
Iraq seeks USD 2 billion foreign funding to boost industry

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MEED reported that thirty state owned firms seek joint ventures with foreign and private investors.

The Industry & Minerals Ministry will name 30 state owned companies seeking to enter joint ventures with foreign and private investors by the end of January, as it strives to develop the country's industrial resources. The move follows the award of joint venture agreements to upgrade three of the country's largest state owned cement plants. They are the first such deals to be made by the government involving partnerships between private and foreign investors.

The ministry aims to attract up to USD 2 billion worth of private investment to Iraq's ailing cement, petrochemicals, iron and steel sectors.

Mr John Lyons a senior consultant at the Iraq Reconstruction Management Office a division of the US Department of State said that "Hopefully, the success of the initial round of investment will be repeated. We are hoping to attract more large European companies."

Mr Lyons said that "The ministry is focusing on industrial development in the downstream petrochemicals and cement sectors. Downstream petrochemicals are extremely important. After that we are looking at construction and cement."

Eight Iraqi led consortiums submitted bids for the 15 year joint venture agreements to renovate three existing cement plants. The rehabilitation of the plants is expected to take three years to return each to its original production capacity of 1.8 million tonnes a year. They are currently working at 20% capacity.

The winning consortiums are backed by Lebanon's Seament, Romanian Uzein Export-Import, and Germany's KHD. Each group is expected to invest USD 150 million in renovating the factories.

Existing facilities in Samawa in the southern Muthanna province, Kirkuk in the north and Al-Qaim in western Anbar province will be upgraded. The government will take 30% to 45% of the plants' output free of charge.

France's Lafarge launched an unsuccessful bid to secure the contract to upgrade a fourth plant near the city of Kerbala. Its 12% product sharing offer was rejected and the contract is now due to be re tendered. Mr Lyons said that "We are hoping Lafarge will come back."

In March 2007, Orascom Construction Industries completed the rehabilitation of the Tasluja cement factory near the city of Suleimaniyah in northern Iraq. The plant has a production cap-acity of 2.3 million tonne per year.

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