



INVESTMENT OPPORTUNITY STATE COMPANY FOR TOBACCO AND CIGARETTES (S.C.T.C) Baghdad Cigarettes Plant

– Invitation

The Ministry of Industry and Minerals has the pleasure to announce invitation of specialized International Companies to invest in rehabilitation of Baghdad plant of State Company for Tobacco and Cigarettes (S.C.T.C.) located in Baghdad, including Operation and Management according to the advanced latest Technologies on Investors expenses against a share agreement of production achieved for a negotiated period of time.

– History of the Plant

Date of establishment of Baghdad plant cannot be nominated and fixed since the plant and the related sections are the outcome of emerging and modification of a number of small private companies since 1926 up to 1964 the date of nationalization of cigarettes industry and modernization of existing sections took place in 1970-1973.

– Investment Concept

The concept is that the investor shall implement the activities to rehabilitate the plant in accordance with modern technology, manage and operate the plant against share of accomplished production, for a certain period.



– Plant Data:

▪ Design Capacity

Plant's Name	Size	Design Capacity
Baghdad	King Size	900000 Cartons/ annually
	Super King Size	100000 Cartons/ annually

▪ Target Capacity

Total: 1000000 Carton Annually

– Economic Data:

▪ Strong Points of the Opportunity:

❖ Local Market Demand

There is a large market demand for cigarettes in Iraqi market, before 2003 the State CO. For Tobacco & Cigarettes was main supplier of cigarettes locally produced in the plant of the company, this was due to many restrictions such as taxation, regulation of quality assurance for imported cigarettes by Iraqi central organization for standardization and quality control, and after 2003, all the restrictions mentioned were removed and the market became open to different variety of cigarettes brands and ranging quality wise from best to poor grades with high level and very low prices resulted in loss of company products share to the lowest level.

In order to face this situation the company is forced to go through rehabilitation activities for production machinery to improve the quality standard of local production, to gain the trust of consumers and to plan exportation activity.

❖ Availability of Labor Force

There is labor force for operation of production machinery of medium production capacities ranging to 5000 cigarettes /minute, which they need training opportunity for operation of high productive machinery, concerning operation and maintenance services.

Accounting and administration staffs are available who also need to be acquainted to new trends of administration by participating in special training opportunities.

❖ Availability of Raw Material

All the raw materials used in cigarettes production are imported excluding local oriental tobacco which planted and harvested in north of Iraq.

▪ Estimated Cost of Rehabilitation

11 million US \$



– Special care

The investor is requested to pay special attention to the following points when preparing and submitting his proposal:-

1. The aim is to rehabilitate and upgrade the plant by modern technology, to reach targeted production capacity, all at the "investor" expenses, against share of the product for certain period of time to be agreed upon with Ministry of Industry & Minerals.
2. The rehabilitation works shall be comprehensive for all production lines of the plant and facilities to ensure that the plant shall work at the targeted capacity.
3. The "investor" in cooperation with his supporters, specialized in concerned industry, shall depute technical experts to visit the plant site to evaluate the technical requirements of rehabilitation & conclude detail investigation at the same time. The plant management shall provide all needed assistance to help the expert's team to perform the technical investigation of the plant including providing technical data and drawings.
4. The investor shall present his investment proposal containing the details of the rehabilitation work that he shall perform, procedure for implementing the work, the final and stages production capacity targeted, the period of the investment agreement, the share of the Ministry of the production that he offers and the procedure to operate and manage the plant after completing the rehabilitation work (see General Condition for detailed terms of the eventual agreement).
5. The proposal shall contain the undertaking to supply, install, and operate power generation unit (s) sufficient to meet the plant needs.
6. It is preferable for the interested investors to arrange seminar for the project team and the related staff, to show his qualification and experience and points of view for the rehabilitation approach.
7. The proposal shall contain the undertaking to keep the plant personnel, pay their salaries and allowances throughout the agreement period.



– Evaluation criteria

A specialized team from the Iraqi side shall study all the proposals submitted by the investors and select the best proposal, negotiate the investor of the best proposal to finalize the agreement to be signed with the Ministry.

The evaluation criteria for selecting the winner investor shall be:-

1. The share of MIM as a percentage of the production.
2. The scope and level of rehabilitation works and technological modification offered by the investor.
3. Readiness of the investor to install power generation unit/(s) of a certain capacity to cover the need of all activities in the plant as the national grid is no more sufficient.
4. Readiness of the investor to keep the existing workforce of the plant paying their salaries & incentive according to the production increments.
5. The period planned to implement the rehabilitation activities to achieve the targeted production capacity of the plant.
6. Minimum period of the investment contract agreement.
7. Maximum production capacity undertaken to be fulfilled by the investor.
8. The investor financial capability to fulfill his undertaking to rehabilitate the plant supported by :-
 - Financial statements for the last three years.
 - Supporting letter from banks and financial houses showing the investor financial capabilities.
 - Documents on the financial capabilities of the investor partners or the supporting parties.
 - Documents on financial facilities that banks may grant to the investor.
9. The technical and managerial capacity of the investor and his supporting partners (Engineering Companies, Vendors, Site Work Contractors), to achieve the rehabilitation works, operate and manage the plant after completion the rehabilitation and organizational structure of the investor/group of investors (to be provided).
10. The similar experience of the investor and his supporting companies in similar works with documental references.
11. The readiness of the investor to accept and fulfill the conditions and obligations mentioned in the rehabilitation file.
12. The Applicable standards (Weights) for the evaluation of each accepted offers will be according to the following marks:-



The Standards of the Criteria		Marks Assigned %
	Financial Capability:	20
	- Providing a certificate from the banks or financial body/institution with other documents that support the financial capabilities of the investor and his partners.....	10
1	-The documented financial facilities presented by the banks to the investor.....	5
	-Evaluating the financial position of the investing company and the partners, through studying financial data's of the last three years.....	5
	Technical capability:	20
	-Similar project works of the investing company and his partners (Implementation and operation).....	10
2	-Presenting documented information on the engineering companies cooperating with the investing company.....	5
	-Authentic documents related to the original suppliers of materials, equipments foreseen dependable by the investing company.....	5
	...	5
3	The production share given by the investing company to the Ministry of Industry and Minerals	25
4	The targeted production capacity offered by the investing company.....	10
5	The period required by the investing company for the rehabilitation works.....	10
6	The scope of works specified by the investing company in the investment plan.....	10
7	The specific period of the investment agreement offered by the investing company.....	5

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