
U.S. PERSUADES IRAQ TO QUASH SIEMENS DEAL IN FAVOR OF GE

- 18.10.2018

Bloomberg (18 October 2018)

The Trump administration intervened to quash a \$15 billion deal for Siemens Corp. to develop power stations in Iraq, instead persuading Baghdad to sign an agreement with General Electric Co., two administration officials said.

Iraq signed a memorandum of understanding with GE on Monday, after senior U.S. officials warned Iraqi Prime Minister Haider al-Abadi that the future of the U.S.-Iraq relationship would be at risk if his government accepted the deal with Siemens, according to the officials, who asked not to be identified discussing private deliberations. The Financial Times reported the U.S. move earlier Thursday.

The Trump administrations push supports American efforts to curb Iranian influence in Iraq and the region in the months since President Donald Trump backed out of a 2015 nuclear deal and prepares to re-impose sanctions on Iran next month. The U.S. officials said they want to wean Iraq of its dependence on Iranian natural gas and suspect Iran had spurred Iraqi leaders to pursue the Siemens deal as a way of undercutting ties with the U.S.

This is part of very strong campaign of engagement in Iraqi government formation and a very targeted effort to support the Iraqi government and minimize Iranian influence, said Garrett Marquis, a National Security Council spokesman. Its part of our overall effort to evict the Iranians rather than to invite them in."

Alongside the GE deal, the U.S. signed a broader memorandum of understanding with Iraq on Sunday to build out its energy sector and make the country energy-independent, the officials said. That aims to solve what has long been a source of frustration for Washington: Iraq relies on Iran to import natural gas because it doesnt have the infrastructure to capture its own ample reserves, 60 percent of which are flared off.

Read More: [Siemens, GE Wage Battle for \\$15 Billion Power Deal in Iraq](#)

According to the U.S. Institute of Peace, Iran supplies Iraq with about 12 million cubic meters of natural gas a day and accounts for one-fifth of its power generation.

The two deals follow a flurry activity by both Germany and the Trump administration on behalf of their companies.

The U.S. government learned in early September that Iraq was wrapping up talks with Munich-based Siemens over a contract to revamp the countrys entire power sector and swap out

infrastructure that had been built by GE. Siemens Chief Executive Officer Joe Kaeser had met with Abadi in late September to discuss the plan to install 11 gigawatts of power generation capacity over four years and create thousands of jobs.

U.S. Warning

U.S. officials said they suspect Kaeser was in Iraq to sign the deal but managed to stall the Abadi government. Senior American officials warned Iraq against signing the agreement, then threatened to escalate the dispute unless Iraq relented.

Representatives of GE declined to comment. Iraqs government didnt immediately respond to a request for comment sent via its embassy in Washington. Officials at the German Embassy in Washington didnt immediately respond to an email sent after normal business hours.

We still believe we have put the most beneficial and comprehensive plan for the Iraqi people on the table, extending far beyond power infrastructure, Siemens spokesman Philipp Encz said Thursday by phone. We remain committed to our Iraqi road map and supporting the Iraqi people and re-powering the country.

Siemens shares rose 0.3 percent to 102.60 euros each at 9:05 a.m. in Frankfurt, paring losses since the start of the year to 12 percent. GE stock closed 0.7 percent higher in New York on Wednesday.

The Iraqi agreement would be a much-needed win for GEs beleaguered power-equipment business, which has been at the center of the companys problems amid slumping demand for gas turbines. GE ousted its CEO earlier this month while saying it would take a \$23 billion charge related to the unit.

Capacity Upgrades

Around the time of Kaesers visit last month, Siemens success seemed a sure thing. The company said then in a statement it had received positive feedback from the Iraqi government and was looking forward to entering into an official agreement.

Instead, under the deal, Boston-based GE will expand Iraqs power-generation capacity by 2 to 3 gigawatts by next summer if work begins soon. As part of the broader memorandum of understanding, U.S. companies will help Iraq build out power generation and transmission lines, and upgrade its existing capacity, according to the officials.

The U.S. officials said they hope to have the agreement finalized before Nov. 5, when U.S. sanctions on Iran go back into effect. The administration is also pressing Iraq to complete the deal for the two electricity projects in the south, and has made clear to Iraqi officials that some of its actions -- possibly including imports of natural gas from Iran -- could face sanctions if it doesnt come to terms with the U.S., according to the officials.

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