



By Guy Dinmore in Washington
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Small businesses can succeed in Iraq, but Ron Cruse, head of Virginia-based Logenix, admits he has “never seen such a dangerous place in 25 years”. Just over a year ago, Mr. Cruse was among many American entrepreneurs thronging to Baghdad, looking for local partners, land and investment opportunities.

Over a coffee in Washington, he recalls conversations over a beer in Iraq on opening tourist hotels in Babylon. Even as recently as last February, his logistics and transport company was considering what he called a “toe-hold” in Iraq by getting into the Kuwait-Baghdad air passenger business.

But in March-April the security situation took a nose-dive. “There is no crystal ball in this region. I can’t imagine how you would rationalize investments now,” he says.

His one ex-pat representative in Baghdad – under orders to keep a low profile - has since moved out of bullet-ridden premises into accommodation inside the heavily protected Green Zone. Even there, security is no longer assured and last Sunday brought a barrage of rockets. US forces said this month said they could no longer guarantee complete protection of the perimeter.

Not surprisingly, with westerners deliberately targeted, security costs have mounted.

Logenix, which expects revenues this year of \$4m, relies mainly on US government contracts and benefits from provisions that direct a “sizeable chunk” to small businesses. The company is in the midst of a USAID program to deliver 600 emergency clinics and equipment across the country.

Whether Ramadi and Falluja – strongholds of Sunni rebels in central Iraq – will receive their clinics is “up in the air”. Mr. Cruse says he has to use local drivers from those towns to get shipments through from the free-zone warehouse he has established in Jordan.

Using Iran as a base, though more practical in terms of communications and distances, is out of the question “unless you have a posse of lawyers”. Big firms like Halliburton have found their ways around US sanctions on Iran by establishing foreign subsidiaries.

Voting stations are also on their way in Logenix trucks for parliamentary elections scheduled for January 2005. Logenix has also delivered generators, back-up power for water plants, temporary housing for US government and military, and office equipment for local government.

Logenix has a small core of workers and little staff turnover.

Says Mr. Cruse: “You need people with almost military background who understand guns to go in there, who feel comfortable defending themselves.”