This study aims at investigating and analyzing the reality of investment environment and its effects in Irag. It also aims at identifying the factors that affect it through examining the local economic indicators and other indicators proposed by regional and international specialist investment organizations. In addition, the study aims to examine the factors that have been identified through a field study with a sample of 60 Iraqi investors abroad. The researchers examined and analyzed the most important factors and obstacles in details by using statistics and figures to achieve the purpose of this study. The study concluded that there were various factors, foremost of which are security, economic, administrative, political, and social that negatively affected the investment environment in Iraq, making it a rejecter environment. The study has an essential assumption which hypothesizes that "there are a set of factors that affect the investing construction and behaviors and hinder the investment process in Iraq". The study has concluded that there is a press need to improve the investment environment in Iraq through adopting a set of procedures, foremost of which are stabilizing security and political situation, combating the corruption, activating the laws, building the state of institutions and providing the essential economic infrastructure.