physical version of the outcome of the election results: We want change and we want it now.

A lot of Iraqis hope that the Siemens deal could bring that kind of change. Iraq is at a historic crossroads today: Its people have defeated a common enemy, the Islamic State, and are unusually united. It has just held federal elections and is in the process of forming the next government. The headline-making protests are having a major impact on the negotiations, uniting former enemies and dividing former allies as politicians try desperately to quell the populist anger borne of years of disappointment.



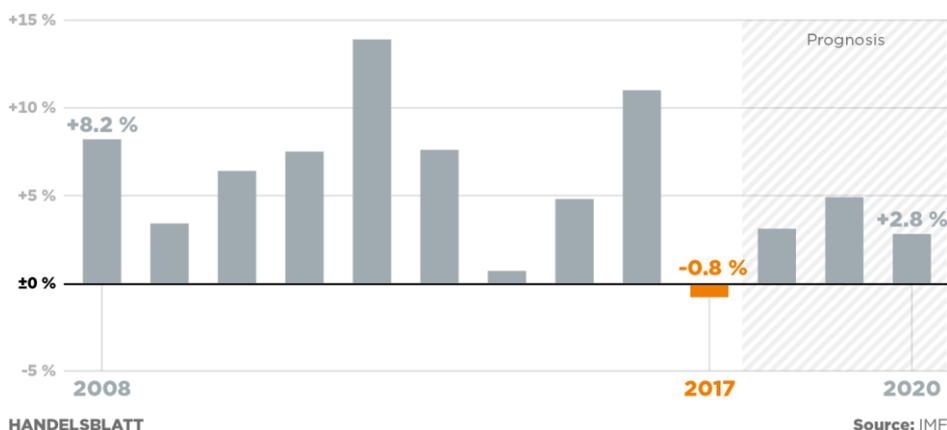
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Even though current prime minister, Haider al-Abadi is seen as having brokered the Siemens agreement, it is unlikely to impact on his chances at another term (they're not high). But the symbolism is significant.

Iraq in Numbers

Gross domestic product

Changes in percentage, from previous year
not adjusted for inflation



No wonder then, that Chancellor Angela Merkel is also so supportive. Right now, a deal like that gives some desperate Iraqis the hope that things will eventually improve; the kind of faint hope that makes them think of giving Iraq one last chance rather than becoming a potential asylum seeker in Europe. That is in line with Germany's stated foreign policy goal of trying to convince potential refugees to stay at home.

Siemens chief Joe Kaeser seems like a decent chap and he has made a personal promise to Iraqis to provide not just power but also tens of thousands of jobs and vocational training, as well as a school and a healthcare clinic. But no matter how well his company is run, he will also be up against several other Iraqi traditions: Siemens will work with local contractors and corruption, bribery and nepotism are part of the local culture.

Contrary to popular opinion, the poor state of Iraqi infrastructure is not just the result of the various violent conflicts that have swept Iraq over the years. Through almost all those episodes, Iraq has continued to produce and sell the oil that is used to fund its infrastructure. It's about where those funds end up.

Other governments have also invested billions into Iraqi reconstruction only to see their efforts foiled, by, among other things, senior officials who simply funnel the money into private accounts or those who commission their distant, possibly



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unqualified cousins to build that bridge or building. In Iraq, it is often not what you know but who you know. As a cynical local points out, finicky German accounting practices give rise to a lot of resistance in Iraq. “Our politicians prefer to work with companies, like those from China, who don’t mind doing business their way,” he adds. “Not companies like Siemens.”

These are the kinds of things Iraqi demonstrators are justifiably enraged about. On the other hand though, they might also be ready to accept a well-paying job in the government department that their uncle runs, if there was one going.

For all their good intentions, this is what Siemens is up against. Ordinary Iraqis know that. But they’re still hoping that Joe Kaeser and his company can do what nobody has been able to so far. There was a popular saying on Iraqi social media this morning: “الله يساعد سيمنز على سياسيينا الفاسدين”

It means: “May God help Siemens with our corrupt politicians.”

(*) Cathrin Schaer is an editor with *Handelsblatt Global*. She also oversees the Iraqi current affairs website, *Niqash.org*.

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