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## Lobbyists Set Sights On Money-Making Opportunities in Iraq

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Some of Washington's top Republican lobbyists are counting on ties to the Bush administration, the congressional leadership and the Iraqi provisional government to turn the embattled country into a major new profit center.

"It's like a huge pot of honey that's attracting a lot of flies," said Sen. John McCain (R-Ariz.).

The opportunities -- and risks -- of doing business in Iraq are far more varied than in traditional Washington lobbying. One alliance of Republican lobbyists, New Bridge Strategies, whose interest in Iraq has earned considerable attention because of its close ties to the Bush administration, is gearing up to seek distribution rights for major U.S. companies producing everything from grain to auto parts to shampoo.

"Getting the rights to distribute Procter & Gamble products would be a gold mine," said one of the partners at New Bridge who did not want to be named. "One well-stocked 7-Eleven could knock out 30 Iraqi stores; a Wal-Mart could take over the country," he said.

This same group, which includes Joe M. Allbaugh, President Bush's 2000 campaign manager, and Ed Rogers and Lanny Griffith, two top political aides to Bush's father, have also set up a security company, Diligence-Iraq, which has hired former members of the U.S. Special Forces, New Zealand's equivalent of the Green Berets and the Iraqi military to provide protection for companies and for corporate leaders visiting the country. In a matter of months, Diligence-Iraq has begun to turn a profit, said chief executive Michael Miller, who for 14 years was a "covert field operations officer for the CIA, specializing in counterterrorism, counternarcotics and counterinsurgency operations," according to the company.

Republican members of Congress are highly receptive to arguments that U.S. companies should receive a big share of the business of rebuilding Iraq. "It would be helpful for us to see how much work is being done by American companies," said Rep. Charles W. "Chip" Pickering Jr. (R-Miss.). Rep. Howard P. "Buck" McKeon (R-Calif.) said: "We've got people [U.S. companies] paying taxes" to finance the U.S. investment in Iraq.

Another lobbying firm run by former House Appropriations Committee chairman Bob Livingston (R-La.) is representing well-placed Iraqi families seeking to form business alliances with U.S. and foreign companies interested in setting up operations in the country, and the firm is exploring working with a Jordanian pharmaceutical firm and an Iraqi business family to produce antibiotics for Iraq.

The Livingston Group is also working on behalf of De La Rue, a British printing and paper company that has won a contract to print some of Iraq's currency, and is now seeking to produce secure travel documents for the fledgling government. Anthony J. "Toby" Moffett Jr., a former Democratic representative from Connecticut who works with Livingston, said his firm's first task was to "make sure the people in decision-making positions knew the severity of the problem as regards to security documentation. We had to try to convince the U.S. government they need to fix this issue sooner rather than later."

The Coalition Provisional Authority initially approached De La Rue about submitting a proposal for half a million secure interim travel documents, but then informed Moffett and others that the U.S. Government Printing Office would print 10,000 documents. Moffett said the Livingston Group is "making the case on the Hill and elsewhere about moving more rapidly toward a private contractor that really knows what it's doing," appealing to Rep. Frank R. Wolf (R-Va.), chairman of the Appropriations subcommittee on the Commerce, Justice and State departments, and to members of the Senate Foreign Relations Committee. "We're trying to get the right people to ask the right questions of the right people."

BKSH & Associates, whose chairman, Charles R. Black Jr., played key roles in the campaigns of Bush and his father, gained valuable contacts when it represented the Iraqi National Congress, an alliance of Iraqi exiles opposed to the government of Saddam Hussein, many of whom now hold power in the provisional government set up by the United States. Once security dangers are reduced, Black said, his firm may use its ties to prominent Iraqis to set up business operations in the country. In the meantime, he and his partners have been advising clients on the procurement process at the Defense Department and the U.S. Agency for International Development. One BKSH client, Fluor Corp., has received a contract for work in Iraq from the Army Corps of Engineers.

The mobilization of the Washington lobbying community in pursuit of business in connection with Iraq was first reported by the National Journal a little more than two months ago. There are multiple ways for well-connected firms to make money in Iraq. In addition to lobbying on behalf of companies seeking a piece of what is likely to be at least a \$20 billion U.S. investment in reconstruction and more in coming years, there are contracts to be won from Iraqi ministries for telecommunications, road building, food supplies and a host of services and training programs.

What one lobbyist described as "the fillet" of business opportunities in Iraq would be when "an American company comes to us, asks us to find an Iraqi partner, find the capital to distribute our product, find the lawyers, and then lets us keep an interest in the business."

In addition, such U.S. companies as Bechtel Corp. and Kellogg Brown & Root, the construction group of Halliburton, which have received multimillion-dollar contracts in Iraq, have become prospective customers for suppliers and subcontractors, many of which are seeking advice on how to deal with these huge corporations.

Rep. James P. Moran Jr. (D-Va.) complained that a company in his district has been having trouble making its case to get business from the Pentagon. "The indication they're getting is if they want the money they really have to go through Halliburton," he said.

Allbaugh, who was director of the Federal Emergency Management Agency until March, stressed the public service role he said he and his partners are fulfilling. "It is important that we do our best to help everyone be successful in helping Iraq to recover from this horrible regime," he said.

Lobbyists cited two key developments over the past two months that created a more favorable climate for U.S. businesses in Iraq.

The first was Bush's appointment of a prominent campaign supporter, Thomas Foley, as director of private-sector development in Iraq, in charge of the privatization of more than 200 state-owned industries, including mining, chemical, cement and tobacco companies. The second, more crucial development, was the Sept. 19 decision by U.S. administrator L. Paul Bremer to change Iraqi restrictions on foreign ownership of companies operating in Iraq. Bremer's new regulations will allow foreign firms to enter and even dominate such key economic sectors as banking and manufacturing,

which had been barred to outsiders, and lifted other requirements for partial Iraqi ownership of other corporate activities.

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