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Key Iraq Events - Oil



KPMG Awarded Audit Key Oil-for-Infrastructure Deal

Iraq appointed KPMG to audit financial movements surrounding a US\$ 10 B oil-for-infrastructure deal signed between Iraq and China in 2019. The Sinasure framework agreement became effective in October 2020, giving Iraq access to US\$ 10 B in financing from Chinese banks over a 20-year period, in return for 3 Mb/m (100 kb/d) of oil exports to China. Following the oil price collapse and CoVid-19 impact on demand, Baghdad opted to retain the cash proceeds from oil sales in 2020 rather than invest them in infrastructure projects.

Iraq only begun utilizing the credit line in 2021 after the passage of the 2021 budget by end-March. Since the passage of the budget, Iraq awarded a number of key infrastructure contracts to Chinese firms as Baghdad taps the credit line. Iraq's 2021 budget allocates US\$ 700 M for projects to be financed through Sinasure. However, the government is growing wary of the increasingly dominant role of Chinese firms, with the Sinasure framework agreement to remain contentious.

Get in Touch

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