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Daimler Plans a Baghdad Office

Firm Is One of Few From West to Come Without Oil in Mind

By GINA CHON

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BAGHDAD -- **Daimler** AG says it plans to open an office in Baghdad after a nearly 20-year absence, marking a small victory for Iraqi and U.S. officials who have pushed hard to attract foreign investment in the war-torn country.

The plan also is significant because it involves a big Western company interested in the country for reasons other than its big oil reserves. Major companies like **BP PLC** and **Royal Dutch Shell PLC** have for years courted Iraqi officials with the hope of winning contracts here.



Reuters

Daimler AG is looking into the commercial-truck business in Iraq.

The German auto and truck maker will establish a representative office this year to develop contacts and talk to interested partners about possible projects, said spokeswoman Ursula Mertzig-Stein. She said Daimler hasn't committed to any investment figures, but that the company usually operates in countries with "a long-term perspective."

Ms. Mertzig-Stein declined to give further details of the project, but people familiar with the matter said Daimler is looking at the commercial-truck business in Iraq, where Mercedes-Benz trucks are popular. Daimler has its Middle East headquarters in Dubai, United Arab Emirates. The Kuwaiti government is Daimler's biggest shareholder, and the company -- like many big industrial conglomerates -- sees the Middle East as an area of growth.

Outside the oil patch, most other international companies operating here are related to the war effort or the reconstruction of Iraq, such as security contractor **DynCorp International LLC** or **KBR Inc.**

"This shows that we believe in the advancing normalization of Iraq," said Ms. Mertzig-Stein on Tuesday.

Paul Brinkley, head of the U.S. Defense Department's Task Force to Improve Business and Stability Operations in Iraq, approached Daimler and about 30 other international companies last year to look at Iraq.

When Daimler was first approached, the company said it wasn't ready to do business here. At that time last summer, the violence in Iraq was at its peak with almost 1,600 attacks per week.

But when the violence began tapering off in the late summer, Daimler was ready to take another look, and Daimler Middle East Chief Executive Nicholas Speaks visited Iraq in August and again in December, meeting with Iraqi officials and U.S. military personnel.

The visits included stops at an Iraqi state-owned auto and truck factory in Iskandariyah, south of Baghdad. The factory is producing vehicles for the U.S. military, among other customers. (The lull in violence was broken in late March as Iraqi forces, backed by Americans, battled Shiite extremist groups in Basra, Baghdad and elsewhere.)

Daimler had a presence in Iraq in the past. It was looking into truck production in the country when Saddam Hussein invaded Kuwait in August 1990, which scuttled the talks. At that time, Mr. Speeks was head of commercial-vehicle sales of Daimler-Benz Services in Baghdad.

"We take this area very seriously," Ms. Mertzig-Stein said.

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