

Low-hanging Fruit: Harir Food Processing Plant near Irbil in the Iraqi Kurdistan Region Seeks J/V Partner and Operator

The Harir Tomato Paste and Fruit Juice Factory located on a fertile plane about 60-km to the northeast of Irbil's city center is an operation that appears to be aching to have a few cobwebs brushed aside in order to re-start under new management. While refurbishment and technological upgrades will eventually be needed, Harir appears to be a plant that could be returned to productive operation in short order. This is not hard to fathom since, as recently as 2003 the facility was churning out seven metric tons per hour of concentrated tomato paste through a three-shift, seven day-per-week operation. A recent visit by U.S. Embassy staff revealed that the 140,000 square meter factory has been carefully mothballed, right down to the 160 metric tons of apple, pear, peach, plum and grape juice that has been stored in aluminum vacuum sealed bags at 0C, likely suitable for animal if not human consumption tomorrow. The Harir factory was owned by the Kurdistan Regional Government (KRG) and operated under supervision of the Food and Agriculture Organization of the United Nations until 2003. The KRG transferred complete title to a private Kurdish development consortium, the Dabin Group (www.dabingroup.com), that has been entertaining offers from prospective investors and operators of the factory.

The factory structures were completed under Saddam in 1978 and originally outfitted with Bulgarian (Technix) machines. There is 630 KVA generator on site, as well as a steam generator and water pump station. Rehabilitation projects took place in 1999 and 2001 when the FAO spent some \$6 million on Italian (Betusi), Dutch and Belgian equipment, as well as certain civil works. The retrofitting of 13 of the 16 lines was completed in 2003 when the FAO terminated production ahead of the looming conflict, and operations have never been re-started. A brand-new Tetra Pak machine for the juice line arrived too late even for its test run and remains in place under careful wrap. The hot brick processing lines reportedly incorporate electronic controls and low-heat, vacuum technologies which yield a superior product. It is said that the Harir brand had attracted a loyal following for the density, quality and consistency of the paste, which allowed it to compete favorably with Turkish and Iranian product which tried to copy the Iraqi brand. The juice lines include enzyme and modern filtration processes. Product was pasteurized, sanitized or homogenized, as appropriate

At its peak, the facility was run by over 150 technicians and laborers. The tomatoes were sourced on contract from some 235 farmers in nearby Khabat, Ainkawa and Qushtapa, from industrial seed (one variety) and fertilizer provided to the farmers by the plant. About 6,000 metric tons of tomato was collected in 2003, sufficient for about 1,000 tons of paste, marketed in 1.2 million 840-gram cans. The area farmers are eager to see the plant resume purchase of their produce. Investors will want to note that Kurdistan has been uniquely free of sectarian strife or terrorist acts for about a decade. It offers foreign businesses an ideal base within Iraq.

For specific information on this opportunity, please contact Mr. Azzat Othman, Dabin Group: azzat.othman@dabingroup.com. For general commercial assistance on this or other topics in this series of short alert reports, contact: Andy.Wylegala@mail.doc.gov or Mitch.Larsen@mail.doc.gov, and see our related reports at www.buyusa.gov/iraq.



Panorama of the fertile Harir plane, source of much of the fruit and vegetable production of the Iraqi Kurdistan Region and home of the Harir Food Processing Plant that seeks a new lease on life.



View of part of the juice line at the Harir Factory. Much of the machinery has undergone no more than ten days' operation time since installation in 2003.



A few of the 800,000 cans produced in a typical year are shown above. Harir quickly established itself as a premium brand, priced above the Turkish and Iranian product in the area.