#Partner For Foreign Markets

Iraq

AHK World Business Outlook

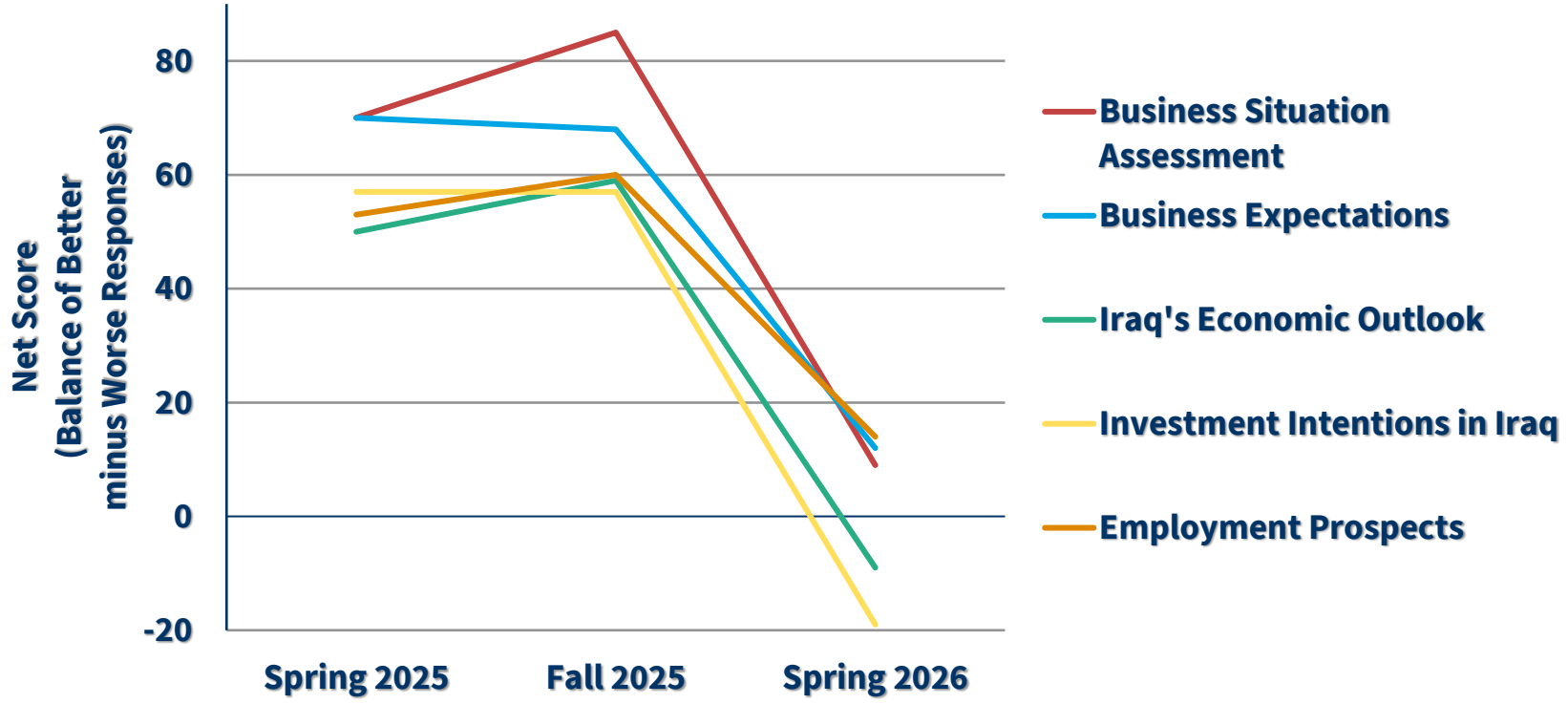
Spring 2026

AHK Deutsches Wirtschaftsbüro Irak
مكتب الارتباط الألماني للتجارة و الصناعة في العراق
ئۆفیسێکی پەیوەندیەکانی بازرگانی و پیشەسازی ئەڵمانی لە عێراق

Executive Summary

Business sentiment in Iraq has moderated from previously strong levels, reflecting a more cautious assessment amid a challenging global and regional environment. Expectations, investment, and hiring plans have eased, pointing to a phase of consolidation rather than contraction. Despite near-term uncertainties related to financing and policy conditions, companies continue to view Iraq as a market with solid fundamentals, strategic relevance, and meaningful long-term potential.

Overview - Situation and Forecast of German Companies in Iraq



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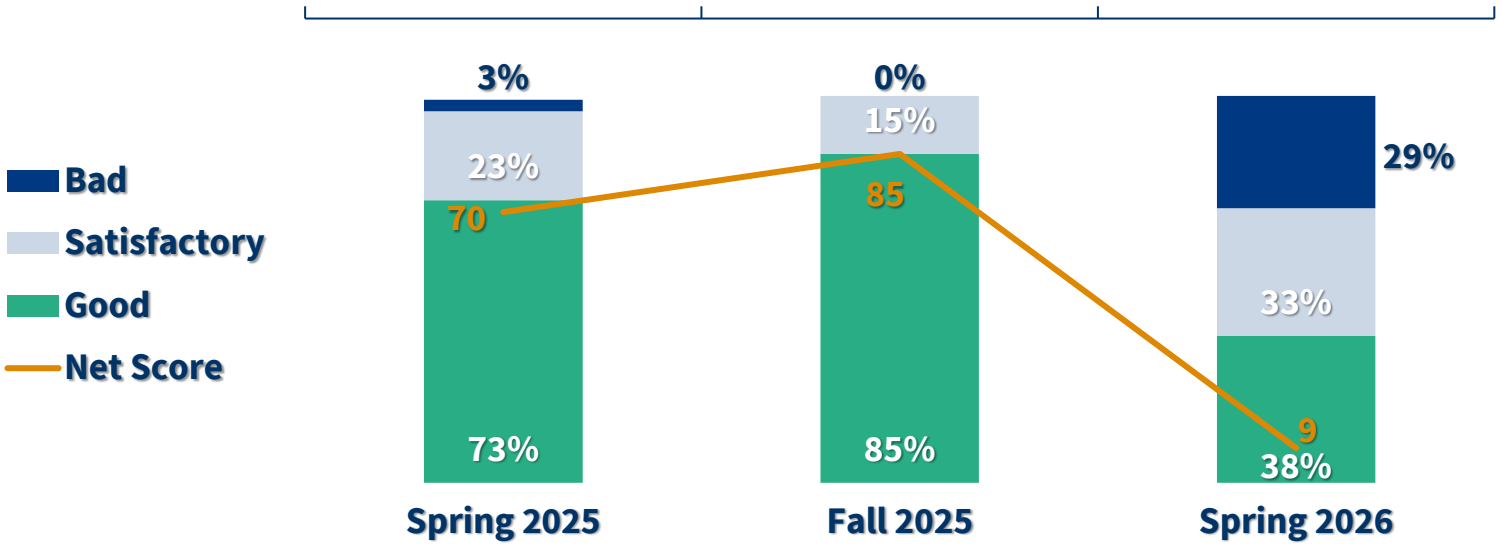
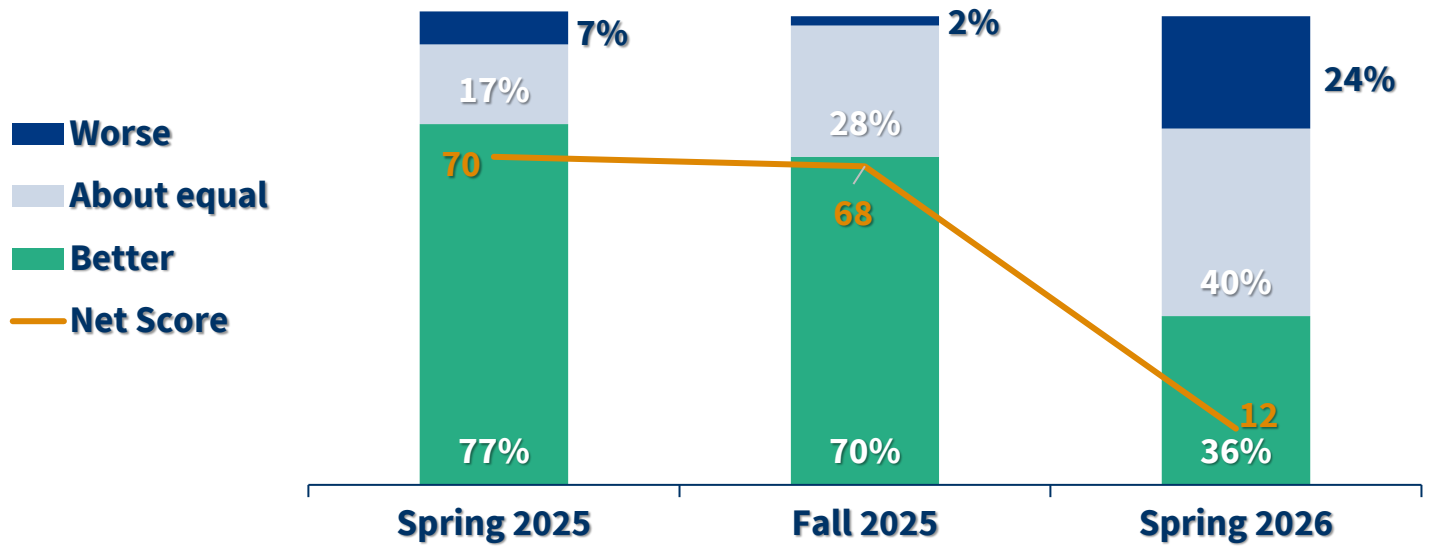
1. How do you assess the current business situation of your company?



The assessment of the current business situation deteriorated sharply between fall 2025 and spring 2026. The net score dropped from 85 to 9 points, reflecting a significant loss of confidence. This decline is closely linked to heightened regional geopolitical tensions and their spillover effects on Iraq's business environment.

2. Which business development does your company expect for the next 12 months?



Business expectations for the next 12 months weakened considerably, with the net score declining from 68 to 12 points. While expectations remain slightly positive, companies have become more cautious, reflecting increased uncertainty driven by geopolitical developments and their impact on market stability.

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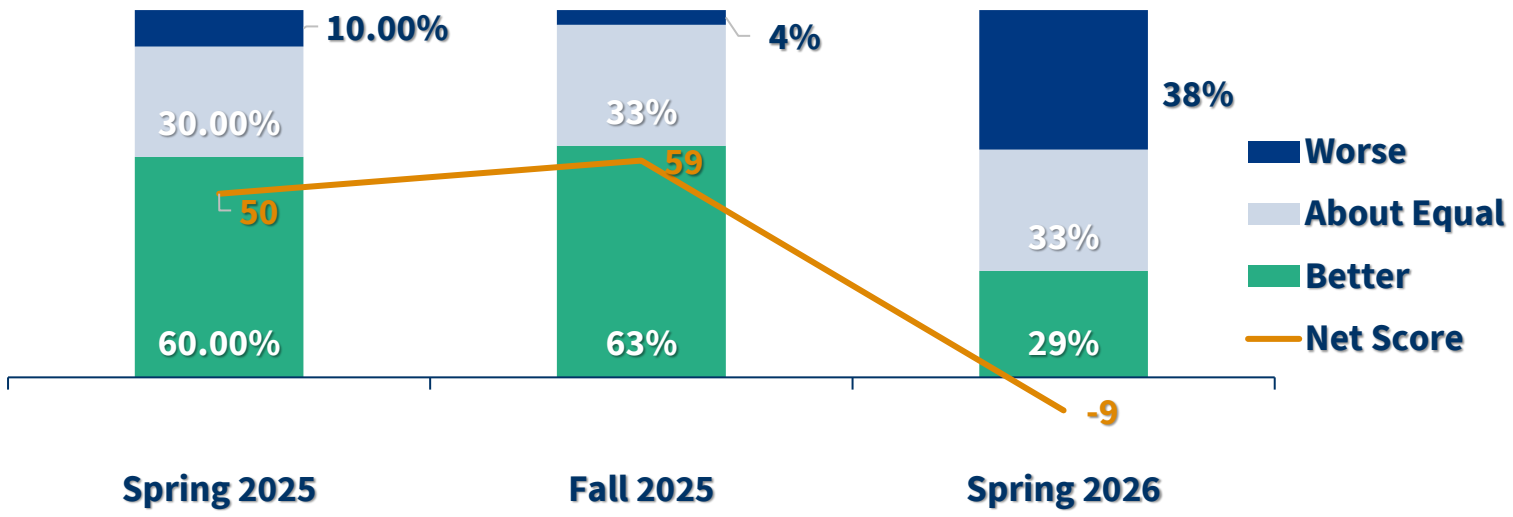
3. How do you judge the local economic development in the next 12 months?



The economic outlook turned negative in spring 2026, with the net score falling from 59 to -9 points. This shift indicates that pessimistic expectations now outweigh optimistic ones, largely influenced by regional instability and its effects on economic activity and investor confidence.

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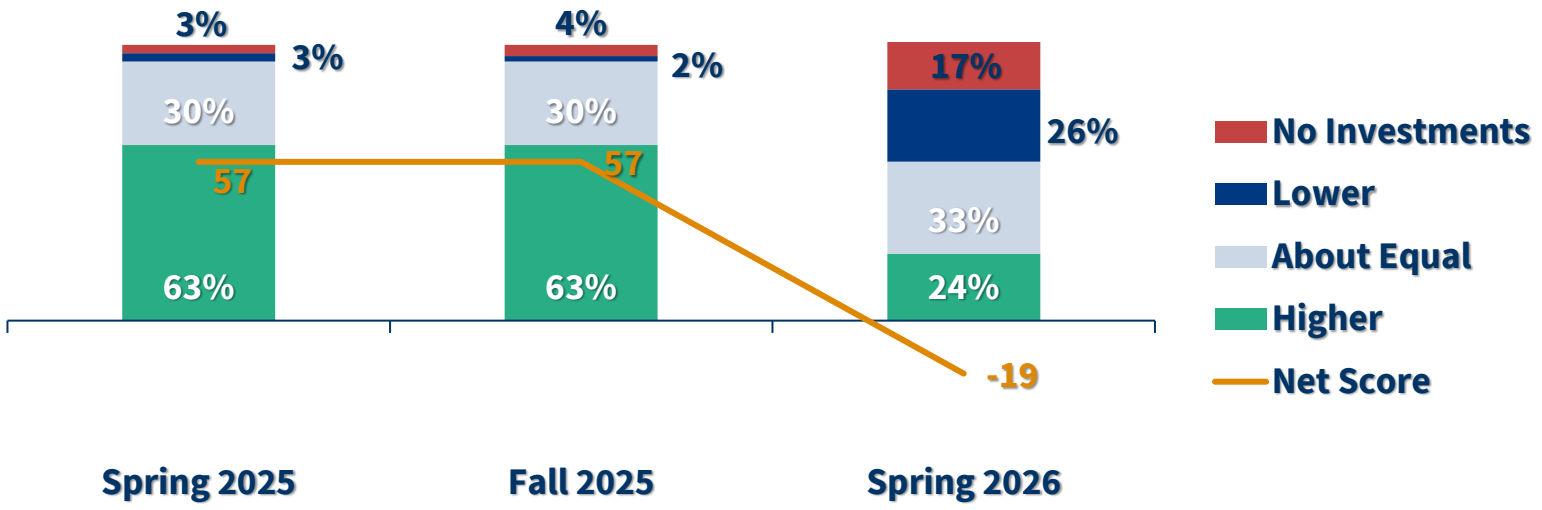
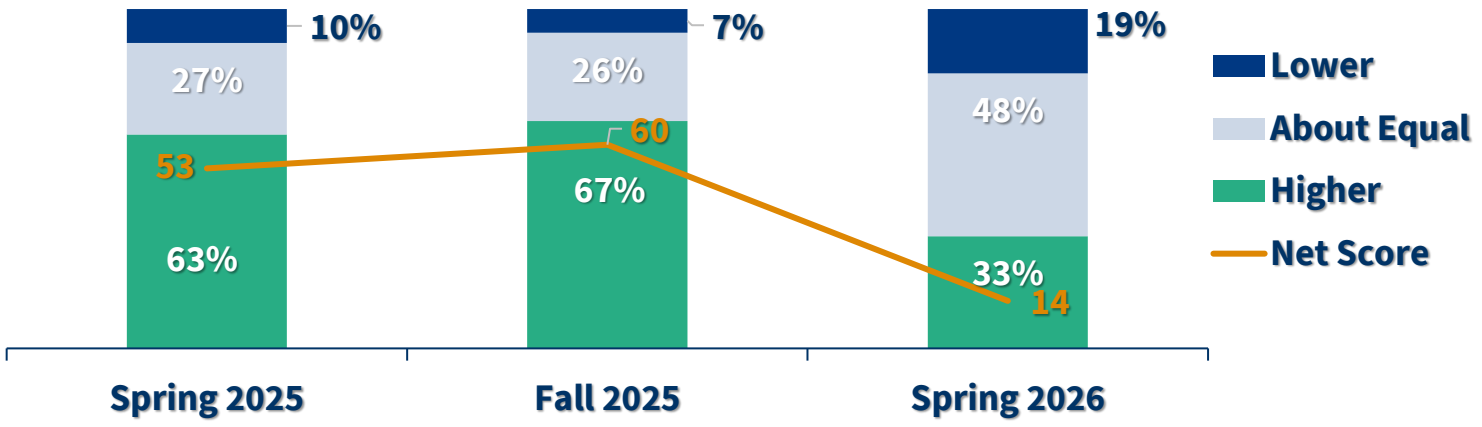
4. How do you think local investments of your company are likely to develop in the next 12 months?



Investment sentiment declined significantly, with the net score dropping from 57 to –19 points. Companies are increasingly postponing or reducing investment plans, reflecting elevated risk perception and uncertainty linked to geopolitical tensions and their impact on the business climate.

5. How do you think local employment of your company is likely to develop in the next 12 months?



Employment expectations remain positive but have weakened notably, with the net score decreasing from 60 to 14 points. While more companies are still planning workforce expansion compared to companies that forecast layoffs, hiring momentum has slowed amid a more uncertain and risk-sensitive environment.

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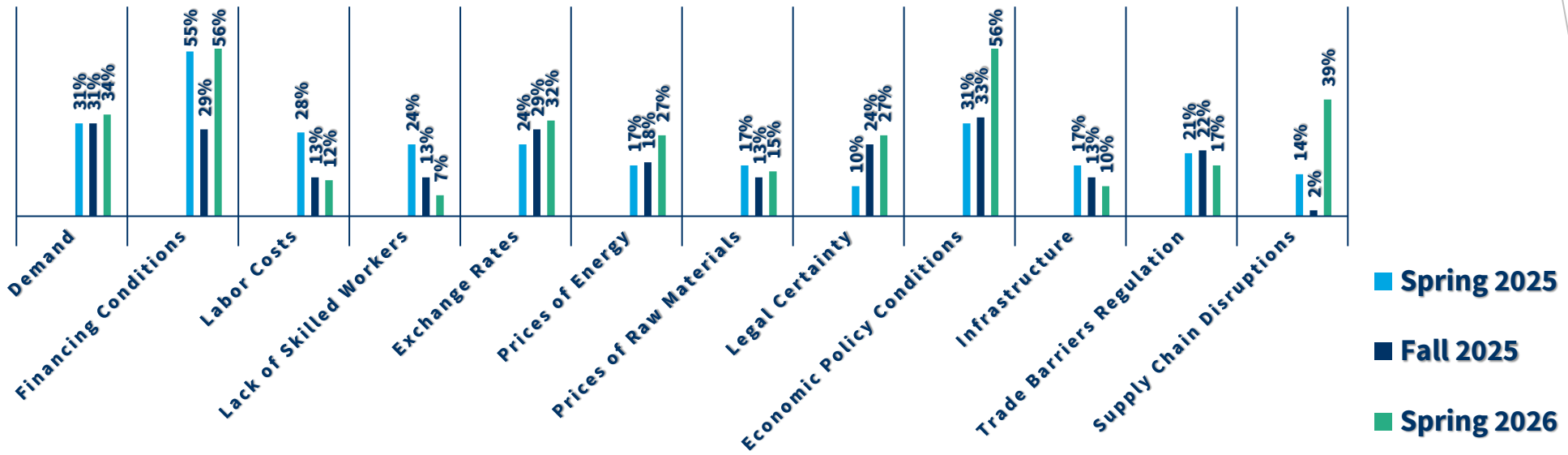
6. What are the biggest risks for your company's economic development in the next 12 months?



Note: Survey participants could select multiple factors affecting their business. As a result, percentages may total more than 100%.

Risk perceptions have shifted significantly. Financing and economic policy conditions now lead at 56%, while supply chain disruptions rose sharply from 2% to 39%, reflecting increased logistical and cost pressures. Overall, risks have moved from labor-related issues toward financial, regulatory, and supply chain constraints, indicating a more challenging operating environment.

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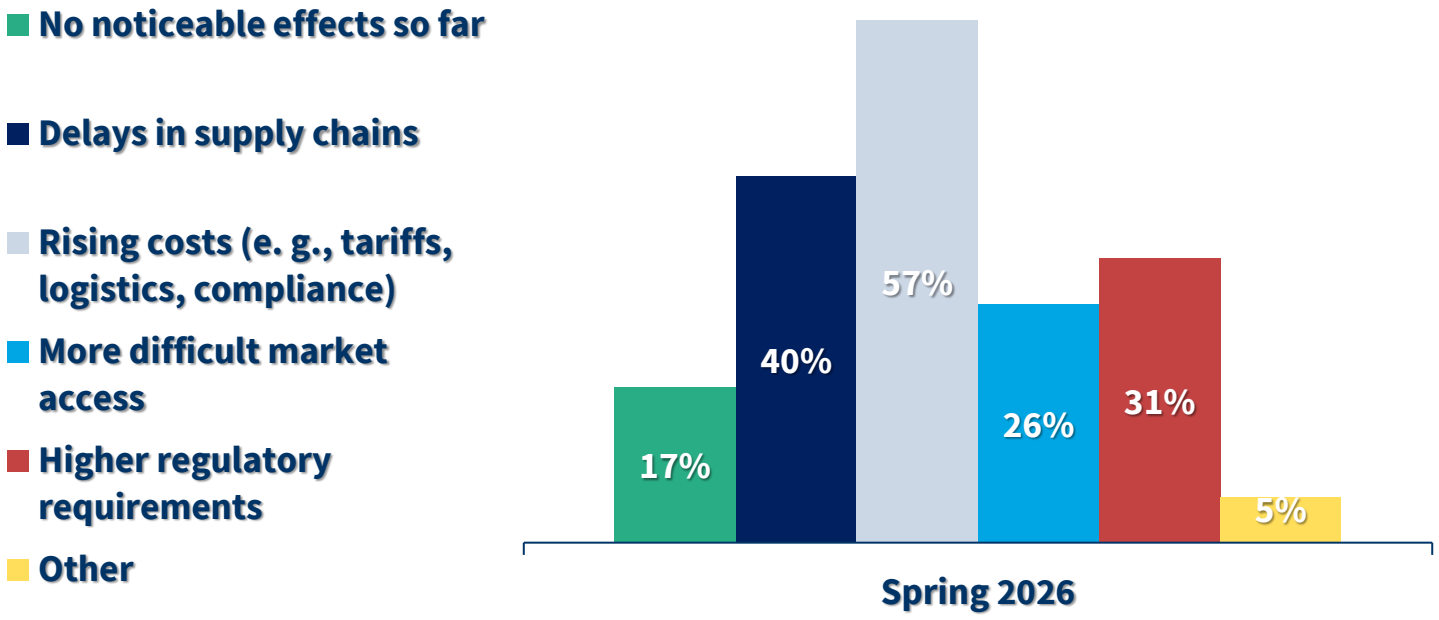
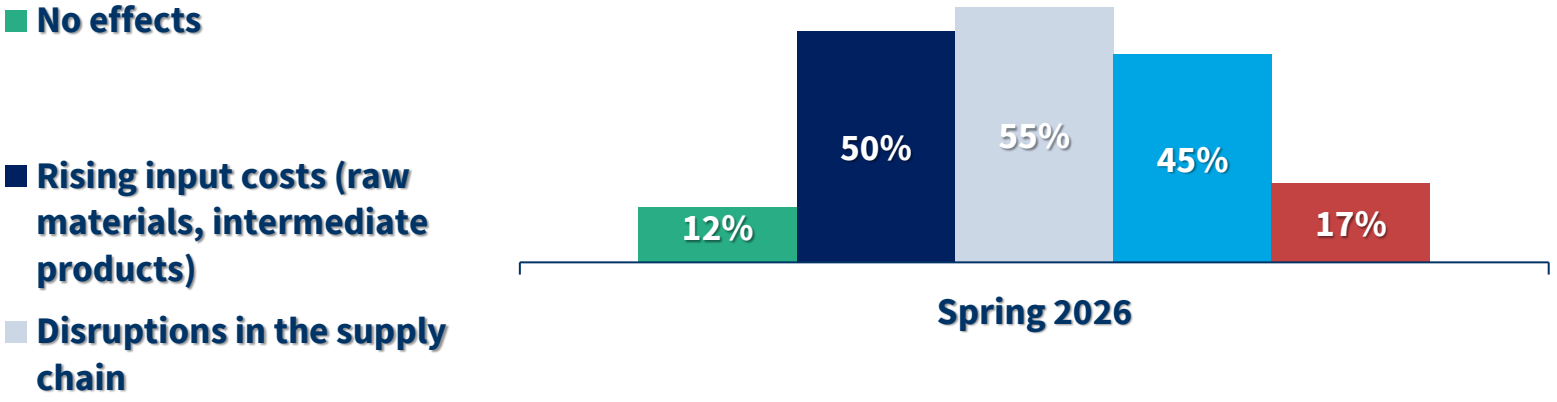
7. What specific effects are current trade policy developments having on your company's business?



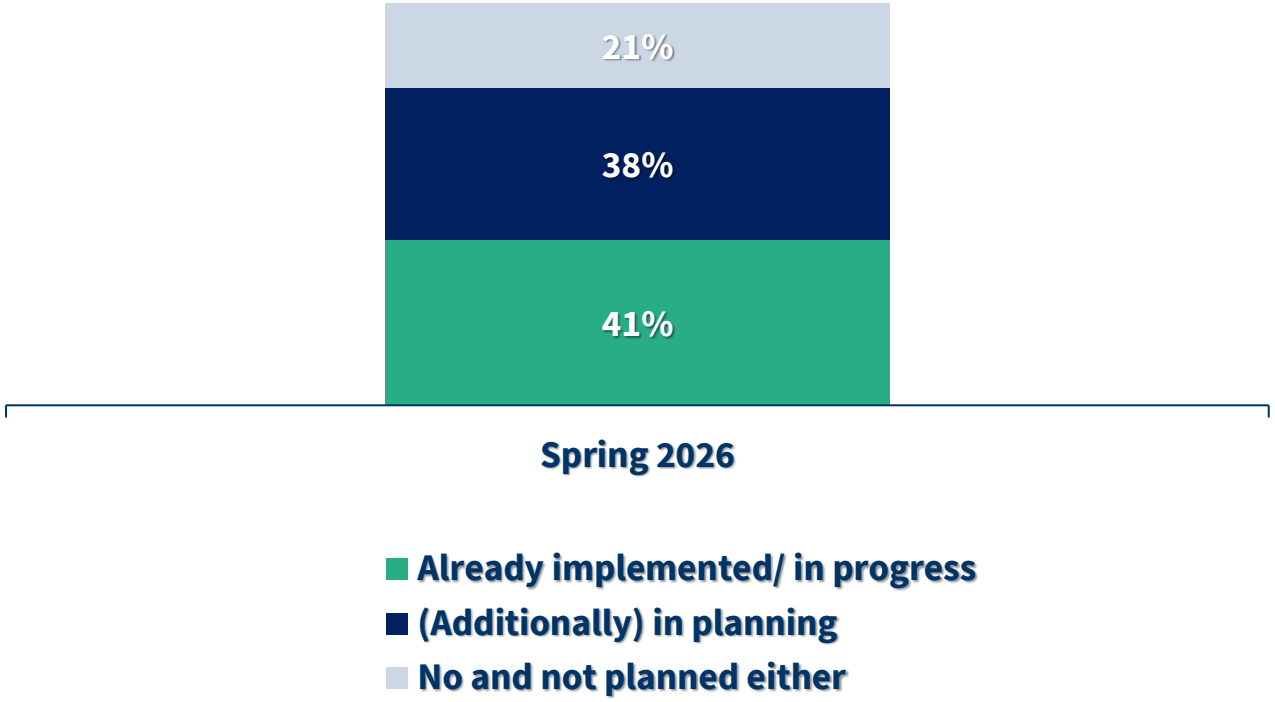
Note: Survey participants could select multiple factors affecting their business. As a result, percentages may total more than 100%.

8. What effects of the escalation in the Middle East conflict do you fear or already experience in your company's business?

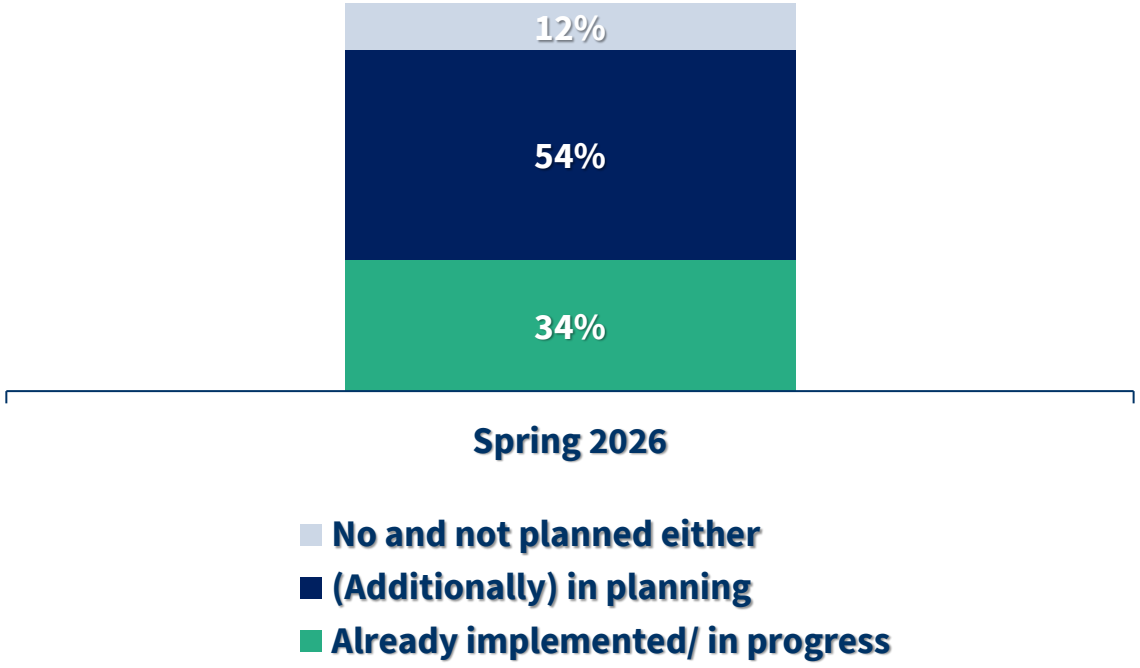


Note: Survey participants could select multiple factors affecting their business. As a result, percentages may total more than 100%.

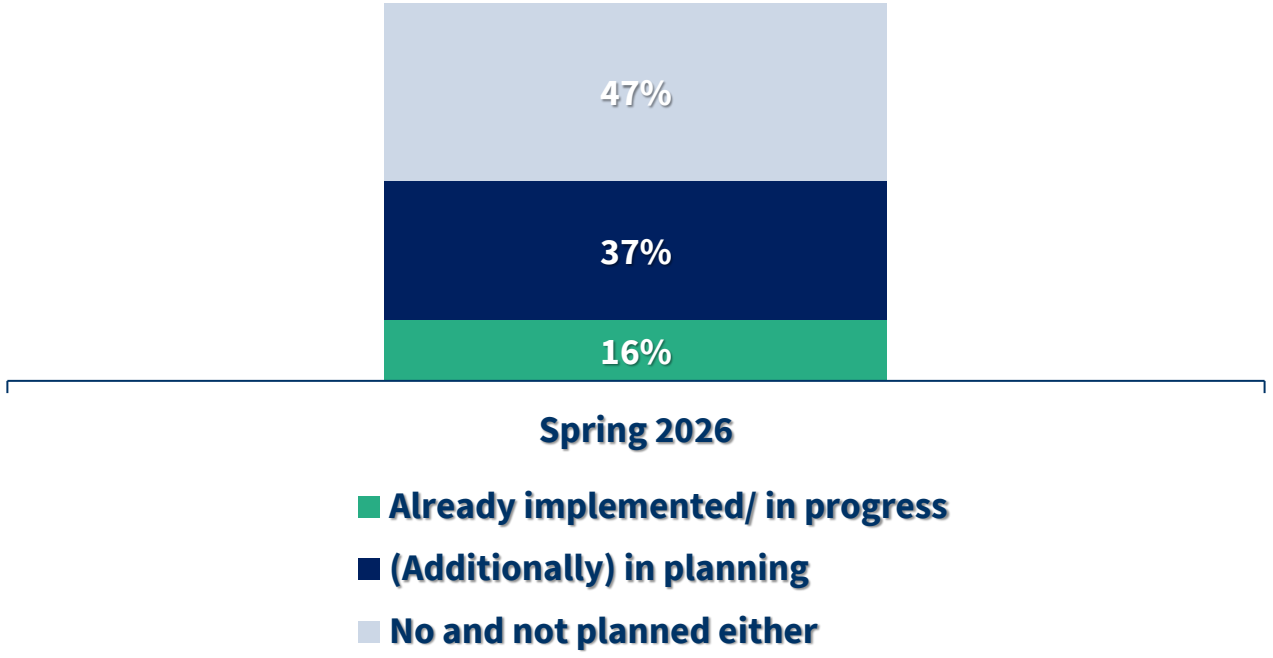
9. Do you plan an expansion of the supplier network



10. Do you explore new sales markets?



11. Do you consider a relocation of production/facilities to new location?



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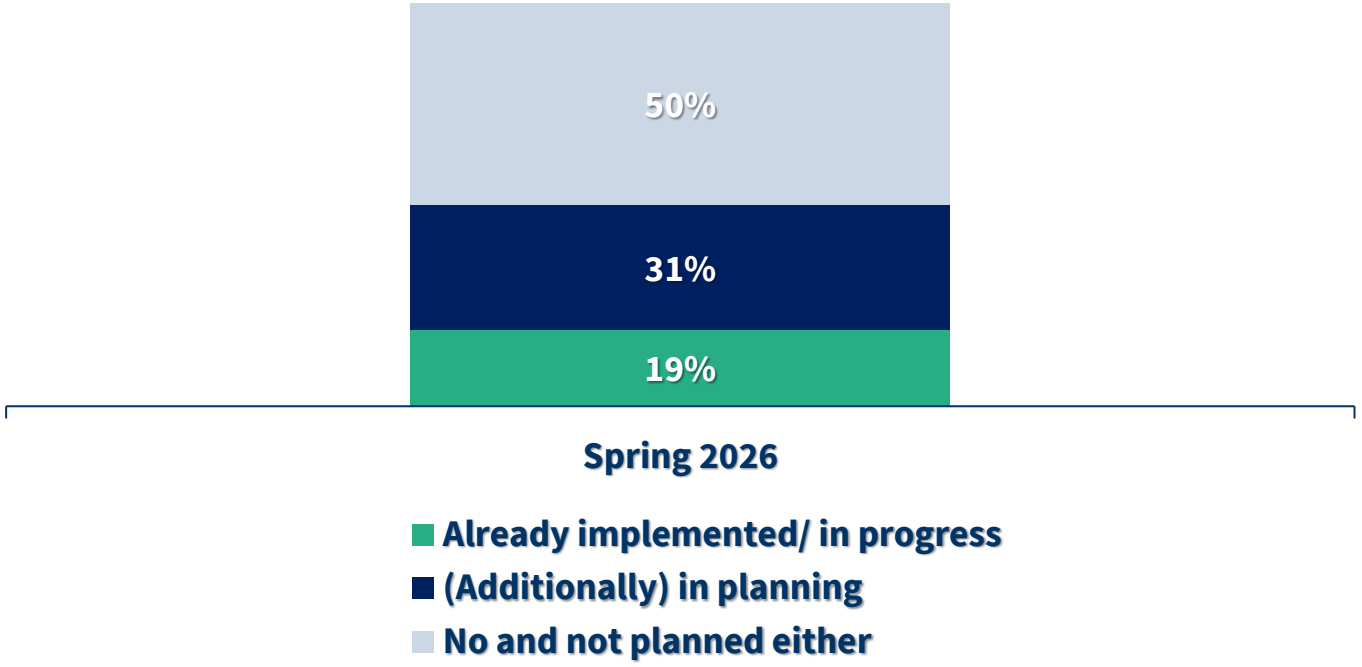
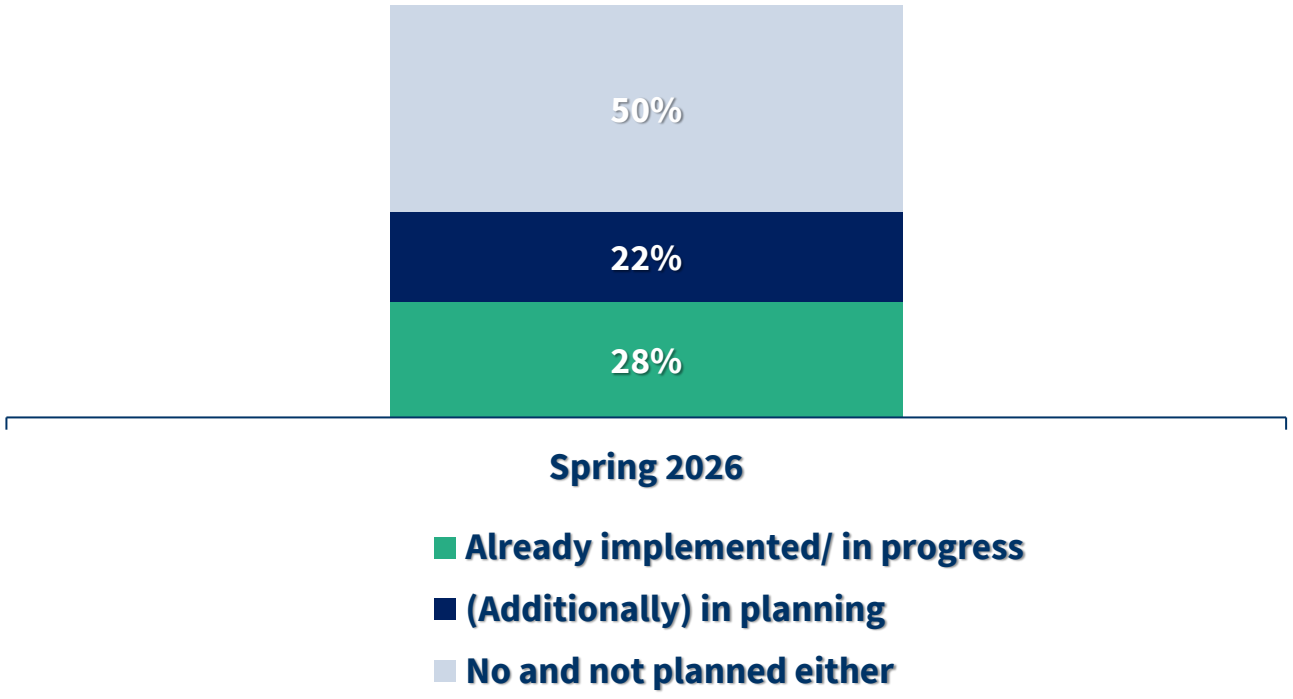
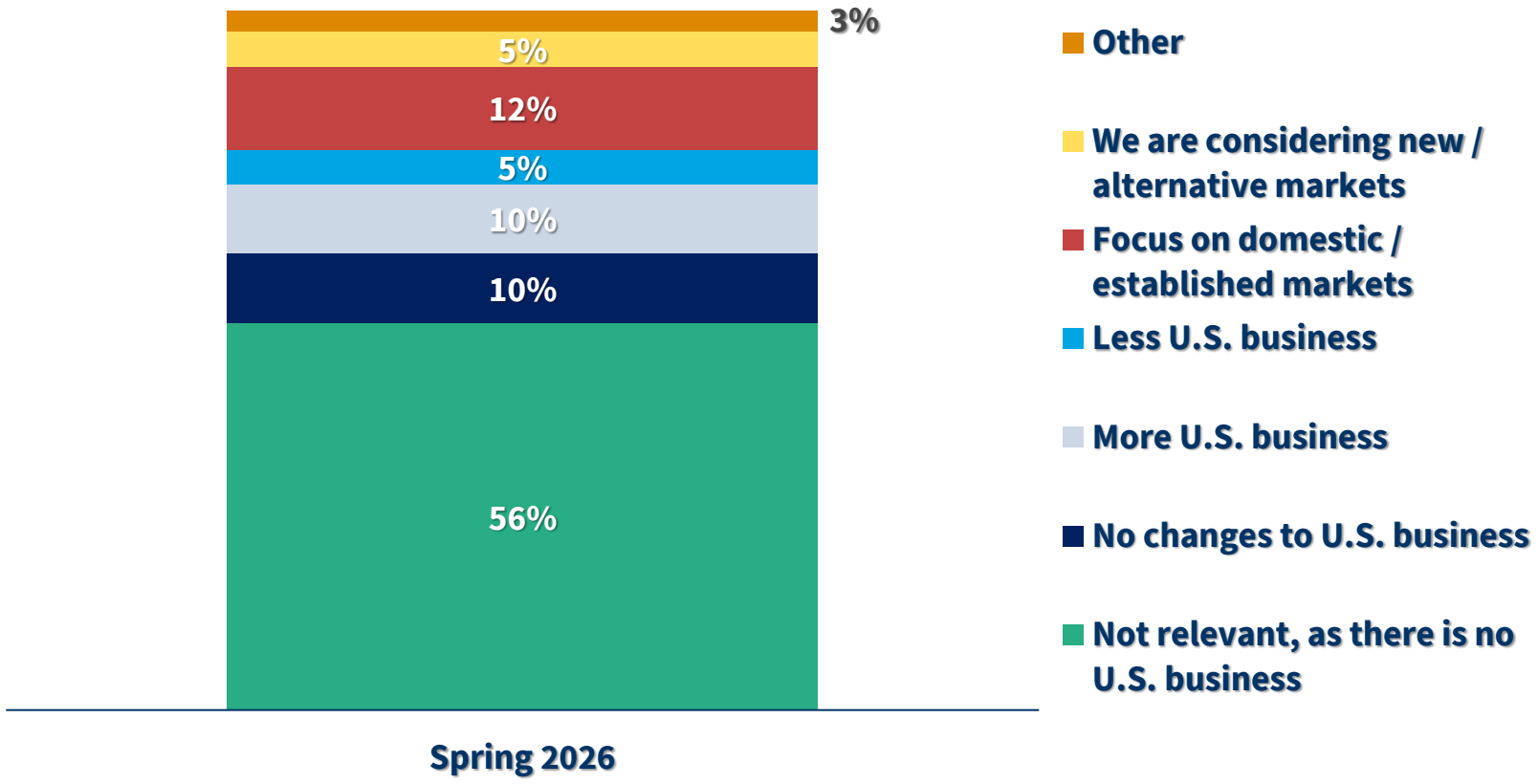
12. Do you consider an increase in investments at local site ?



13. Do you consider an increase in inventory?



14. Which consequences is your company drawing in response to U.S. trade policy?



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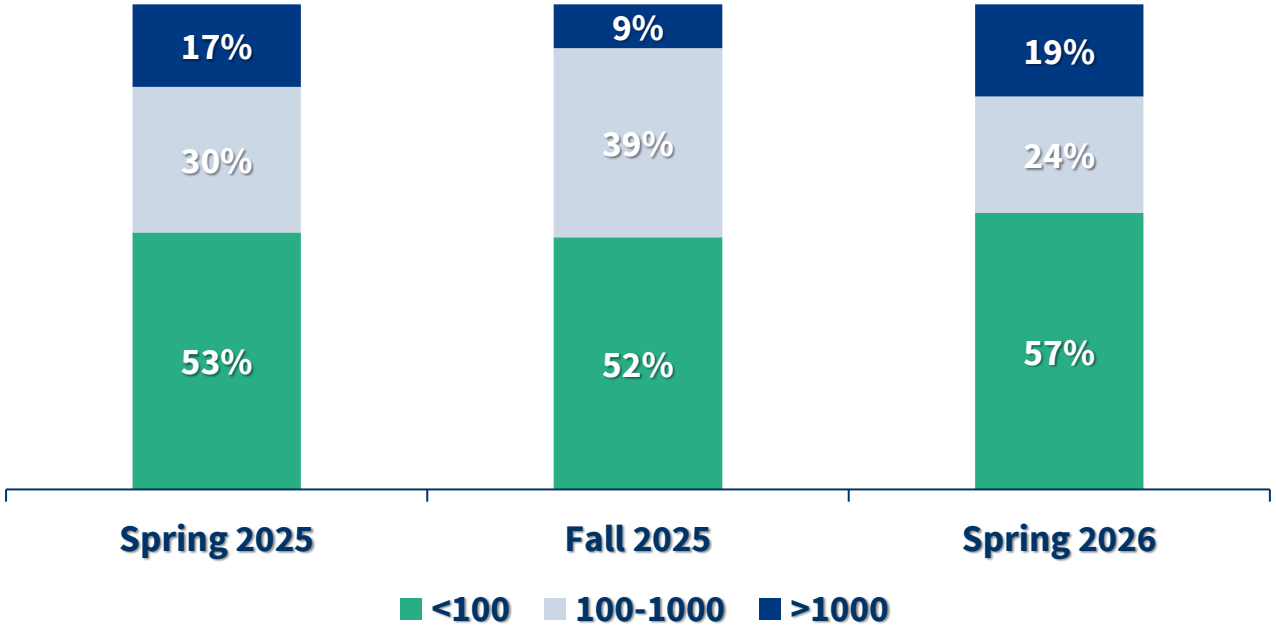
15. Distribution of Participating Companies by Global Employee Count



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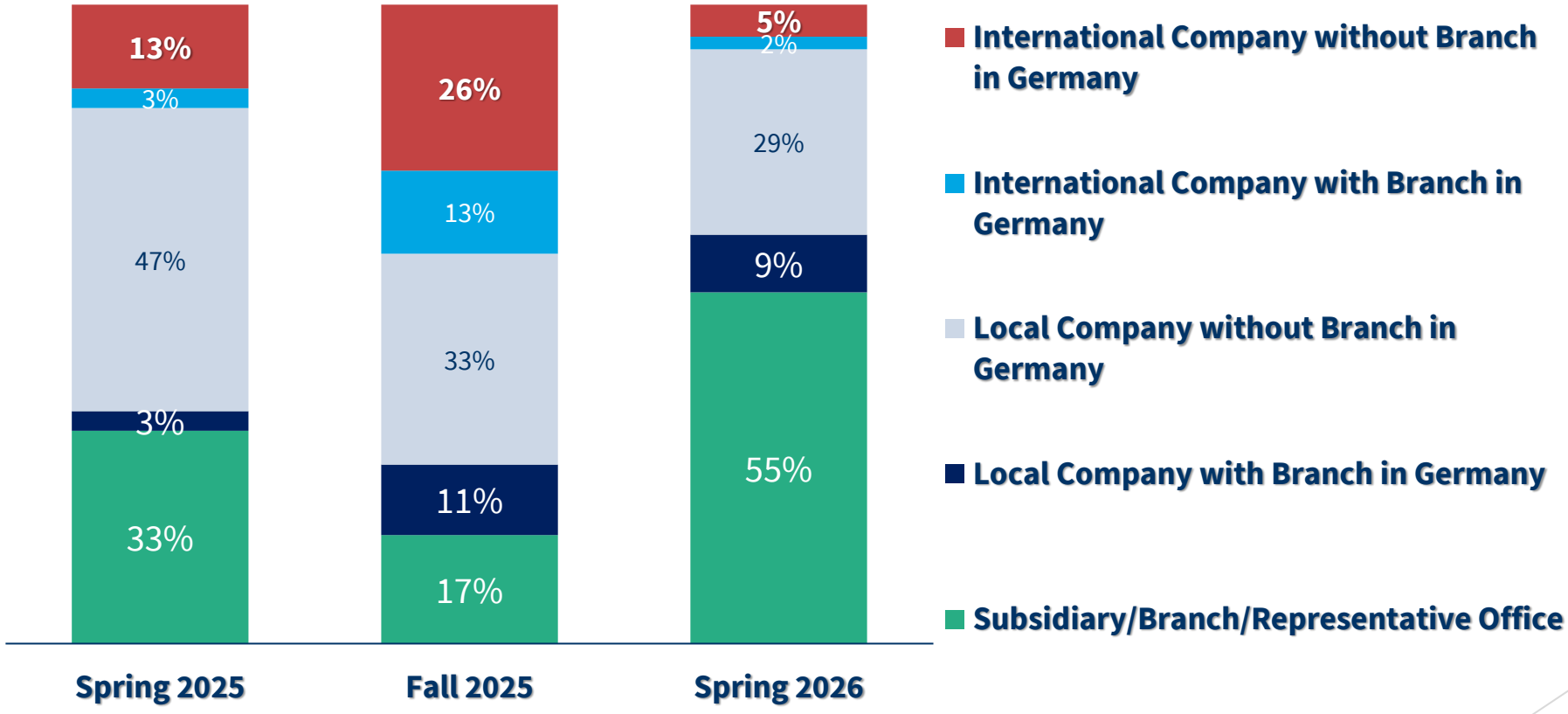
16. Company Structure of Respondents



The AHK World Business Outlook is based on a regular DIHK survey of member companies of the German Chambers of Commerce Abroad, Delegations and Representative Offices (AHKs).

This survey collected feedback from more than 4,500 German companies, branches, and subsidiaries worldwide, as well as companies with close ties to Germany. This includes a relevant sample size of participants from Iraq whose replies are documented in this country-specific evaluation.

The survey was conducted from 16 March to 10 April 2026.

The global results are also available on the AHK Iraq website.

For inquiries, please contact: info@irak.ahk.de