



SCANIA

PRESS info

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Scania is back in Iraq

Scania has a presence in Iraq again, including both production and sales. Trucks ordered by government customers are being assembled locally there, while an independent distributor is supplying the private sector market with imported vehicles. This distributor is also responsible for the reconstruction of Scania's sales and service network in the country.

"If the situation in Iraq continues to stabilise, within a few years the country can regain its position as Scania's most important market in the Middle East," says Martin Lundstedt, Executive Vice President and responsible for the company's sales and marketing.

In the early 1980s, Iraq was one of Scania's largest markets. At the peak, sales totalled 3,900 trucks in one year (1981).

Late in 2009, Iraq's State Company for Automotive Industry (SCAI) began production of the first of 500 trucks ordered under the terms of an agreement between Scania and Iraq's Ministry of Industry & Minerals. Production is taking place at the government's Iskandariyah industrial complex south of Baghdad.

"Creating jobs in the country's industry has been an important aspect of the agreement between Scania and the Iraqi government," Lundstedt says.

Today the SCAI facility in Iskandariyah employs about 300 people in its Scania operations, which not only includes final assembly of truck chassis but also bodywork for delivery of ready-to-drive trucks.

So far, SCAI has delivered some 150 fully equipped trucks to various public sector customers, for example tank trucks to the Ministry of Water Protection and Supply.

Iraq's national reconstruction efforts also include measures to stimulate private entrepreneurship.

"Today there are private companies that need trucks for both mixed cargo and construction haulage. Most of these are used trucks imported from Europe. The demand for new trucks, but also buses and coaches, is expected to increase as Iraq carries out its planned infrastructure investments," Lundstedt says.

To meet the increasing demand from the private sector market, Scania has resumed its collaboration with the Al Bunnia Group, which is Iraq's largest private corporation.

The Group is the distributor of Scania vehicles for the non-government market and has delivered some 30 vehicles so far this year.

The vehicles distributed to the private sector market are being assembled at Scania's own factories and then customised by bodybuilders in the Middle East, among them Scania's delivery centre in Dubai.

With Swedfund as a co-financier and part-owner, the Al Bunnia Group has established the company Mada Al Rafidain, which has begun the task of reconstructing Scania's sales and service network in Iraq. A service workshop outside Baghdad was recently re-inaugurated. A completely new Scania facility will soon open in Erbil, northern Iraq.

Swefund is a Swedish government-owned venture capital company that offers capital and expertise primarily to Swedish companies that are seeking to establish or expand their operations in developing countries.

"Investments to expand the sales and service network are crucial to the success of Scania and our partners. Even today, workshop services are in great demand, since there are an estimated 5,000 Scania vehicles on the roads in Iraq," Lundstedt says.

"Its rich supply of oil and gas makes Iraq one of the world's ten wealthiest countries per capita. Iraq will be one of the fastest-growing economies during the coming decade. We hope that this investment not only supports Scania's venture in the Iraqi market but can also persuade other Swedish companies to dare establish a presence in Iraq," says Björn Blomberg, CEO of Swedfund.

For further information, please contact Hans-Åke Danielsson, Press Manager, tel +46 8 553 856 62.

Scania is one of the world's leading manufacturers of trucks and buses for heavy transport applications, and of industrial and marine engines. A growing proportion of the company's operations consists of products and services in the financial and service sectors, assuring Scania customers of cost-effective transport solutions and maximum uptime. Employing 32,000 people, Scania operates in about 100 countries. Research and development activities are concentrated in Sweden, while production takes place in Europe and South America, with facilities for global interchange of both components and complete vehicles. In 2009, invoiced sales totalled SEK 62 billion and net income amounted to SEK 1.1 billion.

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[N10009EN] H-Å Danielsson