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مكتب وزير الدولة لشؤون التنمية الإدارية  
مركز مشاريع ودراسات القطاع العام

**REPUBLIC OF LEBANON**  
**INVESTMENT DEVELOPMENT AUTHORITY**  
**OF LEBANON**

**(IDAL)**

Republic of Lebanon  
Office of the Minister of State for Administrative Reform  
Center for Public Sector Projects and Studies  
(C.P.S.P.S.)

**RESTRUCTURING THE REGIE**

**INTERIM AUDIT REPORT**

**31 October 1996**

**TEAM**  
**INTERNATIONAL**

**INDOSUEZ**  
**CAPITAL**

**E. KANAAN**  
**& CO.**

## EXECUTIVE SUMMARY

## 1. EXECUTIVE SUMMARY

This document presents the deliverable of Task 5.1.2.: "Audit" prepared according to the proposal for Restructuring the Regie. The purpose of the audit being "to assess the present market size and position, and determine the strengths and weaknesses of Regie". For maximum consistency, every effort was made in order to present the audit assessment (section 3.) in accordance with Exhibit 1: "Audit" of the proposal.

In pursuing the objectives of this particular task, the study team started by identifying official bodies within the Regie for the anticipated need for support, guidance, relevant information, and other sources of information. **Table (1.1) presents the Main Official Bodies Interviewed.**

The Audit process began by studying all identifiable and accessible documentation on the Regie. The study team soon realised that while most of the submitted information was directly usable, more data gathering had to be done via direct contact and interviews with selected Regie executives within the various departments. **Table (1.2) presents the Official Documents and Sources Used for the Audit Process.**

Within the overall objectives of the study, focusing on the specific purpose of the Audit task, a thorough review of the Regie was carried out under the following main headings:

- Legal Audit
- Market Audit
- Technical Audit
- Management Audit
- Human Resources Audit
- Financial Audit

As such, the audit assessment covers the evolution of the legal status of the Regie, its present market size and position, its management performance, human resources qualities, and its recent performance in the main financial areas.

The major reasons for the delay in delivering this report include:

- Approval for the release of certain requested information had to be given by such high authorities as the Minister of Finance.
- Data received from the various departments and sources within the Regie needed multi-level validations, and structuring it into tabulated formats underwent up to eight iterations in the process of ensuring maximum accuracy. Initial analysis of the financial data, which is based on unaudited statements, revealed that further consolidation is needed to ensure optimum accuracy as input for the forthcoming financial modelling.

- The extending need to conduct external research and macro agronomic fact finding in an environment where such resources are severely under-funded.

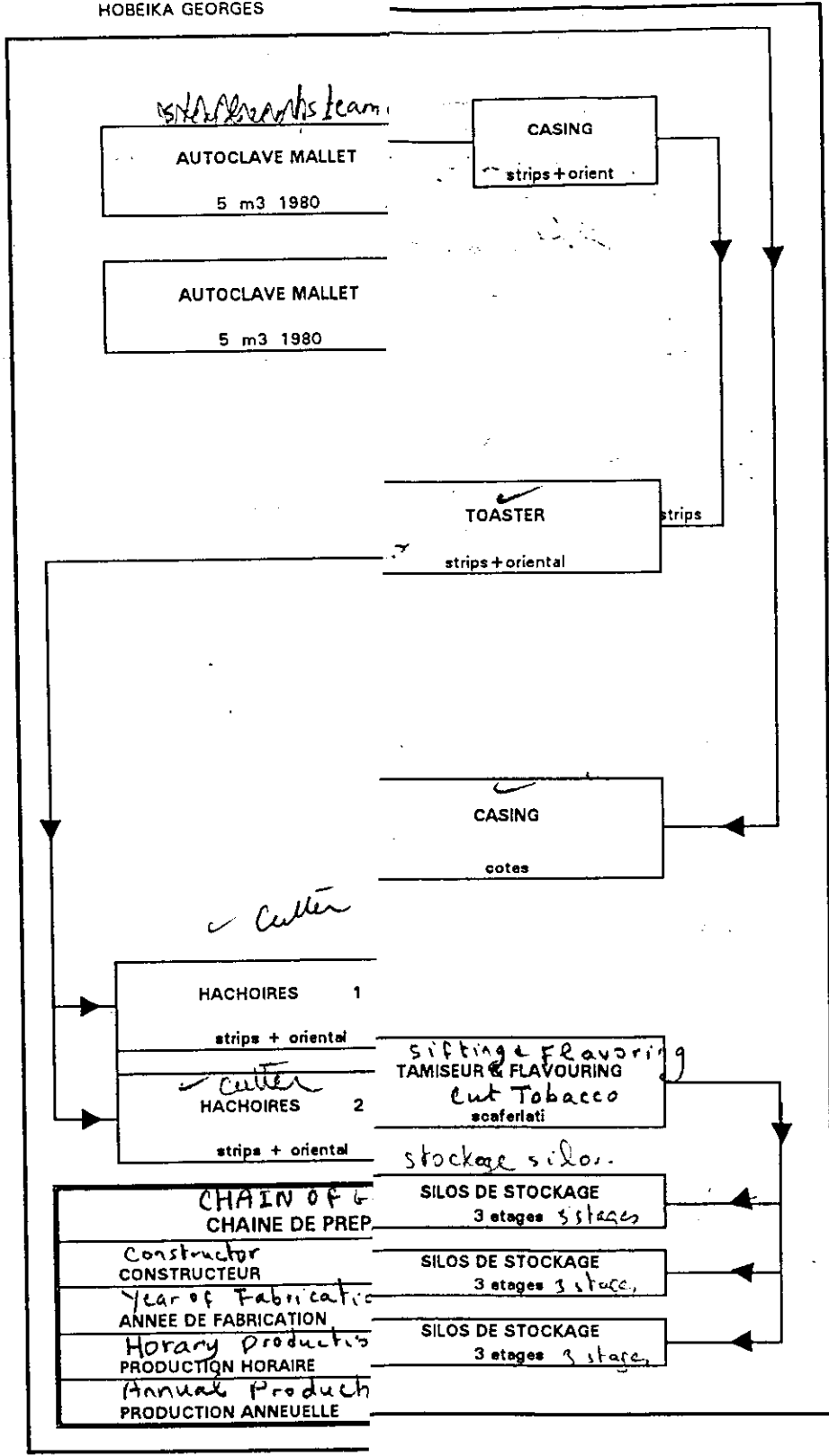
Upon perpetuation of the delay in receiving requested information, a project management decision was taken (on October 21, 1996) to deliver a first draft of the Audit Interim Report by November 1, 1996. Gaps in the audit assessment presented in this report are highlighted in the relevant parts which are yet to be completed before this report can be of optimum benefit for subsequent tasks and phases of the project.

TABLE (1.1)

MAIN OFFICIAL BODIES INTERVIEWED

DATE OF INTERVIEW	NAME (S) OF PERSONNEL INTERVIEWED	POSITION	SITE NAME and LOCATION	SITE FUNCTION
May 30, 1996	Mr. Kamal Atrissi Mr. Ali Srouf Mr. Khalil Ghawi Mr. Joseph Aoun Mr. Antoine Madi Mr. Samir Nasser Mr. Ibrahim Jamati Mr. Michel Awad Mr. Shirbil Hajj Mr. Ghazi Mrad	Coordination Manager Inspection Manager EDP Manager Head of Dist and Sales Dept Head of PR Dept Head of Store Dept Head of Production Dept Foreman Maintenance Engineer Head of Exploitation Dept	Regie Hadath (Beirut)	Headquarter -Cigarette Manufacture - Wholesale Distribution - Storage
June 22, 1996	Mr. Abdel Mawla Mawla	Head of Saadiyat Center	Saadiyat (South)	Laboratory
June 22, 1996	Mr. Ali Srouf	Regional Manager of the South	Ghazich (South)	Sorting and Storage of Tobacco
June 22, 1996	Mr. Ali Hajj Mohammed	Head of Storing Dept	Nabatieh (South Region)	Storage of Tobacco
June 25, 1996	Mr. Naim Sarroufim Mr. Antoine Samaha Mr. Elias Abu Haydar Mr. Joseph Abu Elias	Head of Technical Dept Inspection Manager Store Keeper Head of Storing Dept	Bekfaya (North Region)	Sorting and Storage of Tobacco and Tombac
June 25, 1996	Mr. Assaf Bassil Mr. Salim Shedid	Head of Storing Dept. Head of Adm. Division	Batroun (North Region)	Storage of Tobacco
June 25, 1996	Mr. Mahmoud Sanjakdar	Regional Manager of the North	Tripoli (North Region)	Sorting and Manufacture o Tombac
June 25, 1996	Mr. Adnan Ajam	Head of Kfarsaroun Center	Kfarsaroun (North Region)	Laboratory

REGIE DES TABACS  
HOBEIKA GEORGES



*Add the  
New field  
sites.*

TABLE (1.1) CONT'D

MAIN OFFICIAL BODIES INTERVIEWED

DATE OF INTERVIEW	NAME (S) OF PERSONNEL INTERVIEWED	POSITION	SITE NAME and LOCATION	SITE N
July 4, 1996	Mr. Kamal Atrissi Mr. George Hobeika	Coordination Manager Production Manager	Regie Hadath (Beirut)	Headquarter
July 15, 1996	Mr. Kamal Atrissi	Coordination Manager	Regie	Headquarter
July 24, 1996	Mr. Kamal Atrissi	Coordination Manager	Regie	Headquarter
August 7, 1996	Mr. Kamal Atrissi	Coordination Manager	Regie	Headquarter
August 20, 1996	Mr. Kamal Atrissi	Coordination Manager	Regie	Headquarter
September 24, 1996	Mr. Kamal Atrissi	Coordination Manager	Regie	Headquarter
October 2, 1996	Mr. Kamal Atrissi	Coordination Manager	Regie	Headquarter
October 10, 1996	Mr. Kamal Atrissi	Coordination Manager	Regie	Headquarter
October 15, 1996	Mr. Mahmoud Sanjakdar	Regional Manager of the North	Tripoli (North Region)	Tripoli
October 18, 1996	Mr. Kamal Atrissi	Coordination Manager	Regie	Headquarter
November 12, 1996	Dr. Jihan Tawil	Medical Officer (WHO)	WHO	Headquarter
November 21, 1996	Mr. Kamal Atrissi	Coordination Manager	Regie	Headquarter
November 29, 1996	Mr. Kamal Atrissi	Coordination Manager	Regie	Headquarter
December 9, 1996	Mr. Kamal Atrissi	Coordination Manager	Regie	Headquarter
December 10, 1996	Dr. Ibrahim El-Hajj	Head of Preventive Medecine Department	Ministry of Health	Headquarter
December 17, 1996	Mr. Kamal Atrissi	Coordination Manager	Regie	Headquarter
December 17, 1996	Dr. Mona Zreik Dr. John Jabbour	Consultant/Planning Unit Preventive Medecine Coordinator	Ministry of Health	Headquarter
December 18, 1996	Mr. Kamal Atrissi	Coordination Manager	Regie	Headquarter
December 19, 1996	Dr. Ahmad Oueda	Dean of Pharmacy	Lebanese University	Ramlat El Bayda
December 21, 1996	Mr. Kamal Atrissi	Coordination Manager	Regie	Headquarter
December 21, 1996	Mr. Antoine Samaha	Inspection Manager	Regie	Bekfaya

*Jan. 14, 1996*

Mr. Kamal Atrissi







<p>TECHNICAL</p>	<ul style="list-style-type: none"> <li>-Revival of equipment related to segmentation of Tombac leaf</li> <li>-Project for manufacturing local cigarettes with a complete technical study</li> <li>- Letter No. 399 Minister of Financial Affairs</li> <li>- Chain of general preparation - Hadath factory</li> <li>-Terms of reference related to the stages of preparing and packaging of tombac for Tripoli factory</li> </ul>	<p>Regie</p> <p>Regie</p> <p>Regie</p> <p>Regie</p> <p>Regie</p>
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## BACKGROUND

## **2. Background**

### **2.1. Agricultural Status**

#### **Research Findings**

An investigation of the agricultural degradation of Lebanon confirms the absence or at best the narrow approach the Lebanese government has adopted towards the agricultural sector. For example, comparing production levels and the contribution of the agricultural sector to the whole economy between the pre-1960s and the 1990s, we can clearly notice that the country has transformed from a net exporter to a net importer of food crops. The fruits, vegetables, silk, tobacco, and olive oil industries, once symbols of the country's agricultural reputation, have witnessed sharp declines. Today, the country can barely meet 30% of its food needs. It has often reverted to buying cereal items through aid programs because it could not afford to acquire them through the international market price. The agricultural sector is so poorly managed that it contributes only 10% of the gross national product, down from 60% five decades ago.

As for the environmental toll, it is not much better. Whatever is left of the shallow soil is eroding at an alarming rate. Starting with farmers' practices, or rather malpractice's, of the land management (from over-grazing to the application of dangerous chemicals, to over-fishing), combined with the lack of governmental regulations, Lebanon is guaranteed to lose its topsoil within two generations. Urban expansion and the open rape of the forest (which today covers less than five percent of Lebanon, down from 25 percent just 15 years ago), has additionally taken its toll on prime agricultural land. This environmental abuse is affecting underground water replenishment, the little surviving wildlife, air quality, and the overall health condition of the population.

On the economic front, the agricultural sector is still struggling. Marketing channels have been disrupted due to the Lebanese Civil War (1975-1990) and are facing tough competition from regional producers. Agricultural land is either too expensive to own or lease, or is unsuitable for cultivation without large amounts of capital investment to reclaim it. Food prices are so high for the consumers that they drain up to 70 percent of their personal incomes. At the same time, high food prices do not benefit farmers as much as the middlemen. Agricultural credit is barely available, and conventional banks operate on high interest, making it practically impossible for farmers to invest in long term projects.

Long-term planning is lacking, consistency is non-existent, and policies change with every incoming administration. Ministers of agriculture are usually appointed according to their religious background and social status, instead of their qualifications and wisdom in understanding the complexity of the agricultural challenges. The Agricultural Ministry is conventionally known as the "forgotten administration" and receives the "leftovers" of the State Budget. The allocation to the Agricultural Ministry has traditionally averaged

0.64% of the state budget, although the agricultural sector contributes more than 11% of the country's GNP, and positively contributes to the trade balance.

Government corruption exists from the lowest to the highest ranking official. It is manifested by officials taking bribes and giving preferential treatment to one village over the other. The only consistency in agricultural policy during the past fifty years has been the constant abuse of power, corruption, irresponsibility and exploitation of the farmer. As of today, the majority of land reclamation and other projects have been paid for by private citizens, but their humble efforts are far behind the available natural resources, and are way beyond their financial capabilities.

Today, many barren fields and thousands of trees await cultivating, pruning, or picking, but the farmers have either migrated, emigrated, or are too frightened to come back. The crisis has contributed to the brain drain among the educated and to the financial drain among the investors. Today, Lebanon is in chaos with a corrupt bureaucracy and an alienated population searching for any means of short-term survival.

The facts are clear. Lebanon has become a net importer of food. It has lost its agricultural industry, its rural population is migrating, and agricultural labor costs are high. Incomes are low, while food is unaffordable. Soil, forests, water, and wildlife are depleting rapidly, and a corrupt leadership is not held accountable for its policies.

### **The Assessment by the UNDP**

According to the 1994 UNDP *Development Cooperation for Lebanon* report concerning the agricultural sector, "... its rehabilitation and development are made difficult by the absence of a coherent agricultural strategy, absence of clear policies, and of commitment to implement or enforce them, and lack of capacity to develop and manage programs. According to the private Lebanese Centre for Agricultural Research and Studies (CREAL), Lebanon's agriculture is in tatters due to official neglect and a flood of produce and worker from neighbouring Syria."

According to the 1995 UNDP *Development Cooperation for Lebanon* report, "The agricultural sector has been in perennial crisis due to the absence of a strategy and a long-term development programme, the marginalisation of capacity of the agricultural administration, marketing problems, and the absence of agricultural finance. The latter constitutes the basis for modernising the productive assets of the sector. The private sector remains hesitant to commit resources to agriculture in view of the relatively high risk and because of systematic subsidisation which conflicts with the profit motive. The country's competitive position in agriculture can be redressed from the moment a decision is taken to develop a strong agriculture and the necessary means are made available for research, development and marketing."

According to the same report, activity in the agricultural and industrial sectors remained subdued, notwithstanding the good performance of exports and the significant increase of bank loans to these sectors (up by 30% in 1995). Both sectors are dominated by traditional enterprises, which are badly under-capitalized and are in need of restructuring and modernising their productive apparatus.

### **The Assessment of the Lebanese Chamber of Industry and Commerce (LCIC)**

The following excerpts outline the major findings of the 1995 annual report (not published when this report went to print) regarding the agricultural sector in general:

- The current output from agricultural activities contributes to less than 10% of the GNP.
- Self-sufficiency regarding agricultural produce has been dropping drastically. Lebanon today imports more than 70% of consumer demand on cereals and meats/poultry, and more than 75% on foodstuffs.
- Lebanese fresh fruit exports slumped to 164,456 tons in 1995 after reaching 370,934 tons in 1973.
- In 1995, the export value of agricultural produce and processed foodstuffs was around USD145m contributing 17.54% of the total export value, while the import value for the same categories of products was around USD1,402m reaching 10 folds by comparison to the export value.
- Only 65,000 hectares of the potentially fertile 300,000 hectares of land is supported by modern artificial means of irrigation that makes it suitable for modern intensive farming, while the rest of farming areas depend on rainfall irrigation.
- Forest land has receded to around 7% of the total Lebanese territory. The high population density (around 400 per square kilometer), has caused further degradation to the natural environment due to the ever expanding residential and grazing areas, in addition to the damage caused by negligent or pre-meditated fires.
- The rising cost of agricultural production due to the cessation of government subsidy for seeds and fertilizers as well as the rising labor cost, contributes to lessening the economic feasibility of farming to the extent of rendering it uncompetitive regionally.
- There has been limited government action to remedy this situation, primarily manifested in the allocation of only 2% of the national budget for the Ministry of Agriculture, 80% of which is allocated for salaries. Government sponsored agricultural projects supported by various international bodies lack collaboration,

integration and working within pre-defined priorities and a focused political framework for agricultural development at the national level.

- The Ministry of Agriculture endeavors to provide advice on best farming practices in addition to supplying fertilizers and pesticides to farmers. The Ministry has also issued an Agricultural Calendar to protect the interests of the farmers and domestic crops.
- Action has been taken to promote local produce to international markets. Agreements have been recently signed for exporting potatoes, grapes, citrus fruits and apples to Jordan, and citrus fruits to Syria, while Libya will be importing Lebanese apples.
- Lebanese agricultural produce is currently being subjected to quality inspection in terms of trading conditions, standards and packaging.
- Import of tropical fruits is subjected to licensing regulations, and tax on these commodities has been raised to 100%.
- The Council of Ministers has approved the commissioning mandate of the Agricultural Development Bank with a capital of 30,000,000,000 LL. The Ministry of Agriculture aims to secure 80% of the finances from the private sector.
- The Ministry of Agriculture, through the Council for Development and Reconstruction, endeavors to secure finances for irrigation projects from the World Bank for Agricultural Development and the Arab Organisation for Agricultural Development.
- The Lebanese Parliament has authorised the Lebanese Government to sign an agreement for a loan from the World Bank for Agricultural Development for the modernisation and rehabilitation of the irrigation sector. The loan amount is around 9,920,000 USD, while the total cost of the project is 57,000,000 USD. The project will benefit some 33,000 farming family, and will cover an area of 17,500 hectares of land, and will be implemented within 5 years.

Agricultural pricing policies have succeeded in reactivating agricultural output and encouraged the return of farmers to their land.

### **Initiation of the Agricultural Survey Project**

According to a report published in Al-Nahar newspaper on October 4, 1995, the initial stage of the Agricultural Survey Project had just been launched, after a period of 35 year long absence of agricultural statistics. This work will be a collaboration between national and foreign experts spanning over a period of 3 years, and is financed by the World Bank,

the Lebanese government and the Food & Agriculture Organisation (FAO). It is worth noting that output of official agricultural statistics have ceased since 1974 and that the latest comprehensive available figures date back to 1970. As a result of the long civil war and the unanticipated changes it imposed on the socio-economic structure, the informative value of existing agricultural statistics has vanished altogether. This lack of government statistics on agricultural, and all other kinds of economic activities, profess a huge gap in terms of the need for information support for socio-economic planning in Lebanon in the post civil war era; the unavailability of reliable statistics remains to be the main impediment to any socio-economic planning.

## 2.2. Industrial Status

Prior to the civil war (1975 - 1990), Lebanon was viewed by neighbouring Arab and Gulf states as the leading Arab exporter in terms of quality and variety of manufactured goods in addition to agricultural produce and commercial services. According to economic analysts, maintaining this position was largely due to the continuation of the traditionally open market economy. Successive governments were always receptive of new ideas in support of social progress and economic growth. The positive response in this respect is evident through the related legislations, which in its structure and form, is comparable to legislations in developed countries.

According to the 1994 UNDP *Development Cooperation for Lebanon* report, an issue of major importance concerns the privatisation of public services, which could be seen as a major step towards the reconstruction of the devastated infrastructure and the operation of rehabilitated public services. The government took an important initiative in this respect when it considered and approved in February 1994 a draft bill to create mixed companies of public and private capital for managing public utilities.

According to the 1995 UNDP *Development Cooperation for Lebanon* report, the industrial sector which provides 140,000 jobs is also seriously hindered in its development by, among others, lack of adequate financing. In 1995, 431 factories were established, a little more than in earlier years (but 700 closed down); these factories employed 3,450 workers and had a cumulative capital of USD60m. Imports of industrial machinery decreased slightly in the past few years. The adoption of a strategy for industrial development focusing on the promotion of industries where Lebanon has a comparative advantage and of a supporting programme, is very much required.

According to the same report, private sector organisations repeatedly called for privatisation of public infrastructure and public services. It was argued that the rehabilitation and operation of the public utilities can be delegated to the private sector under agreed arrangements and under strict supervision according to clear policies for pricing and marketing services. The private sector, both in the country and abroad, has big financial capabilities, a considerable human potential and high technical abilities. The government has continued preparatory activities towards restructuring of public



services with a view to reviewing the status and/or management and operational arrangements.

To give a quick overview of the current level of industrialization in Lebanon, the Ministry of Industry and Petroleum's Report of Industrial Census ascertains that the Lebanese industry is a recent one. Out of the 23,518 Lebanese industrial enterprises (satisfying the criteria of at least one machine, one worker, one material input and a finished product), only 12% have been established before the seventies. The years 1990 to mid-1994 saw a rise of 7,000 industrial units, of which 1,808 (25.8%) were established in the first half year of 1994.

The production infrastructure is outmoded and enfeebled by the damages caused by the civil war. Productivity has dropped due to lack of skilled labor and out-of-date production equipment and techniques.

There is no adoption of, nor existence for, a national industrial policy, perhaps because there is a serious lack of statistical and other information, such as on exports and new markets. The absence of industrial zones and reliable public services discourages new and heavy industrial investments.

The Industrial Census of the Ministry of Industry and Petroleum indicates that the following measures have been taken:

- Some new industrial investments have been exempted from tax payments, according to criteria such as the type of industry, the zone location and the investment amount.
- Locally manufactured products have received customs protection (from 8 to 10% for staple products, and from 18% to 40% for the others), and occasionally some export subsidies, in addition to custom duty exemptions on manufacturing equipment, spare parts and raw material.
- Special credit institutions, such as *BANQUE DU CREDIT AGRICOL, INDUSTRIEL ET FONCIER* (BCAIF) and *BANQUE NATIONALE/ POUR LE DÉVELOPPEMENT DE L'INDUSTRIE ET DU TRAVAIL* (BNDIT) have been founded to give out loans at discounted interest rates and with favorable terms.
- Energy resources prices have been subsidized.
- Preferential treatment has been given out to the Lebanese industry on government projects.
- A professional training policy has been adopted through the establishment of technical and professional training.

- Industrial exports are being promoted through trade agreements signed with the Arab countries and the European Union.

All the reports and articles reviewed in the course of this study have made recommendations for reviving the industrial sector in Lebanon. They include:

- The Lebanese government must adopt an industrial strategy, promote small and medium scale industries, and encourage niche industries. Furthermore, an industrial information system and promotion programme must be implemented and the main service institutions such as the Industrial Research Institute and the Lebanese Standards Institute (LIBNOR) rehabilitated. As the General Directorate of Industry of the Ministry of Industry and Petroleum is well on its way to conclude its final stage of the industrial census, the gathered information could be of main service to establishing an industrial information system. Moreover, the information will help formulating and adopting the appropriate industrial policy for Lebanon. The government could then play an effective role in guiding potential investors as to what industries they should invest in and provide them with all the needed statistics and information.
- Local universities and industries should cooperate in order to align the university research with the industrial needs. A starting point for the collaboration would be the establishment of intelligent manufacturing centers in the universities with members from the regional industries.
- While governmental awareness programmes should be developed to create new jobs for workers replaced by automation, the educational system and training programmes must take into account the progressive transformation of employment structures and the related changes in the required skills for the existing industries and the new ones that will be created.
- Investors and industrialists must be made aware of the great benefits they can draw from automation and intelligent control. This entails the training of the labour force on the new technology and its re-direction towards more engaging jobs. This industrial automation must be accompanied with the relevant organisational changes and production strategies that new and high technologies impose.
- Long-term planning of local industries must be prioritised over short-term quick money making plans.
- Lebanon, being a developing nation, must customise the available manufacturing technologies to meet its local needs and constraints. It should not try to blindly implement the system that developed countries are following. Instead, investors and industrialists must take into consideration the local conditions, market size, labor relations, degree of skills, logistical systems, and available financial and monetary institutions.

- The restructuring of the industrial sector must be achieved with other sectors and take into consideration the interests of the community and the consumers. A comprehensive industrial policy should be formulated with other ministries and included in a global development programme.

### 2.3. Status of the Public Administration

The National Administrative Rehabilitation Programme (NARP) was initiated in 1994 to restore minimum working conditions and the management capacity required to restart basic public services and to prepare the ground for administrative reforms. The programme is meant to be implemented over a three to five year period. According to the 1995 UNDP *Development Cooperation for Lebanon* report, the preliminary NARP appraisal, which was completed in March 1995, encompassed:

- Six (6) core administrative institutions
- Twenty-four (24) line ministries
- Twelve (12) autonomous agencies

The results of this appraisal led to a total requirement for \$106.3m which encompassed;

- Computerisation and acquisition of basic equipment (44%)
- Training (19%)
- Advisory services ((37%)

The office of the Minister of State for Administrative Reform understands the need for constant updating to account for:

- A sectorial and cross-departmental programming approach
- A coordinated appraisal of sector institutions requirements
- An on-going review of the mandates and attributions of all public institutions and,
- A rising demand for better and more efficient public services.

However, in an interview published in Al-Safeer newspaper on October 21, 1996, the Minister of State for Administrative Reforms blamed the prevailing sectarian policy of the government and the adverse role of the politicians, for impeding the implementation of the administrative reforms. He reaffirmed that administrative reforms can not be attained in Lebanon before a political decision is made and endorsed to support such reforms, sighting that there should be a political reform that is conducive to the objectives of the intended administrative reforms. He also articulated that politicians insist on interfering in every minute detail in the management of public services, thus hammering the basis of righteous and fair management, and diverting the loyalty of

employees to outside the public service, aiming to exploit their ministerial positions for personal ends.

#### **2.4. Status of the Government Information Infrastructure**

In the aftermath of the devastating 15-year civil war (1975-1990), Lebanon's reconstruction, development and rehabilitation programmes are hindered by the obsolescence of government statistics. However, the Central Administration of Statistics with support from UNDP and other donors published annual statistics for the years 1992 and 1993 and initiated the publication of the monthly bulletin of statistics early in 1995; it also initiated field work towards the re-establishment of the national statistical frame. Still, funding bodies are reluctant to release finances already agreed for certain projects due to the inadequacy of firm planning information. While foreign investors continue to eye Lebanon as having the ideal socio-economic complexion for good cash returns, the unavailability of basic macro-economic data presents a serious impediment to conducting feasibility studies. The following is a selection of the observations made by potential investors:

- Lack of a base supporting service and integral environment that helps the industry.
- No government guidance or information for investors on what to invest their money and how.
- Lack of information on market needs.
- The nonexistence of a harmonised form for commercial trade and socio-economic data capture, resulting in the difficulty of consolidating related statistics from various sources.
- When an industrial information system becomes active, the government could then define and present its objectives clearly, and allocate resources effectively, leading to a more attractive arena for international investors.

#### **2.5. The State of the Lebanese Tobacco Farming and Industry**

##### **Overview of Tobacco Cultivation and Manufacture in Lebanon**

Tobacco has been cultivated in Lebanon since the days of Al-Amir Fakhr El-Dine Al-Ma'ni in the beginning of the 17<sup>th</sup> century. It was in the year 1625 that the plant of tobacco was introduced in Lebanon by the "Inkshariyah" armies (Ottoman Army) who were fighting the Persians. This plant was known as the Arabian Tobacco. Later on, Turkish tobacco seeds (From the Turkish states : 'Samson', 'Bafra', and 'Izmir') entered Lebanon.

The tobacco industry in Lebanon fits the monopolistic model. Before the monopolistic model, tobacco cultivation was subject to two different agricultural systems, namely the

free cultivation system in the 'Mutassarifah' of Mount of Lebanon, and the Ottoman "Regie" system in the state of Beirut. Nevertheless, the practical distribution of licenses for cultivating tobacco has been done by the present "Regie" system which was established by the French mandate administration. The regulations of tobacco cultivation define conditions necessary to give the farmer the right to cultivate tobacco.

The tombac, another class of *tobaccum*, which is derived from the genus *Retonoid Nicotana-* was brought to Lebanon from Latikia in 1940. In the same year experiments conducted on this class were made in Tamra, Jarmak and Saida. This kind of tombac was known as Abu Jilda or tombac Baladi. Later on, from 1944 to 1948, the Iranian Tombac (Asfahani) currently known as Saadi 33 was introduced in Lebanon. Nowadays, Regie is trying to add some artificial flavor (sauce) in order to exactly match the Iranian Tombac qualities.

The Lebanese tobacco and tombac monopoly "the Regie", is legally endorsed by the monopoly status granted to it by the Lebanese government. Its main business operations are:

- Domestic manufacture and management of Lebanese tobacco and tombac.
- Wholesale distribution of all imported cigarettes and tobacco products.

According to the *Lebanese Chamber of Industry and Commerce (LCIC)* report already referenced:

- Tobacco cultivation achieved a notable growth that surpassed all expectations. **Tobacco and tombac yield recorded the following output (in tons):**

1991	1992	1993	1994	1995
700	1,800	2,700	4,500	8,000

- At the manufacturing level, rehabilitation of all tobacco sorting equipment was completed, and tombac production (in the North of Lebanon) increased from 7 to 30 tons per month.
- At the commercial level, and as a result of the eradication of smuggling, the Regie cash returns included 2,500,000,000LL in Due Fines in 1993, and 1,300,000,000LL, in 1994. Sales volume in 1994 increased by 30% compared to 1992. **At the financial level, Regie's total returns (in Billion LL) were:**

1993	1994	1995
81	123	150

- In 1995, comparative tobacco and tombac trading recorded the following:

Trade Category	Import Value (USD)	Export Value (USD)
Trade Total	7,303,061,800	824,000,260
Agricultural Products	1,401,743,106	144,547,462
Tobacco and Tombac	220,813,854	11,926,280
Tobacco and Tombac to Agriculture	15.75%	8.25%
Agriculture to Trade Total	19.19%	17.54%
Tobacco and Tombac to Trade Total	3.02%	1.45%

The importance of the Regie to the Lebanese government is both economic and political. From the economic perspective, the Regie is considered as one of the largest companies in Lebanon. Those who benefit and are related to the Regie are estimated at over 60,000 persons supporting between 400,000 and 500,000 people. Moreover, the business of the Regie is interconnected with the agricultural, industrial, and commercial sectors, making it a vital resource to the Treasury Department. According to Eco News weekly newspaper June 10, 1996. It is estimated that the related government authorities received \$100m (in various taxations) from the sale and import of tobacco products in 1995, \$41m being earned through stamp duties on imported products (which remains at a high of 25% since July 1995).

From the socio-political perspective the position of the Regie has become more critical. As described in an address on July 27, 1996 to a visiting delegation of Regie employees headed by Mr. Naseef Saqlawi (Regie's Managing Director), Mr. Nabih Berri (President of the Lebanese Parliament) underlined the important role of the Regie by saying: "...80% of our families in the territorial strip (the Israeli Occupied Zone of South Lebanon) would have left, had it not been for the tobacco plant and yourselves ...".

Underlying the strategic objective above, is the government's directives to the Regie concerning the financial support it grants to tobacco and tombac farmers in the form of farming subsidies. This subsidy is aimed at the following objectives:

- To encourage the farmers to stay on their land instead of migrating to the cities.
- To promote the replacement of illicit crops.

As such, the difference between the international market price and the actual purchase price of the tobacco crop is bore by the government in the form of a state subsidy in accordance with its above mentioned two-fold commitment. The eradication of illicit crops cultivation is also supported by the United Nations Drug Control Program fund of \$1,178,000, according to the *UNDP's 1994 Development Cooperation Report on Lebanon*.

Tobacco is currently bought from Lebanese growers at the regionally high price of around 8,500LL per kg (over \$5 at the average exchange rate in 1996), and exported (after sorting and quality grading) at the average price of \$0.65 per kg (around only 1,000LL). Tobacco is purchased at the average rates of 4,000LL and 16,000LL per kgm of poor and high quality respectively.

This study was initiated in recognition of the difficulties above, and the inherited problems of outdated technical equipment, and managerial and technical expertise and skills, and in accordance with the overall government strategy to rehabilitate the public service sector through restructuring.

Main sources of the background assessment status include:

- UNDP *Development Cooperation for Lebanon* reports for 1994 and 1995.
- Lebanese Chamber of Industry and Commerce (LCIC) annual report 1995.
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الجمهورية اللبنانية  
مكتب وزير الدولة لشؤون التنمية الإدارية  
مركز مشاريع ودراسات القطاع العام

LEGAL AUDIT



### **3.1 LEGAL AUDIT**

### **3.1 LEGAL AUDIT**

#### **3.1.1 LEGAL TEXTS PERTAINING TO THE REGIE**

##### **Evolution of the Legal Status of The Regie**

This text was prepared in Arabic by Mr. Kamal Atrissi, the coordinator manager at the Regie. A copy was given to Team and translated into English.

##### **Under The Investing (Managing) Company**

The monopoly was founded on 30/1/1935 as per Decree No.16 issued by the French resident mandate. This decree regulated the monopoly of growing, manufacturing, marketing, and transportation of Tobacco & Tombac and their derivatives of the entire Lebanese and Syrian territories.

On the basis of this decree, the French resident issued, on the same date, a tender document relating to the monopoly of the Tobacco & Tombac industry, empowering the utilization of the monopoly to a mutual interest management, as the monopoliser for a period of 25 years expiring on 31/12/1960.

In the implementation of provision No. 11 of the tender document an anonymous company was established called "The Anonymous Company of Mutual Interest for the Monopoly of Tobacco and Tombac in Syria and Lebanon", with a paid capital of 1.250 Million Lebanese Pounds. This capital was later increased to 1.375 Million Lebanese Pounds.

When the economic segregation between Syria and Lebanon took place in 1950, the monopoly was divided between the two countries with its assets and employees redistributed between the respective independent management of each country. This segregation was followed by

compatible with the new status. Subsequently, the supervision board of the Lebanese monopoly was changed, becoming directly linked to the Lebanese Ministry of Finance in compliance with the Legislative Decree No.3 issued on 24/3/1950.

On 12/6/1959, the Legislative Decree No. 151 was issued allowing the government to monitor the management of the monopoly in a clear and detailed manner. This defined the function of the monitoring staff in the Ministry of Finance; from the Minister to the Director General including the government representative and the managerial auditor.

With the expiry of the franchise on 31/12/1960, and in implementing Article 22 of the tender document based on monopoly law, the entire assets of the company were transferred to the Lebanese state without constraints, and concurrently the government bore all liabilities. Meanwhile the companies' shares had no nominal value after their gradual depreciation starting from the company establishment and ending on the expiry of the franchise. This is not withstanding that the company paid 5% interest per annum to the holders of those shares that had not been depreciated fully by the expiry of the franchise.

By the expiry of this franchise on 31/12/1960, the state was unable to formulate a legal structure for the monopoly. In the face of this vacuum, the state had to request that the outgoing company continue to run the monopoly on temporary basis. This temporary measure lasted until 27/5/1964 when the state extended the franchise until 31/12/1973 in accordance with Decree No. 16693 - on the understanding that the relationship between the state and the managing company was to be reorganised on the basis of a new adhoc tender document.

The state continued to re-appoint the same managing company after 1973 to run the monopoly by periodical decrees issued by the Council of Ministers 1984, afterwhich the company continued to function in managing the monopoly by default until 1991.

### **The Phase of Monopoly Retrieval**

The Council of Ministers decided on 28/11/1991 (Decree No.59/8) to terminate the services of the managing company and appoint a 6 member committee to run the monopoly in accordance with the prevailing rules and regulations.

The Council of Ministers decided on 14/7/1992 (Decree No. 5/10) to replace the 6 member committee with a 3 member committee all of its members being recruited from the employees of the monopoly.

On 27/2/1993 (Decree 22/31) a general manager was appointed in addition to the 3 member committee and this appointment gave the right to the General Manager to exercise all the functions that are specified for general managers in the public sector, in harmony with the functions of the temporary 3 member committee until such a time that a final law could be formulated for the company.

(END OF TRANSLATED TEXT PERTAINING TO THE REGIE).

### **Current Legal Status**

The Regie is currently owned by the Lebanese State and has been granted a monopoly on the manufacture, distribution, and importation of tobacco. The Regie monopoly is managed in a private fashion, its employees are not civil

*one line missing →*

The tender document 16 RL (Cahier de Charge 1935) defines the relationship between the company and the state. This document specifies the organisational structure and function of the Regie as well as its operations. The company is under the tutelage of the Minister of Finance. All personnel and financial aspects are subject to the authority of this ministry.

Legislative Decree No. 151/59 complements the previous laws pertinent to Regie rules and regulations. This defines mainly the overall control of the Regie of the Lebanese State.

The Regie is subject to pre-audit and post-audit control. The pre-audit control is exercised by a delegate of the Ministry of Finance namely Mr. Philip Sarkiis. The post-audit control is exercised by Regie auditors headed by Mr. Rabah Marini.

### **3.1.2 ACQUIRED RIGHTS OF RELATED BODIES**

This section pertains to the legal situation of certain activities and positions within the tobacco industry in Lebanon as it is described and organized in the laws and regulations related to the Regie.

#### **3.1.2.1 The Foreign Brands Agencies**

As per the prescriptions of Ordinance 16/L.R. dated January 30, 1935, the purchase, manufacture, and sale of tobacco regardless of its country of origin or the form in which those activities are taking place, are submitted to the Monopoly.

It is prohibited to bring tobacco or tobac crops or the manufactured cigarettes unless they are imported for the purposes of the Administration of the Monopoly, so that any tobacco foreign brands or any local agents of such brands are not allowed to pursue any trading or manufacturing activities in Lebanon apart of the tobacco monopoly activity.

The above mentioned restrictions are limited to the trade and manufacture activities which affect the Lebanese market. The only free activity within those trades is the export of crops to foreign markets.

In our opinion, the foreign brands agents are not allowed to deal with the export to foreign markets through their Lebanese base which means that they can't bring in their merchandise for the purpose of re-exporting.

The export from the Lebanese territory is limited to the Monoplist Administration.

### **3.1.2.2 The Tobacconists**

The third chapter of Ordinance 16/L.R. and Decision 2381 dated July 26, 1960, conditioned the whole and the retail sale of tobacco to a license issued in anticipation.

The said license is issued to a Lebanese individual namely so that it is transferable by inheritance.

There are two major types of licenses: a chief tobacconist license and a retail sale tobacconist. This last license is issued either for fixed sales or for ambulant sales. All type of licenses are issued by the Monopoly Administrator after acceptance of the Government commissioner.

### **3.1.2.3 The Growers**

The stipulations of Ordinance 16/L.R. are very clear and very strict regarding the tobacco cultivation. As per the said Ordinance it is not permitted to grow or produce tobacco before a farmer submits a declaration of intention and receives a license in advance.

The application is presented to the local authority represented by the local mayor (Moukhtar) specifying the allocated piece of land, the type of tobacco, the area of cultivation allocated to the crops to be sold to the Regie, and the area allocated to the crops to be exported.

The Ministry of Finance should prepare before the 15th of October of each year a list showing the names of the growers, the licensed areas as specified above. The said list should be handed over to the Regie.

Article 14 of Decision 2381 mentioned above, gives the Monopoly Administration a direct right to investigate and examine the observance of the licensed areas by the grower and permit the said administration to destroy any contravened plantation nurseries.

### **3.1.2.4 The Regie's Employees Legal Situation**

A previous report pointed out the importance of the court case raised by the Syndicate of Employees of the Regie to annul the decision of the Minister of Finance by Interim no. 1/1681 issued on February 3, 1994, which implemented the increments for high cost of living on the basis of Decree 4631 of January 10, 1994, ruling the government employees, instead of the application of the specific regulation of the Regie based on the cost-of-living index.

The Regie employees are still considered, despite the recuperation of the Regie Administration by the Ministry of Finance, having an hybrid legal situation, giving them the right to benefit from the increments given to the private sector with all the benefits of their specific regulations.

Any new Regie Company will be facing the disadvantage of the actual situation, and consequently the payment of the amounts of the high cost of living which are not yet paid by the government.

**Attachments:**

The text of laws related to the information contained in the report.

## الجمهورية اللبنانية

مكتب وزير الدولة لشؤون التنمية الإدارية  
مركز مشاريع ودراسات القطاع العام

رقم

تاريخ

### مكافحة تهريب المواد التبغية

#### أولاً : في القوانين والانظمة

- ان قانون الاحتكار المنشور بالقرار رقم ١٦/ل.ر تاريخ ٣٠ كانون الثاني ١٩٣٥ والذي يشمل ثمانية أبواب ، الفرد الباب الخامس بكامله من المادة ٦٦ الى المادة ٧٩ لقمع التهريب والغرامات والمعاملات القضائية والبحث عن التهريب .

- بتاريخ ٧ كانون الاول ١٩٥٤ صدر نظام خاص بتنظيم مصلحة المكافحة والبحث عن التهريب يتضـ  
مئة أجزاء " التنظيم العام لمصلحة المكافحة - تصنيف المخالفات الوارد ذكرها في القرار رقم ١٦/ل.ر -  
التحقق من مخالفات الفئة A - التحقق من مخالفات الفئة B الحصة او الجائزة المخصصة للمصادرين  
وللمخبرين - الصندوق المشترك للمكافحة " .

- بتاريخ ١٩٦٤/٣/٤ صدر قرار مجلس الوزراء رقم ٩ الذي سمح لعناصر المكافحة في ادارة حصر التبغ  
والتبناك بنقل الاملحة من الفئة الاولى والرابعة وارتداء الزي العسكري .

- بتاريخ ١٨ شباط ١٩٧٤ نشر القانون رقم ٧٤/٣ والقاضي باعتبار مخالفات المواد التبغية جنحا .  
- بتاريخ ١٩٩٢/١٢/٢٢ نشر القانون رقم ٩٢/١٧٥ والذي قضى بتفعيل الغرامات المنصوص عنها  
بالقرار رقم ١٦/ل.ر وربطها بتطور الحد الادنى للاجور .

- بتاريخ ١٩٩٤/١/٢٧ صدر القرار رقم ١/١٠٤٧ والذي قضى بتعديل النظام الخاص بمصلحة  
مكافحة التهريب لجهة توزيع الغرامات بين المصادر والمخبرين والادارة واعطى الخزينة العامة للدول  
" وزارة المالية " ٤٠٪ من الغرامات المحققة .

#### ثانياً : لمحة تاريخية عن عمل جهاز مكافحة التهريب

منذ نشأته اعتمد الجهاز في انتقاء عناصره وتشكيل فرقه من أشخاص أدوا خدمة عسكرية ثلاث سنوات  
على الأقل في الجيش او الدرك ووضعت الادارة في تصرف هذا الجهاز كل ما يحتاجه من عديد ووسائل نقل  
والبسة وسلاح وذخيرة وادى مهمته على اكمل وجه حتى العام ١٩٧٦ عندما فقدت الدولة سيطرتها على مجمل  
المرافق العامة وانعدمت او توزعت المسؤولية الامنية وادى ذلك الى شل لفاعلية جهاز المكافحة وانتشر تهريب المواد  
التبغية على نطاق واسع وتقلصت مبيعات الادارة من المصنوعات الشرعية الى نسبة متدنية جدا من

حاجة السوق وفي بعض الفترات انعدمت هذه المبيعات واستمر الوضع كذلك حتى الربع الاخير من عام ١٩٩٢ عندما تم تجميع ما بقي من عناصر الجهاز وعددهم لا يتناسب مع الحاجة لفظية جميع المحافظات والاقضية ، وما ان سد الشغور بالتوظيف من خارج الادارة لم توافق عليه سلطة الوصاية حتى الان فقد عمدت الادارة الى اجراء مؤقت وذلك بنقل بعض اجراء الفرز والصناعة الى المكافحة وطبعاً لا يتمتعون بالتدريب العسكري والكفاءة المطلوبة وعلى الرغم من ذلك ونظراً لقرار الادارة في التشدد في مكافحة تهريب المواد التبغية ، والعمل الدؤوب والمتواصل ، والاستعانة بالقوى الامنية الأخرى حقق الجهاز نتائج كبيرة من حيث حجم المصادرات وعدد محاضر الضبط ومبالغ الغرامات بعد تفعيلها باصدار القانون رقم ١٧٥ واستعادت الادارة سوقها الشرعي بنسبة عالية جداً تصل في بعض الاوقات الى ٩٨ ٪ ونسرد هنا بعض النتائج عن الفترة بين ١/١/١٩٩٣ و ١٩٩٦/٦/٣٠ .

عدد محاضر الضبط	:	٨٣٦
وزن المصادرات بالكلغ	:	٣٦ ٤١٥ ٧٥٣
الغرامات المتوجبة	:	٦٠٧١٠٠٠٠٠٠٠ ل.ل.
الغرامات الفعلية من الغرامات والمصادرات	:	١٢٣٨ ٠٠٢ ٣٥٤ ل.ل.

#### لائحة : أهمية جهاز المكافحة ونشاطاته

- الهدف الأساسي من انشاء جهاز المكافحة هو حماية سوق المواد التبغية للمصنوعات الشرعية المستوردة من قبل ادارة الحصر دون منافسة ويتم ذلك بجمع المعلومات عن حركة السوق والقيام باعمال الدوريات والبحث والتحري والتفتيش على مدار الساعة واخذ المبادرة وطلب الموازنة من الأجهزة الامنية الاخرى " أمن داخلي جيش - أمن دولة - جمارك " .
- تحصيل الغرامات وفوائد المصادرات التي تحول الى حساب الخزينة بنسبة ٤٠ ٪ منها تغطي بالباقي مصاريف الجهاز " وسائل نقل - ألبسة - اسلحة وذخيرة الخ ..
- مراقبة الباعة المرخصين ورؤساء البيع والتفتيش على الرخص وهذا الامر يؤمن رسوماً لخزينة الدولة والادارة .
- مساعدة مديرية الاستيراد والتصدير في ترفيق البضاعة المصنعة والمصدرة والتبغ الخام المصدر والكشف عليه بمساعدة الجمارك .
- القيام باعمال لوجستية للمديريات والمصالح الاخرى ومن أبرزها ترفيق حركة نقل الاموال والشيكات والمستندات الهامة .
- مساعدة مديرية الزراعة في تلف المساحات الزائدة عن الرخص المسموح لهم بزراعتها وتأمين الدور والحماية لعمل خبراء شراء التبغ من المزارعين .

رابعاً : العقبات التي يواجهها جهاز مكافحة حالي :

- عدم القدرة على التحرك في المناطق الخاضعة للاحتلال وفي المعابر منها واليهما وهي في الوقت الحاضر من التهريب الوحيدة بعد أن تمت سيطرة الجيش اللبناني والقوى الامنية على المرافئ البحرية والجوية ونقاط العبور البرية .
- النقص في العديد المزهل فضلا عن التجهيز والتدريب للعناصر ومن شأن تأمين هذه المتطلبات تمك الادارة من تغطية جميع المخالفات بفرق كاملة ومهياة عددا وعدة ونوعية .

خامساً : الاقتراحات

- العديد : يكفي في حال وجود ١٢ فرقة x ٧ عناصر = ٨٤
  - النوعية : تطعيم الجهاز بعناصر شابة من حملة البريفيه على الاقل وسبق لها أن أدت الخدمة العسكرية .
  - التعاقد مع عناصر خدمت في الجيش خدمة كاملة ومرحبت برتبة مؤهل لتراش الفضائل .
  - تأمين وسائل نقل للفرق بحيث يكون لكل فرقة سيارة تستطيع التحرك بواسطتها في كل ساعة تدعوها حاجة العمل لذلك .
  - رصد مبلغ في الموازنة سنويا لا يتعدى الخمسة والعشرين مليون ليرة لبنانية كأجور مخبرين سرين .
  - تأمين شبكة الاتصالات اللازمة بين الفرق والمديرية في بيروت .
- ان جهاز مكافحة التهريب فاعل يؤمن للادارة والخزينة مدخولا هاما بعد أن يغطي مصاريفه ويؤمن لمديرية المبيعات السيطرة على السوق بالكامل دون منافسة من المصنوعات غير الشرعية .



## قرار رقم ٢٣٨١ (١)

صادر بتاريخ ٢٦ تموز سنة ١٩٦٠

بتحديد دقائق تطبيق احكام القرار ١٦/لد  
تاريخ ٣٠ كانون الثاني سنة ١٩٣٥ المتعلقة  
برخص بيع التبغ والتبناك

سنة معينة يطبق الرسم الجديد اعتباراً من اول  
السنة المدنية التالية .

المادة ٤ - كل محل مبني مقفل له موقع معين  
وباب او شباك على الشارع ، يطلق عليه في هذا  
القرار اسم حانوت .

المادة ٥ - يجب ان تفصل بين كل حانوت  
وآخر مرخص لهما بالبيع مسافة معينة تحدد  
في قرار لاحق بحسب المدينة والمنطقة .  
تقاس هذه المسافة ابتداء من وسط الباب او  
الشباك المثل على الشارع الى مثله في الحانوت  
الآخر .

المادة ٦ - يجوز عند الاقتضاء نقل استثمار  
الرخصة الى غير الحانوت المحدد لها في الاصل ،  
شرط الاستئصال على موافقة مسبقة من ادارة  
الحصر .

المادة ٧ - عند وفاة صاحب الرخصة الاصيل  
ينقل حق استثمارها مع موجباته كافة الى  
الوريث الذي تقبل به باقي الورثة او من يمثلهم  
فانوناً .  
ويجب ان يكون هذا الوريث احداً اولاد  
المتوفي ، او احد والديه او زوجه .

المادة ٨ - يعين على الرخصة موقع الحانوت  
الذي تستثمر فيه ومستودع الادارة الذي يجب  
على المستثمر ان يتحمل منه .  
واذا حصل التحويل من مستودع آخر او  
استثمرت الرخصة خارج الحانوت المعين فيها  
بدون موافقة مسبقة من ادارة الحصر ، فرضت  
على صاحب الرخصة العقوبات والغرامات  
المنصوص عليها في القانون ، بما في ذلك امكانية  
الغاء الرخصة .

المادة ٩ - لا تعطى رخصة البيع الا باسم فرد  
لبناني ، اتم الثامنة عشرة من عمره على الاقل ،

ان وزير المالية  
بناء على المرسوم رقم ٤٢٥٦ تاريخ ١٤ ايار  
سنة ١٩٦٠  
وبناء على القرار رقم ١٦/لد تاريخ ٣٠ كانون  
الثاني سنة ١٩٣٥ المتعلق باحتكار التبغ والتبناك .  
وبناء على المرسوم الاشتراعي رقم ١٥١ تاريخ  
١٢ حزيران سنة ١٩٥٩ المتعلق بتنظيم رقابة  
الدولة على ادارة حصر التبغ والتبناك اللبنانية  
ذات المنفعة المشتركة .  
وبناء على اقتراح ادارة الحصر ، وبعد استطلاع  
رأي مفوض الحكومة لدى ادارة الحصر ، وموافقة  
مدير المالية العام .

يقرر ما يأتي :

اولاً - احكام عامة

المادة الاولى - يخضع بيع التبغ والتبناك في  
جميع انحاء الجمهورية اللبنانية لاجازة مسبقة  
تمطيتها ادارة الحصر ، وتدعى « رخصة بيع » .  
ويحظر على اي شخص حقيقي او معنوي  
ان يبيع التبغ والتبناك في لبنان سواء لحسابه  
او لحساب غيره ، ما لم يكن حائزاً سلفاً على  
الرخصة المذكورة ، وذلك دون اي اعتبار لمكان  
البيع او للكمية المباعة .

وتفرض على المخالف العقوبات والغرامات  
المنصوص عليها في القوانين المرعية الاجراء .

المادة ٢ - تعطى رخصة البيع من قبل ادارة  
الحصر بعد موافقة مفوض الحكومة .

المادة ٣ - تستوفى عن كل رخصة رسوم  
تحدد في قرار لاحق .  
وفي حال تبديل تعريفه هذه الرسوم خلال

(١) نشر في الجريدة الرسمية عدد ٢٢ تاريخ ١١/٨/٦٠

تجارة  
برية  
وبحرية

٢ - تعطى الرخصة باسم الادارة العامة او المؤسسة التي تطلبها اذا شاءت ذلك ، والافاسم اي شخص اخر تعينه .

وفي الحالة الاولى يجب ان تعين الادارة العامة او المؤسسات بتصريح خطي منها الشخص الموكول اليه امر استثمار الرخصة .

وفي الحالتين يجب ان تتوفر في الشخص الذي يستثمر الرخصة الشروط المبينة في المادة ٩ من هذا القرار . ويكون هذا الشخص دون سواه مسؤولا عن اية مخالفة يرتكبها .

٢ - يشترط استثمار الرخصة الخاصة ضمن المحلات التي تشغلها الادارة العامة او المؤسسة التي طلبتها ، وفي مكان داخلي يصعب التردد عليه من الشارع .

٤ - لا يمكن التنازل عن الرخصة الخاصة او نقلها لاي سبب كان . وفي حالة انتقال صاحب الرخصة الخاصة الى مكان آخر ، تُلغى رخصته ، وتطبق عليه جميع الشروط المتعلقة بالرخصة الجديدة .

ثالثا - الرخصة الموسمية - وهي الرخصة التي يقتصر حق استثمارها على موسم معين ، كفضل الصيف في مراكز الاصطياف ، او فصل الشتاء في مراكز الرياضة الشتوية . يجب استثمار الرخصة الصيفية من ١٥ تموز لغاية ٣٠ ايلول من كل سنة على الاقل ، والرخصة الشتوية من ١٥ كانون الاول لغاية ١٥ شباط من السنة التالية على الاقل .

رابعا - ١ - الرخصة الاستثنائية - وهي رخصة ذات طابع استثنائي تعطى دون التقيد بشروط السن .

٢ - المصابين بعاجة تمتعهم من القيام بعمل مشمر وتضطرمهم الى معونة الغير الجسدية ، اذا كانوا من موظفي الدولة المتقاعدين ، او من مستخدمي ادارة الحصر المسرحين بسبب المعاهة المذكورة .

ب - قدماء الجيش وقوى الامن الداخلي والاطفاء الذين شوهوا بسبب الوظيفة او الحرب

ج - الارامل والاولاد القاصرين والراشدات غير المتزوجات لاي جندي سقط في ساحة الشرف او موظف في ادارة او مؤسسة عامة او مستخدم في ادارة الحصر توفي اثناء الخدمة وبسببها .

٢ - يمكن استثمار الرخصة الاستثنائية في اي مكان من لبنان ما عدا مدينتي بيروت وطرابلس حيث يستثمر في المنطقة الثانية فقط .

٢ - يستوفى عن الرخصة الاستثنائية الرسم

ولم يصدر بحقه حكم قضائي بجناية او محاولة جناية من اي نوع كانت ، او بجنحة شائنة ، او محاولة جنحة شائنة .

وتعتبر جنحا شائنة ، السرقة ، والاحتيال ، وسوء الائتمان ، والشيك بدون مؤونة ، والاختلاس ، والرشوة ، والاعتصاب ، والتحويل ، والتزوير ، واستعمال الزور ، والشهادة الكاذبة ، واليمين الكاذبة ، والجرائم المخلة بالاخلاق المنصوص عليها في الباب السابع من قانون العقوبات ، والجرائم المتعلقة بزراعة المواد المخدرة او الاتجار بهذه المواد .

المادة ١٠ - يعامل معاملة اللبناني كل لاجيء فلسطيني حائز على شروط المسادة السابقة ، عندما يطلب رخصة لاستثمارها في المخيم الذي يقيم فيه ، شرط ان لا يكون في المخيم لبناني يستثمر رخصة معطاة من قبل .

### ثانيا - تصنيف الرخص

المادة ١١ - تكون رخصة البيع اما ثابتة واما نقالة .

المادة ١٢ - الرخصة الثابتة هي الرخصة التي لا يمكن استثمارها الا ضمن حانوت سواء كان مستقلا عن غيره ، او كانا ضمن حانوت اكبر ، شرط ان لا تقل مساحة الحانوت التي تستثمر فيه الرخصة عن اربعة امتار مربعة ، وان لا يقل ارتفاعها عن المترين .

المادة ١٣ - الرخصة النقالة هي الرخصة التي تعطى بالعمارة متجولا لاستثمارها ضمن حدود منطقة تعينها ادارة الحصر .

ولا يجوز اعطاء اي رخصة نقالة في مدينتي بيروت وطرابلس ، او في اي مكان آخر يوجد فيه بائع يحمل رخصة ثابتة .

### ثالثا - انواع الرخص الثابتة

المادة ١٤ - تقسم الرخص الثابتة الى الانواع التالية :

اولا - الرخصة العادية - وهي الرخصة السنوية الثابتة التي تخول صاحبها حق استثمارها في الحانوت المعين لها طيلة ايام السنة .

ثانيا - ١ - الرخصة الخاصة - وهي رخصة تعطى بعرف النظر عن شروط الجنسية والمقامة لكي تستثمر في الادارات والمؤسسات العامة ، وفي المؤسسات الخاصة التي تحدد ثنائيا ادارة الحصر بعد موافقة مفوض الحكومة ، والمستشفيات واللاجيء ، والاندية ، والفنادق والملاهي من الدرجة الاولى .

الراحة من مدير الحانوت يوميا نلاث ساعات متواصلة على الاكثر .

٢ - اذا كان الحانوت يبقى عادة مفتوحا كل الليل او بعضه ، حق لصاحب الرخصة ان يستعين بمساعد بلازم الحانوت عنه ويعمل تحت اشرافه

المادة ١٨ - يحظر على صاحب الرخصة ان يستعين بوكيل او نائب او مساعد ، الا بعد ان يصرح خطيا برغبته هذه الى ادارة الحصر ، ويتبلغ منها الموائقة .

والادارة غير ملزمة ببيان اسباب الرفض . ويجب ان تتوفر في الوكيل والنائب او المساعد الشروط اللازمة لحيازة الرخصة .

المادة ١٩ - يبقى صاحب الرخصة مسؤولا كليا عن موجبات الاستثمار ونتائجه ، وان لم يتعاط الاستثمار بنفسه .

غير انه يمكن ادارة الحصر ان تشارك معه في المسؤولية وكيه او نأبه او مساعده ، كما يمكنها ان تستعيف بيم عنه عند الاقتضاء .

خامسا - نقل الرخصة وتعليقها والتفرغ عنها للغير

المادة ٢٠ - النقل - يمكن البائع بموافقة مسبقة من ادارة الحصر ان ينقل استثمار رخصته الى محل تجاري او صناعي آخر ، سواء اكان يخصه او يخص غيره ، شرط مراعاة شرط المسانة .

ولا يستوفى عن النقل اي رسم .

المادة ٢١ - التعليق - ١ - في حال هدم الحانوت ، يجوز للبائع ان يطلب تمايق استثمار رخصته ريثما يجد حانوتا جديدا تتوفر فيه الشروط المطلوبة ، على ان يشار على دفع الرسوم المتوجبة في مواعيدها المحددة .

ولا يمكن ان تتجاوز مدة التعليق تاريخ وضع الحانوت الجديد يتصرف صاحب الرخصة ، وفي جميع الاحوال نلاث سنوات ابتداء من تاريخ قبول ادارة الحصر تعليق الاستثمار .

اما اذا انتهت الميالة المذكورة دون استئناف الاستثمار ، فان الرخصة تعتبر ملغاة ، وتبقى الرسوم التي سبق دفعها الى ادارة الحصر حقا مكتسبا لها .

٢ - يمكن صاحب الرخصة المهذوم حانوته ان يتفادي تعليق الرخصة او الناءها بالانتقال الى حانوت جديد يتوفر فيه شرط المسانة على ان يكون واقعا في ذات المنطقة او في منطقة ادنى منها درجة .

وفي مثل هذه الحالة يحفظ حق صاحب

السوي المخفض فقط .

{ - لا يجوز تقبل استثمار الرخصة الاستثنائية من المنطقة المينة لها الى منطقة اخرى ، او التنازل عنها الى الغير او انتقال الحق باستثمارها عن طريق الارث .

خامسا - الرخصة الطارئة - وهي رخص تعطى بمناسبة احتفالات ذات طابع وطني كالماارض والمهرجانات وتبج للقائمين عليها الاستفادة من المحسومات المقررة لباقى الرخص ، عندما يتمنون من المستودع المين فيها .

تعفى هذه الرخصة من الرسوم ولا يطبق عليها شرط المسانة وينتهي مفعولها بانتهاء الاحتفال الذي اعطيت من اجله . ولا يمكن على الاطلاق ، التنازل عنها او نقلها او انتقالها .

#### رابعا - شروط استثمار الرخصة

المادة ١٥ - على صاحب الرخصة ان يتولى استثمارها بنفسه .

المادة ١٦ - الوكالة - ١ - يجوز لادارة الحصر ، عند الاقتضاء ، اعفاء صاحب الرخصة ، من واجب الاستثمار الشخصي والسماح له بان يوكل عمليات الاستثمار ، بمقد مسجل لدى الكاتب العدل ، الى شخص آخر . وفيما عدا الحالات المتعلقة بالرخص الخاصة والاستثنائية والطارئة ، لا يجوز ان تتمدى مدة الوكالة ستة اشهر اذا كان الاصيل موجودا في لبنان ، وستة واحدة اذا كان في الخارج .

٢ - يحظر تجديد الوكالة المعطاة لامد محدود الا بعد فترة انتطاع قدرها ستة اشهر على الاقل ، يتولى خلالها الاصيل عمليات الاستثمار بنفسه .

٣ - لا يجوز اعتبار الشريك بمثابة الوكيل ، الا اذا ثبت وكالته بمقتضى عقد مسجل لدى الكاتب العدل ، وتوفرت فيه الشروط المطلوبة من باقي الوكلاء .

{ - اذا اصيب صاحب الرخصة بمرض طويل الامد ، او بعجز مثبت بشهادة طبية مقبولة من ادارة الحصر ، جاز له اللجوء الى الوكالة لمدة سنة واحدة ، وامكنه تجديدها عند الاقتضاء ، دون ان يلزم باحكام البند الثاني من هذه المادة .

المادة ١٧ - الانابة - ١ - يحق لصاحب الرخصة الذي بلازم حانوته عادة عشر ساعات على الاقل في اليوم ان ينيب عنه اثناء ساعات

تجارة  
برية  
وبحرية

الاولى عشر سنوات كاملة .  
ج - ان يدفع عند طلب الاسترجاع جميع الرسوم السنوية المتأخرة ؛ مع غرامة تعادل مجموع الرسوم السنوية المتأخرة عن المدة السابقة للسنة التي تم فيها الدفع .

د - ان يتوفر في الحانوت شرط المسافة .

٢ - اذا انقضت السنوات الثلاث المشار اليها في المادة السابقة ولم يستعمل صاحب الرخصة حقها في الاسترجاع اعتبرت الرخصة ملغاة بصورة نهائية .

المادة ٢٦ - بجوز لادارة الحصر ، بشرط موافقة مفوض الحكومة ، الغاء رخصة البيع التي يقدم صاحبها على مخالفة احكام هذا القرار وغيره من القوانين والانظمة المتعلقة ببيع التبغ والتبناك داخل الاراضي اللبنانية .

المادة ٢٧ - في حال التفرغ عن حانوت كانت تستثمر فيه رخصة ، تعتبر هذه الرخصة ملغاة اعتبارا من تاريخ التفرغ .

واذا طلب المتفرغ له رخصة بيع تستثمر في الحانوت نفسه فانه يعطى رخصة جديدة بعد التثبت من توفر جميع الشروط ما عدا شرط المسافة .

المادة ٢٨ - بجوز للمتفرغ ان يطلب قبل تفرغه عن حانوته الاحتفاظ برخصته ، على ان تنقل الى حانوت آخر ، سواء كان بخصه او يخص غيره .

فاذا ورد هذا الطلب الى ادارة الحصر قبل حصول التفرغ بالفعل جاز لها ان توافق عليه ؛ بعد التأكد من توفر جميع الشروط .

المادة ٢٩ - بجوز لصاحب الرخصة ان يطلب الموافقة على انتقال حانوته لمدة متواصلة او متقطعة لا تتجاوز سنة واحدة من اصل سنتين على الاكثر ، شرط ان يثابر على دفع الرسوم المتوجبة .

وتلغى رخصة هذا البائع اذا توقف عن دفع الرسوم ، او تمدى المدة المحددة لاقفال الحانوت، كما يمكن ادارة الحصر عندئذ ان تعطي رخصا جديدة للاستثمار بجواره ، دون التفتيد بنظام المسافات الفاصلة فيما يخصه .

غير انه يحق له استرجاع رخصته الملغاة ؛ وفقا لاحكام المادة ٢٥ من هذا القرار .

الرخصة في العودة الى منطقته الاصلية او الى منطقة اخرى مماثلة ، شرط ان يستعمل هذا الحق فور وضع الحانوت الجديد بتصرفه وعلى الاكثر في خلال ثلاث سنوات من تاريخ تركه حانوته الاول .

المادة ٢٢ - ١ - لا يجوز الموافقة على تعليق استثمار الرخصة بسبب الهدم ، الا اذا كان صاحبها قد اشعر ادارة الحصر مسبقا وخطيا بالامر ، او اذا اثبت ان الهدم قد حصل بدون علمه .

٢ - اذا هدم الحانوت الذي تستثمر فيه رخصة ، قبل ان يبادر صاحبها الى اشعار ادارة الحصر بالامر ، توجب على هذه الادارة الغاء الرخصة المذكورة والامتناع عن الموافقة على نقلها او تعليقها او التفرغ عنها او انتقالها بطريق الارث .

غير انه يحق لصاحب العلاقة ان يثبت بجميع الوسائل القانونية . ان الهدم قد حصل بدون علمه ، وعندئذ يمكن ادارة الحصر ان تقر عدم الالغاء .

المادة ٢٣ - التفرغ - لا يجوز التفرغ للغير عن اي نوع من انواع الرخص ، وفقا لما نص عليه القرار رقم ١٦/لر تاريخ ٢٠ كانون الثاني سنة ١٩٦٥ .

#### سادسا - الغاء الرخصة

المادة ٢٤ - تلغى رخصة البائع الذي لا يسد الرسم السنوي قبل ٣١ كانون الاول من السنة الجارية ، ويجوز لادارة الحصر ، ابتداء من اول كانون الثاني من السنة التالية ، ان تعطي رخصا جديدة للاستثمار في جوار حانوت البائع المذكور كان لم يكن موجودا .

المادة ٢٥ - ١ - يمكن البائع الذي التيمت رخصته للسبب المبين في المادة السابقة ان يسترجع الرخصة الملغاة في خلال ثلاث سنوات تبدأ في اول كانون الثاني من السنة الاولى التي حصل فيها التأخر عن الدفع .

٢ - لا يجوز ارجاع الرخصة الا اذا توفرت الشروط الاتية مجتمعة :

أ - ان يكون البائع قد سبق له ان دفع الرسم الاضافي المنصوص عليه في القوانين والانظمة السابقة لهذا القرار .

ب - ان لا تكون قد انقضت على رخصته

سابعاً - رؤساء البيع

المادة ٢٠ - ١ - يحق لاداره الحصر ان تمهد في امان معينة الى اشخاص يدعون رؤساء بيع يسمون اصحاب الرخص العاملين في حدود هذه الامان وعند الاقتضاء يسمون الباسمين العاملين في منطقتهم مجاورة تحدد بالضبط ، على ان تخصص لكل منهم جمالة لا تتجاوز ٢ بالمائة من مجموع مبيعاته ، على ان لا تقل عن ثلاثين ليرة في الشهر .

٢ - لا يلزم هؤلاء الرؤساء بتكريس كامل اوقاتهم لبيع التبغ والتبناك ، بل عليهم تأمين توزيع منتوجات الادارة بالشكل المناسب ، وان يتحوا حوانيتهم ثلاث ساعات متواصلة على الاقل في كل يوم عمل ، بعد الاتفاق مع ادارته الحصر على تعيين المواعيد .

٣ - يتوجب على رؤساء البيع ان يتعاونوا بدورهم من الوكالات التي تعينها لهم ادارة الحصر ، وان يحتفظوا دائماً في حوانيتهم بالكمية الكافية من المنتوجات لتأمين استهلاك المنطقة الموكول اليهم امر تعوين البائعة فيها .

المادة ٢١ - يخضع تكليف رؤساء البيع المذكورين وتحديد جمالاتهم موافقة مفوض الحكومة السابقة .

المادة ٢٢ - تتحمل ادارة الحصر نقل المنتجات من الوكالة الى مركز رئيس البيع .

غير انه يجوز لادارة المذكورة ، اذا رأت ان لا تتولى عمليات النقل بصورة مباشرة ، ان تدفع لقاء نفقاته ، والى رؤساء البيع تعويضاً مقطوعاً على اساس الوزن والمسافة .

ويمكن تعديل هذا التعويض صعوداً وهبوطاً ، على اساس اسعار النقل الداخلية السائدة .

المادة ٢٣ - ليس لاحد من رؤساء البيع صفة الاجير او المستخدم . ولادارة الحصر ان تُلقي تكليفه متى شاءت دون ان يكون له حق المطالبة بأي تعويض من جراء ذلك .

احكام انتقالية وختامية

المادة ٢٤ - يحق لغير اللبنانيين الذين بحوزتهم رخصة بيع دائمة او مؤقتة بتاريخ صدور هذا القرار ان يتأهروا على استثمار الرخصة المذكورة بصورة مؤقتة .

المادة ٢٥ - ان مكتسبي الجنسية اللبنانية من الرعايا الاجانب الذين كانوا يحملون رخص بيع ولم تجدد رخصهم هذه وفقاً لقرار اللجنة الدائمة للتبغ والتبناك المتخذ بتاريخ ١٩٥٧/١/٢٩ . يمكنهم استعادة حقوقهم في استثمار هذه الرخص بعد ابلاغهم الامر الى ادارة الاحتكار ، على ان يجري هذا الاستثمار في الحانوت السابق نفسه . ولا يؤدي هؤلاء الا الرسم السنوي المخفض وذلك اعتباراً من تاريخ موافقة ادارة الاحتكار على استئناف استثمار الرخصة .

المادة ٢٦ - اعتباراً من تاريخ العمل بهذا القرار تُلغى جميع القرارات الوزارية المتعلقة بنظام رخص بيع التبغ والتبناك التي تخالفه او تناقض مضمونه ، اخصها القرارات رقم ١٠٤٨ تاريخ ١٦ تشرين الاول سنة ١٩٥١ ورقم ١٢٢٢ تاريخ ٢٩ كانون الاول سنة ١٩٥١ ، ورقم ١٢٢٤ تاريخ ٢٩ كانون الاول سنة ١٩٥١ ورقم ٨٢٢ تاريخ ١٥ كانون الاول سنة ١٩٥٤ .

المادة ٢٧ - ينشر هذا القرار في الجريدة الرسمية ويعمل به ابتداء من اليوم التالي لنشره

بيروت في ٢٦ تموز سنة ١٩٦٠

وزير المالية  
الامضاء : امين بيوم

تجراً  
برياً  
وبحراً

## مرسوم رقم ٢٨٢٥

صادر بتاريخ ١٤ كانون الاول سنة ١٩٥٩ (١)  
ومعدل بالمرسوم رقم ١٦٢٢٢ تاريخ ٦٤/٥/٢٥ :  
القواعد الخاصة بتحديد مساحات الاراضي  
المعدة لزراعة التبغ والتبناك ، وكيفية توزيعها

٢ - على ادارة الاحتكار ان تقدم للجنة جميع المعلومات التي تطلبها منها لدراساتها وان تسهل لها الاستعانة بخدمات مستخدميها المختصين وخبرائها .

المادة ٤ - تعمل اللجنة الفنية . باشراف وزير المالية : وتقدم له قبل اول تموز من كل سنة تقريرا سنويا بنتائج دراستها .

المادة ٥ - يبلغ وزير المالية تقارير اللجنة الفنية الى ادارة الاحتكار لبيان الراي .

### الفصل الثاني

#### في حدود المساحات الاجمالية

المادة ٦ - تحدد المساحات الاجمالية الاراضي التي يمكن الترخيص بزراعتها تبعا او تنباكا بقرار من وزير المالية يصدر قبل اول ابول من كل سنة . بناء على اقتراح ادارة الاحتكار ، وبمعد استطلاع راي مفوض الحكومة ومدير المالية العام .

يتضمن القرار المعلومات التالية :

أ - الحد الاعلى للمساحة الاجمالية .

ب - ما يعود من هذه المساحة الاجمالية للاستهلاك المحلي وما يعود منها للتصدير .

ج - توزيع المساحة الاجمالية الى مساحات بحسب اصناف التبغ والتبناك وانواعها .

د - توزيع المساحة الاجمالية الى مساحات بحسب المناطق مع مراعاة الاصناف والانواع التي تنتجها اراضي كل منطقة .

المادة ٧ - تقدم ادارة الاحتكار اقتراحها بشأن تحديد المساحات الاجمالية ؛ قبل اول آب من كل سنة ؛ مع الدراسة المنفصلة المعززة بالاقتراحات عن حاجة الاستهلاك المحلي والتصدير للسنة المقبلة ؛ وعن المساحات اللازمة لانتاج الكميات

ان رئيس الجمهورية اللبنانية  
بناء على الدستور اللبناني

بناء على المرسوم الاشتراعي رقم ١٥١ تاريخ ١٢ حزيران ١٩٥٩ ؛ ولاسيما المادة الثالثة - الفقرة الاولى - منه

بناء على اقتراح وزير المالية

وبعد موافقة مجلس الوزراء

يرسم ما يأتي :

المادة الاولى - لا يسمح بزراعة التبغ والتبناك في لبنان الا في المناطق الصالحة ايضا ؛ وضمن المساحات الاجمالية التي تؤمن انتاج الكميات التي يتطلبها الاستهلاك المحلي والتصدير . وبعد الحصول على رخصة من وزير المالية .

### الفصل الاول

#### في المناطق الصالحة للزراعة

المادة ٢ - تحدد المناطق الصالحة لزراعة التبغ والتبناك بمرسوم يتخذ بناء على اقتراح وزير المالية .

المادة ٢ - ١ - يعتمد وزير المالية في اقتراحه على تقرير لجنة فنية تعين بقرار من رئيس مجلس الوزراء بناء على ترشيح رؤساء الادارات المعنية واقتراح وزير المالية قوامها :

- مندوب عن وزارة المالية (المساحة) ؛ رئيس

- مندوب عن وزارة الزراعة

(الابحاث العلمية)

- مندوب عن ادارة الاحتكار

(مراقبة الزراعات)

- مهندسين زراعيين اثنين

(١) نشر في الجريدة الرسمية عدد ٦٦ تاريخ ١٩ كانون اول سنة ١٩٥٩

الكفيلة بسد الحاجة موزعة حسب الترتيب الوارد في المادة السابقة .

### الفصل الثالث

#### في الترخيص

المادة ٨ - على من يرغب في الحصول على رخصة زراعة تبغ او تبناك ان يقدم طلبا خطيا الى مفوض الحكومة في مهلة تتبدى في اول تموز وتنتهي في ٢١ آب من كل سنة .

اما اذا كان الطلب يتعلق باستثمار ارض زراعية بالخاصة ( شراكة ) فيجب ان يوقع فيه مع المالك والمخصص .

المادة ٩ - المدلة بالرسوم رقم ٢٥٢٢ تاريخ ١٤ / ٢ / ١٦٠ - يجب ان يتضمن طلب الرخصة:

أ - اذادة ملكية الارض ومساحتها صادرة عن الدوائر العقارية للمناطق المسووحة واما عن المختار مصدقا عليها من دائرة التصنيف في وزارة المالية للمناطق غير المسووحة .

ب - صفته بالنسبة للارض المطلوبة لبيان الرخصة مالك : مستأجر . صاحب حق عيني الخ .

ج - اسم مالك الارض اذا كان الطالب مستثمرا باية صفة كان .

د - موقع الارض القضاء - القرية والمساحتها .

٢ - ويجب ان يضم الى الطلب :

أ - افادة عقارية تثبت الملكية او الحق العملي ومساحة الارض .

ب - سند ايجار مسجلا لدى الكاتب العدل فيما اذا كان الطالب مستأجرا ؛ على ان لا تقل مدة هذا السند عن ثلاث سنوات ؛ وان تكفي المدة المتبقية منه للاستثمار في خلال السنة المطلوب الترخيص فيها .

٢ - تضع ادارة الاحتكار نماذج مطبوعة لطلبات الترخيص تعطى دون مقابل للرأغبين في استعمالها .

المادة ١٠ - الفيت بالرسوم رقم ١٦٢٢٢ تاريخ ٢٥ / ٥ / ٦٤ واستبدلت بالنص التالي :

أ - توزع المساحات الاضافية بين المحافظات والاقضية بقرار من وزير المالية ويتبع في توزيعها على المزارعين الترتيب التالي :

١ - الملاكون غير المرخص لهم سابقا .

٢ - الملاكون المرخص لهم بمساحة تقل عن

ديكارين .

٢ - مستأجرو الاراضي غير المرخص لبيدهم سابقا .

ب - ويراعى في تلبية طلبات كل فئة مسكن الفئات المذكورة الترتيب التالي :

١ - القرى غير المرخص فيها بالزراعة سابقا .

٢ - القرى المرخص فيها بالزراعة بمساحة اقل من غيرها في القضاء مع اعطاء الافضلية الى القرى التي لم تستفد من التوزيع الاضافي في السنين السابقة .

ج - اذا كانت المساحة المقررة للقضاء لا تكفي لتلبية كامل الطلبات القانونية السواردة لا يعتمد :

١ - من اصل الطلبات التي يقدمها افراد العائلة الواحدة المقيمين في سكن واحد الا بطلب واحد فقط على ان يعتمد في اثبات السكن افادة مختار القرية .

٢ - من اصل الطلبات التي يقدمها شخص واحد لاكثر من قرية الا بطلب واحد فقط .

د - يمكن نقل المساحة التي تفوق حاجات احد الاقضية الى قضاء آخر في المحافظة نفسها اذا كانت المساحة المقررة لهذا القضاء الاخير لا تكفي لتلبية كامل حاجاته على ان تكون الافضلية للقضاء الذي نالت محاصيله في السنة السابقة اسعارا اعلى من غيرها في المحافظة نفسها ويمكن نقل المساحات التي تفوق حاجات احدى المحافظات الى محافظة اخرى اذا كانت المساحة المقررة ليا لا تكفي لتلبية كامل حاجاتها .

٥ - يعين الحد الاعلى للمساحات الاضافية الممكن الترخيص بها لمستثمر واحد بديكارين اثنين باستثناء البيئات الدينية والخيرية التي يمكن الترخيص بها بمساحة حدها الاقصى خمسة ديكارين .

المادة ١١ - كما تعمدت بالرسوم رقم ١٦٢٢٢ تاريخ ٢٥ / ٥ / ٦٤ : تتولى درس طلبات الترخيص لجنة تعين بقرار من رئيس مجلس الوزراء بشاء على ترشيح رؤساء الإدارات المعنية واقتراح وزير المالية .

- مستشار من ديوان المحاسبة ؛ رئيسا

- مندوب عن وزارة الزراعة

الابحاث العلمية

- مندوب عن ادارة الاحتكار

مراقبة المزروعات

تستعين اللجنة في ميعتها بالعدد اللازم من مستخدمي ادارة الاحتكار. وتقدم نتيجة دراستها الى وزير المالية قبل اول كانون الاول من كل سنة .

المادة ١٢ - كما تعدلت بالمرسوم رقم ١٦٢٢٢ تاريخ ١٦٤/٥/٢٥ : يقرر وزير المالية، بعد الاطلاع على مقترحات اللجنة . وبعد النظر في رأي مفوض الحكومة : ومدير المالية العام : اعطاء رخص زراعة التبغ والتبناك : وذلك قبل نهاية شهر كانون الاول من كل سنة .

تعطى الرخصة اما باسم شخصين حقيقيين واما باسم تعاونيات زراعية .

يبين في الرخصة :

١ - اسم المستثمر المرخص له .

ب - القضاء والقرية .

ج - المساحة المرخص بزراعتها .

د - الصنف والنوع .

وتبلغ الرخصة الى اصحاب العلاقة بواسطة مختار القرى يساعدهم مستخدمو ادارة الاحتكار عند الانتشاء .

المادة ١٣ - لا يجوز ان تقل مساحة الارض او الاراضي المرخص بزراعتها ، لمستثمر واحد : في قرية واحدة : عن ديكار واحد .

يمكن اعطاء رخصة واحدة لاكثر من مستثمر واحد في قرية واحدة : اذا كانت مساحة ارض كل منهم تقل عن الحد المنصوص عنه في الفقرة السابقة . وكان مجموع مساحة اراضيهم لا يقل عن ديكار واحد .

المادة ١٤ - لا يجوز الترخيص بزراعة التبغ او التبناك لمستخدمي ادارة الاحتكار : وعمالها . او لاي من والديهم : واولادهم : وازواجهم العائشين معهم تحت سقف واحد : او العائشين على نفقتهم : طيلة مدة وجودهم في الخدمة : الا اذا كانوا مالكي الارض المطلوب الترخيص بزراعتها .

المادة ١٥ - يمكن : ريشما يتم تحديد المناطق الصالحة للزراعة ، ان يرخص بصورة استثنائية بزراعة اراض اطورت التجربة صلاحيتها لانتاج التبغ والتبناك دون ان تكون داخله في احدي المناطق المحددة سابقا .

المادة ١٦ - المعدلة بالمرسوم رقم ٢٥٢٢ تاريخ ١٦٠/٣/١٤ - تعطى الرخصة لزراع جديد لمدة سنة واحدة على ان يقدم الطلب المنصوص عليه في المادتين ٨ و ٩ .

المادة ١٧ - على كل صاحب رخصة يعدل عن استثمارها او يضطر الى التخلي عن المزروعات ان يعلم ادارة الاحتكار بذلك بموجب كتاب خطي في مئلة اسبوع ابتداء من تاريخ العدول او التخلي . وذلك تحت طائلة الغاء الرخصة واقتلاع الشتل على نفقته .

وعلى مختار القرى ان يقوموا . فور علمهم بالعدول او التخلي : بإبلاغ ذلك . الى ادارة الاحتكار لقاء مكافأة مالية قدرها عشر ليرات تدفعها لهم من صندوق الادارة المذكورة .

المادة ١٨ - المعدلة بالمرسوم رقم ٢٥٢٢ تاريخ ١٦٠/٣/١٤ - يمكن : بناء على طلب صاحب العلاقة : نقل الرخصة من قرية الى اخرى ضمن القضاء الواحد . شرط ان يملك الطالب في القرية الثانية مساحة كافية من الاراضي الصالحة لزراعة التبغ او التبناك . وان يتقيد في الزرع بالصنف او النوع المسموح بزراعته في القرية الثانية .

ويمكن بصورة انتقالية خلال موسم ١٩٦٠ نقل الرخصة من قرية الى اخرى ضمن المحافظة نفسها .

يبت في طلبات النقل مفوض الحكومة لدى ادارة الحصر .

المادة ١٩ - يمكن تحويل الرخصة . ضمن القرية نفسها : من اسم الى آخر اذا حل الشخص المطلوب تحويل الرخصة الى اسمه محل المرخص له . في ملكية الارض .

ولا يجوز اجراء هذا التحويل الا اذا توفرت الشروط التالية :

أ - ان يقدم المالك الجديد طلبا خطيا بهذا المعنى .

ب - ان يكون المالك السابق قد تنازل عن حقه باستثمار الرخصة الى الشخص الذي حل محله في ملكية الارض ، وان يكون هذا الشخص قد قبل التنازل بموجب عقد مسجل لدى الكاتب العدل .

ج - ان يكون المالك السابق قد سدد الضرائب المتوجبة عن الارض المرخص بزراعتها .

المادة ٢٠ - يبت وزير المالية في طلبات النقل والتحويل المنصوص عنها في المادتين ١٨ و ١٩ من هذا المرسوم .

المادة ٢١ - على مختار القرى ان يقوموا . في حال وفاة احد المستثمرين المرخص لهم بزراعة التبغ او التبناك في قرنتهم : بإبلاغ الامر الى ادارة



المساحات التي تزيد عن ٥٠ ديكارا والمرخص بزراعتها لشخص واحد على أن توزع الزيادات الناجمة عن هذا التدبير على صغار المزارعين وفقا لاحكام المادة الاولى من هذا المرسوم .

ويعتبر بمثابة الشخص الواحد :

- الرجل والاولاد القاصرون والزوجة او الزوجات ، في حياة الرجل .

- الاولاد القاصرون في حال وفاة الوالد ، ولا تعتبر الزوجة او الزوجات بهذه الحالة شخصا مستقلا عن الاولاد .

- الاولاد القاصرون في حال وفاة الوالدين

- الزوجة ، في حال وفاة الزوج .

تستثنى من احكام هذه المادة المؤسسات الدينية الوقفية شرط ان تخصص ربع المساحات لاعمال خيرية اجتماعية .

#### احكام خاصة ونهائية

المادة ٢٥ - يمكن ، ادارة الاحتكار بعد موافقة مفوض الحكومة ، ان تزوع مساحات من الاراضي لا يزيد مجموعها على خمسين ديكارا تختبر فيها انواعا جديدة من التبغ او التبنك وذلك بالاضافة الى المساحات المرخص بزراعتها ضمن الحدود الاجمالية المنصوص عليها في المادة السادسة .

المادة ٢٦ - تلغى جميع النصوص المخالفة لاحكام هذا المرسوم او المتعارضة معها .

المادة ٢٧ - (المعدلة بالمرسوم رقم ٢٥٢٢ تاريخ ١٤/٣/٦٠) ينشر هذا المرسوم في الجريدة الرسمية ويبلغ حيث تدعو الحاجة ويمثل به ابتداء من اول تموز سنة ١٩٦٠ .

الدوق في ١٤ كانون الاول سنة ١٩٥٦

الامضاء : فؤاد شهاب

صدر عن رئيس الجمهورية

رئيس مجلس الوزراء

الامضاء : رشيد كرامي

وزير المالية

الامضاء : رشيد كرامي

الاحتكار في مهلة ثمانية ايام ابتداء من تاريخ الوفاة ، وبإفادتها عن اسماء الورثة ، لقاء مكافأة مالية قدرها خمس ليرات لبنانية يدفعها لهم صندوق الادارة .

على الادارة ان تبلغ الورثة انتداب احدهم ليقوم ، على مسؤوليته بمتابعة الزراعة المرخص بها وذلك في مهلة خمسة عشر يوما ابتداء من تاريخ التبليغ ، والا عمدت الى اقتلاع الشتل على نفقتهم .

#### الفصل الرابع

##### في تجديد الرخصة

المادة ٢٢ - (المعدلة بالمرسوم رقم ٢٥٢٢ تاريخ ١٤/٣/٦٠) - تجدد الرخصة سنة فسة على ان لا يلزم صاحبها بتقديم طلب التجديد اذا كان مالكا للارض . اما اذا كان مستثمرا الارض لا يملكها فعليه ان يقدم الطلب المنصوص عليه في المادتين ٨ و ٩ من المرسوم المذكور .

المادة ٢٢ - (كما تعدلت بالمرسوم رقم ١٦٢٢٢ تاريخ ٢٥/٥/٦٤) :

لا يجوز تجديد الرخصة في الحالات التالية :  
٦ - اذا لم يعد صاحب العلاقة مستثمرا ارضا صالحة تعادل مساحتها المساحة المطلوب تجديد الرخصة لها .

ب - اذا أهمل ، دون عذر مقبول ، استثمار الرخصة المعطاة له في السنة السابقة .

ج - اذا قدم المزارع في خلال سنتين متواليتين محصولا رديا يقل سعر مشتراه :

١ - عن ١٧٥ قرشا للكيلو الواحد في القرى التي يبلغ متوسط سعر مشتري محصولها او يزيد عن ٢٢٥ قرشا .

٢ - بنسبة تزيد على ٢٥ بالمئة عن المعدل الوسطي لسعر مشتري المحصول في القرى التي يقل فيها هذا السعر المتوسط عن ٢٢٥ قرشا .

وتجري في الحالتين المذكورتين مقارنة الاسعار في القرية الواحدة للانواع والاصناف نفسها .

د - اذا نقص محصول زراعته بنسبة تتجاوز الخمسين بالمئة ( ٥٠ بالمئة ) بدون عذر مقبول .

هـ - اذا صودرت لديه كمية من التبغ والتبنك المهرب تزيد على ١٥ كيلوغراما .

المادة ٢٤ - ( الفيت بالمرسوم رقم ١٦٢٢٢ تاريخ ٢٥/٥/٦٤ واستبدلت بالنص التالي ) :

تلغى اعتبارا من الموسم الزراعي ١٩٦٤ اقسام

## قرار عدد ١٦ LR

صادر في في ٢٠ كانون الثاني سنة ١٩٢٥

يتعلق باحتكار التبغ والتبناك

يمثل الدول ويمين بموجب قرار من المفوض السامي ويكون خاضعا لسلطة مستشار المفوضية العليا للشؤون المالية .

## الخلافات

المادة ٤ - في حال وقوع اي خلاف كان بين ادارة الاحتكار وبين السلطة الادارية في دولة واحدة او عدة دول ، يرفع الخلاف في نهاية الامر الى المفوض السامي للجمهورية الفرنسية الذي يتولى البت فيه بصورة مبرمة بعد اخذ رأي اللجنة الدائمة .

وهذه الاحكام تطبق ايضا على كل خلاف ينشأ بين اللجنة الدائمة وادارة الاحتكار او على كل خلاف ينشأ حول كيفية تفسير النصوص القانونية او نصوص الاتفاقات المتعاقبة بنظام التبغ .

## الباب الثاني

## زراعة التبغ

## الفصل الاول

البيانات - التشتيل - المحصول - التشتيف

## تحديد الزراعة

المادة ٥ - ( المعدلة بالقرار ١٠٠ بتاريخ ٨ آب سنة ١٩٢٨ ) .

ان زراعة التبغ جائزة في المناطق التي يكون الزرع فيها مفيدا ومع مراعاة الشروط المبينة في هذا القرار .

والزرع يكون اما بقصد تسليم المحصول الى ادارة الاحتكار واما بقصد تصديره . قبل ١٤ حزيران من كل سنة ترسل ادارة الاحتكار الى اللجنة الدائمة اقتراحاتها فيما يتعلق بمقدار المساحات التي يجوز زرعها في السنة التالية من كل فئة - تبغ او تبناك - ومن كل صنف . وقبل ٢٥ حزيران توزع اللجنة الدائمة بين

ان مفوض السامي للجمهورية الفرنسية بناء على مرسومي رئيس الجمهورية الفرنسية الصادرين في ٢٢ و ٢٣ سنة ١٩٢٠ و ١٦ تموز سنة ١٩٢٢ وبناء على قرار المفوض السامي عدد ٢٧٥ ر. تاريخ ٢٧ سنة ١٩٢٤ قرر ما يأتي :

## الباب الاول

## احكام عامة

## تعريف

المادة ١ - اعتبارا من اول اذار سنة ١٩٢٥ يخضع شراء التبغ ، وصناعته ، وبيعه ، مهما كان مصدره ومهما كان الشكل الذي يعرض فيه ، لاحتكار اميري وحيد في الدول المشمولة بالانتداب الفرنسي .

غير ان تصدير التبغ الورق الى خارج هذه الدول يبقى حرا .  
انما استثمار الاحتكار فتتولاه ادارة ( ريجي ) ذات منفعة مشتركة وفقا لاحكام دفتر الشروط مع هذا القرار .

المادة ٢ - ان التبناك وسواه من المواد التي يمكن ان تحل محل التبغ والتبناك في الوجهات التي تتضمنان فيها تشبه بالتبغ لدى تطبيق احكام هذا القرار .

## اللجنة الدائمة

المادة ٣ - يولف رؤساء المصالح المالية في كل حكومة ومنطقة تتمتع بالاستقلال المالي ورؤسائها مستشار المفوضية العليا للشؤون المالية وتسمى « اللجنة الدائمة للتبغ والتبناك » اجتماعات هذه اللجنة فيحضرها المستشارون في الدول .  
تتبع أعمال الادارة ( الريجي ) مفوض

وبعد ان تلتصق الطوايح القانونية على هذه التصاريح تقيد في سجل خاص يستحصل عليه من ادارة الاحتكار ، ثم يضع كل زارع توقيعه في السجل ، ويعطى له لقاء تصريحه وصل .  
يجب ان يبين في التصريح موقع الارض المدة لزراع التبغ ، ومساحتها ، ونوع التبغ الذي سيزرع فيها ، والمساحة المراد زرعها بقصد البيع الى الاحتكار والمساحة المراد زرعها بقصد التصدير .

وعلى المختار ، بعد ان تتجمع لديه هذه التصاريح ، ان يسلم مأمور الاحتكار ، قبل مغادرته القرية ، السجل الخاص المشار اليه اعلاه والذي يجب تسليمه الى القائمقام في ٢٥ آب .

اما القائمقام فانه يتولى تحويل كل سجلات التصاريح ونقا للتعليمات التي يتلقاها من الادارة المركزية .

المادة ٩ - ( المدلة بالقرار ١٠٠ بتاريخ ٨ آب سنة ١٩٢٨ ) :

اذا كانت المساحات المصرح عنها في احدى القرى دون الحصة المخصصة لهذه القرية ، فيمكن توزيع الزيادة بين قرى سواها بموجب مرسوم او قرار يتخذ قبل ١٠ ايلول بنفس الطريقة التي يتخذ فيها المرسوم او القرار المشار اليه في المادة السادسة .

واذا كانت المساحات المصرح عنها في احدى القرى تتجاوز الحصة المخصصة لهذه القرية فتوزع هذه الحصة بين اصحاب التصاريح بموجب مرسوم او قرار يتخذ بناء على اقتراح رئيس مصلحة المالية ورئيس مصلحة الزراعة .

### رخص الزرع

المادة ١٠ - ( التعممة بالمادة ١ من القرار ١٠٦ بتاريخ ١٦ تموز سنة ١٩٢٧ والمدلة بالقرار ١٠٠ بتاريخ ٨ آب سنة ١٩٢٨ ) :

يضع رئيس دائرة المالية لكل قرية قبل تاريخ ١٥ تشرين الاول لائحة تتضمن اسماء الزارعين ومساحة الاراضي المرخص لهم بزرعها سواء اكان ذلك لادارة الاحتكار او للتصدير .

لا تمنح رخص زرع للزراع الذين يسلمون غلتين متواليتين باسعار تنقص ٢٥ بالمائة على الاقل عن معدل اسعار مشتري التبغ من الانواع ذاتها . تبلغ هذه اللائحة الى ذوي الشأن بهمة المختار .

وترسل نسخة عنها مؤكدا انها طبق الاصل الى ادارة الاحتكار بتاريخ ٢٢ تشرين الاول . اما فيما يتعلق بمحافظه اللائحة فيكون تاريخ نشر قوائم رخص الزرع الاسمية في ٢٥ تشرين

الدول والحكومات والمنطقة التي تتمتع باستقلال مالي المساحات التي يجوز زرعها بقصد البيع الى ادارة الاحتكار ، على ان لا تتجاوز هذه المساحات المقدار الذي تقرر بصورة نهائية .  
وتحدد هذه اللجنة ايضا المساحات التي يجوز زرعها في كل دولة او حكومة او منطقة بقصد التصدير .

المادة ٦ - ( المدلة بالقرار ١٠٠ بتاريخ ٨ آب سنة ١٩٢٨ ) :

قبل ٢٥ تموز يصدر رئيس الدولة او الحاكم او اكبر سلطة ادارية في المنطقة التي تتمتع باستقلال مالي مرسوما او قرارا يوزع فيه - بناء على اقتراح رئيس مصلحة المالية ورئيس مصلحة الزراعة - مساحات الزرع المشار اليها في المادة السابعة بين القرى التي يصلح فيها الزرع ، على ان يميز بين المساحات المخصصة للاحتكار وبين المساحات المخصصة للتصدير .

واذا اقتضى الامر فشين في هذا المرسوم او هذا القرار كل التدابير التي يستنبط تطبيقها في كل منطقة او قرية .

وعلاوة على المساحات المحددة ، فانه يجوز زرع بعض الاراضي بقصد الاختيار ، ولكن ضمن الحدود التي تضعها اللجنة الدائمة بالاتفاق مع ادارة الاحتكار ورئيس مصلحة المالية ورئيس مصلحة الزراعة في الدولة او الحكومة المختصة . ويجوز بعد ذلك - مع مراعاة احكام الفقرة الاولى - اصدار مرسوم او قرار يجيز الزرع في المناطق التي تكون التجارب قد نجحت فيها .

المادة ٧ - لا يجوز لاي كان ان يزرع تبغا ما لم يقدم بذلك تصريحاً وما لم يستحصل على الرخصة المنصوص عليها في المادة العاشرة .

### تصاريح الزرع

المادة ٨ - ( المدلة بالقرار ١٠٠ بتاريخ ٨ آب سنة ١٩٢٨ ) :

على الاشخاص الذين يرغبون في تعاطي زراعة التبغ ان يقدموا بذلك تصريحاً - بين ٢٥ تموز و ٢٠ آب على اقصى تعديل - الى مختار القرية التي تقوم فيها الارض المخصصة للزرع . ويجب تقديم هذا البيان بحضور احد مأموري الاحتكار ، وعلى ادارة الاحتكار ان تحيط المختار علمتها بمرور هذا المأمور في قريته قبل ثلاثة ايام على الاقل .

اما الزراع الذين لم يتمكنوا من تقديم تصاريحهم كما هو مبين اعلاه فيحسب لهم ان يقدموها بين ٢٠ و ٢٥ آب على اقصى تعديل الى القائمقام في مركز القضاء .

الاول وتاريخ تبليغها لادارة الاحتكار يكون في ٢ تشرين الثاني .

المادة ١١ - في حالة وفاة المزارع يجب على المختار ان يشعر ادارة المالية بذلك في مدة ثمانية ايام . تعتمد ادارة المالية الى مراجعة ادارة الاحتكار بالامر في مدة ثمانية ايام ايضا . واذا لم يطلب احد الورثة خطيا من المختار ان يسمح له بالمناورة على زرع التبغ تحت مسؤوليته فيتوجب على الورثة او ادارة الاحتكار اقتلاع الشتل على حساب هؤلاء الورثة .

وعلى كل مزارع يعدل عن الزرع ان يحيط علما بالامر ، يشعر المختار ادارة الاحتكار في مدة ثمانية ايام ، وتولى ادارة المالية اشعار ادارة الاحتكار في مدة ثمانية ايام ايضا ، تنتدب ادارة الاحتكار مأمورا يثبت في البدء من ان شيئا لم يقطف سرا ، ثم يشرف على اطلاق الشتل او يتولى اطلاقها بنفسه على نفقة المزارع في حالة رضاه ذلك .

المادة ١٢ - يمكن لادارة الاحتكار ان ترسل الى المختار قائمة تحتوي على اوصاف كل نوع من انواع التبغ كي يستند اليها حين تنظيم التصاريح . ويحق لها ايضا ان تحدد - بعد اتفاقها مع اللجنة الدائمة - اساليب الزراعة والتنشيف التي يجب تطبيقها على التبغ الذي تكون قد تمهدت بشرائه .

#### المشاتل

المادة ١٣ - يجب على المزارع ان يستحصل على البذور التي يحتاج اليها من ادارة الاحتكار ، وهذه يتوجب عليها ان تعطيه البذور المنتخبة اللازمة للتشتيل بادنى الاسعار الممكنة . وتضدق اللجنة الدائمة تعريفة هذه الاسعار بحسب اطلاق المشاتل في ١٥ ايار على اقصى تعديل في السواحل و ١٥ حزيران في الجبال اي ان نقل الشتل يجب ان يكون قد انتهى في هذين التاريخين .

اما الشتل التي تبقى في المشاتل بعد هذين التاريخين فتعتبر كأنها زرع غير مصرح به منذ الدقيقة التي يبلغ فيها طول الورق ٢٠ سنتيمترا .

#### مراقبة الزرع

المادة ١٤ - بحق لادارة الاحتكار فور حصول المزارع على الرخصة . ان تكشف على الاراضي المزروعة ، وتراقب مساحتها ، وتلف المشاتل التي لم يزرع اصحابها احكام هذا القرار . وتضمن على المزارع من الساعة السادسة

صباحا الى الساعة السادسة مساء في المدة المتراوحة بين اول تشرين الاول و ٢١ اذار ، ومن الساعة الخامسة صباحا الى الساعة الثامنة مساء في المدة المتراوحة بين اول نيسان و ٢٠ ايلول ان يقودوا مأموري الاحتكار الى مزارعهم ، وان يسهلوا لهم سبيل القيام بوظائفهم ، وان يسمحوا لهم بالدخول عند اقل طلب يدر منهم سواء اكان الى مناشف التبغ الورق ، ومخازنه ، ومستودعاته ، ومكان السكن ، وسوى ذلك من اقسام منزلهم ، ام الى المناشف والمخازن والمستودعات التي تخص مرابعهم . وينبغي على هؤلاء ان لا يمرقوا هذه التحريات ، حتى وان كانت البنات المذكورة ملكهم الخاص او كانوا مستاجرهم ، والغاية من كل ذلك تمكين المأمورين من القيام بالاحصاءات والتدقيقات والتحقيقات الضرورية لمصلحة الاحتكار .

وينبغي على المزارع ايضا ان يبرزوا للمأمورين عند اقل طلب يدر منهم ، عن مشاتلهم ومزروعاتهم ومناشفهم ومخازنهم وعن اسماء المربعين الذين يشاطرونهم زراعة تبغهم وعن القابض ومحل اقامتهم .

وينبغي على المزارع ايضا ان يبرزوا للمأموري الاحتكار عند اقل طلب يدر منهم وصولات التصاريح التي يتوجب عليهم تقديمها وفقا لاحكام هذا القرار .

#### المحصول

المادة ١٥ - متى نضجت الشتل وقبل الابتداء بتقطفها ، وعلى كل قبل ١٥ تموز في السواحل و ١٥ ايلول في الجبال ، ينبغي على كل مزارع ان يقدم تصريحاً بقال له « تصريح المحصول » وفيه يقدر وزن الاوراق الناشفة التي ينتظر الحصول عليها من مزارعه .

وهذا التصريح يجب ان يقدم الى المختار بعد ان تلتصق عليه الطوابع القانونية بنفس الشكل الذي يقدم فيه التصريح المنصوص عليه في المادة الثامنة مع استثناء الفقرة الثالثة منها .

المادة ١٦ - بعد تقديم التصريح او بعد انقضاء التاريخين الاقصيين المشار اليهما في المادة السابقة ، بحق لادارة الاحتكار ان تتولى تخمين المحصول بنفسها ثم تبلغ فوراً هذه التخمينات الى المزارع حتى اذا لم يقبل بها قامت اللجنة المنصوص عليها في الفقرة الاولى من المادة ٧ بتخمين المحصول بصورة نهائية .

اما نفقات هذه اللجنة فنلتقى على عاتق الفريق الذي تبعد تخميناته اكثر من تخمينات الفريق الاخر ، زيادة او نقصانا ، عن تخمينات اللجنة . وفي اثناء الوزن تتخذ تخمينات الاحتكار

تحارة  
برينة  
وحريه

على اسمه في تصريح المحصول او بعد التدقيق في التخمين الى حين وزن هذه الكميات .

المادة ٢١ - بعد وزن التبغ يحق للمأمورين ذوي الصلاحيه ان يتحروا . ضمن الشروط الواردة في المادة ١٤ . منارن ومحلات الزراعة والبساتين المجاوره لها للتثبت مما اذا كان لا يوجد فيها بيع محبا .

وبعد التبغ اندي يعثر عليه كأنه تبغ مهرب وتعرض عليه المعويات المنصوص عليها في هذا القرار .

المادة ٢٢ - اذا نقد المحصول كله او جزء منه فيجب على الزارع ان يحيط وثالة الاختار علما بالامر في مدة ٨ ساعه ، فتدعوه هذه وكالة الى حضور التحقيق الذي يعوم به المختار ومدوب عن ادارة المالية ومدوب عن ادارة الاختار ، ثم يوضع محضر بالتحقيق ويوقع المدوبان على سختين منه يحتفظ بل منهما باحدهما . ويصحح بعد ذلك تصريح المحصول ودعا لمضمون المحضر .

واذا تبين ان التبغ مصاب بغطل يجعله غير صالح للاستعمال فيجب حرقه وذبح الحرق على المحصر وعلى تصريح المحصول .

واذا ادعى الزارع انه سرق ، فلا يمكن اخذ ادعائه بعين الاعتبار الا اذا اثبتته نتائج التحقيق القضائي الذي يجب ان يطالب به زارع نفسه فور ظهور السرقة .

ولا يمكن تنزيل اية كمية كانت من التبغ عن الزارع اذا لم يتم بكل المعاملات المنصوص عليها في هذه المادة .

### التسليم

المادة ٢٤ - يجب نقل التبغ الى مستودع الاختكار تحت اشراف المنتجين وعلى نفقتهم فور وزنه وقبل انتضاء المهلة التي تحددها ادارة الاختكار بكل قرية .

ويجوز لادارة الاختكار ان تتولى بنفسها نقل التبغ بعد وزنه وفقا لتعريفه توافق عليها اللجنة الدائمة ، وعليها في مثل هذه الحالة ان تشر المختر بذلك قبل الوزن ، ويجب ان يوضع التبغ تحت تصرفها في اي وقت كان .

### الفصل الثاني

البيع الى الاختكار - التخزن - التصدير

المادة ٢٥ - يجب تسليم كل محصول الزارع الى مستودع الاختكار .

في حالة قبولها - او تخمينات اللجنة اساسا لتبغ العجز .

المادة ١٧ - يجوز قطف الاوراق ونقلها من ماكن التنشيف الى داخل القرية التي انتج فيها لتبغ دون قيد ولا شرط ولكن خلال النهار فقط . ما فيما عدا ذلك فلا يجوز النقل الا بموجب بخصة من ادارة الاختكار وفي الظروف المنصوص عليها في هذا القرار .

المادة ١٨ - لا يجوز للزارع ان يقتني سوى نشف واحد لسائر مزارعه الموجودة في قرية احدة ، علاوة على اجهزة التنشيف الموجودة في لزراع نفسها . ويجوز للمأموري الاختكار ان يدخلوا الى محلات لتنشيف بصوره دائمة .

المادة ١٩ - يجب على الزارع ان يقتلوا الشتل الجذور فور قطف الاوراق وعلى اقصى تعديل ورائقضاء مهلة تحددها ادارة الاختكار للمختار .

المادة ٢٠ - يجب وضع التبغ في اكياس باهزة للوزن فور انتهاء التنشيف وعلى اقصى تعديل فور انتضاء مهلة تحددها ادارة الاختكار لمختار .

ولا يجوز في اي وجه من الوجوه ان يحتوي تبغ المقطوف على قطع من الساق ، او على ذروات هور او على براعم ، او على مواد غريبة .

### الوزن

المادة ٢١ - يتولى الوزن مأمور من ادارة اختكار بحضور المختار او ، في حالة غيابه ، حضور اثنين من اعضاء مجلس الاختيارية .

ويجوز للزارع حضور الوزن ولكن عدم حضوره يمكن ان يحول دون اعتبار الوزن صحيحا .

ثم تختم الاكياس بالرصاص وترقم . فاذا كانت اوزان المتحققة دون الاوزان الواردة في تصريح

لحصول باكثر من عشرة بالمائة توجب على الزارع ان يرسل الايضاحات اللازمة خطيا الى وكالة

اختكار التي ينتسب اليها . ويمكن لادارة اختكار ان تقبل بهذه الايضاحات وان لا تعد

لتقص عجزا ، والا اتخذ تصريح المحصول ، - وعند الانتضاء - نتيجة التدقيق في هذا

تصريح ، ووصل المستودع ، او ، في حالة عدم جوده ، الارومة المقابلة له ، حجة قانونية دون

سواها لايات العجز .

كل عجز غير مبرر يتجاوز عشرة بالمائة يخضع فرامات المنصوص عليها في الباب السادس من هذا القرار .

ويبقى الزارع مسؤولا عن الكميات التي قيدت

خلال خمسة عشر يوما ابتداء من الاستلام في المستودع او عند الافتضاء ابتداء من قرار اللجـ المنصوص عليها في المادة ٢٧ من القرار عدد ١٦ ل.ر الصادر في ٢٠ كانون الثاني سنة ١٩٢٥ او من انتهاء مدة السنة اشهر المنصوص عليها في المادة نفسها .

لادارة الاحتكار الميزة في ان تاخذ مسبقا من قيمة المبالغ المتوجبة للمزارع كل مبلغ يتوجب لها بصفة استرداد نفقات حقيقية موضوعة على عاتق المزارع بموجب الانظمة المنصوص عليها في المادة { الفقرة ٣ من دفتر الشروط المنطبق بالقرار رقم ١٦ ل.ر الصادر في ٢٠ كانون الثاني ١٩٢٥ ان هذه الميزة هي خاصة وتأتي مرتبتها توا قبل الميزة الخاصة العائدة للخزينة .

اما فيما يختص باستيفاء ديون ادارة الاحتكار الاخرى فهذه الادارة تستفيد ايضا من ميزه تكون خاصة اذا كان الامر متعلقا بعمرامات مفروضة على المزارع لمخالفته للباب الثاني من اقرار رقم ١٦ ل.ر الصادر في ٢٠ كانون الثاني سنة ١٩٢٥ وتجري على ثمن التبغ الذي انتجه المزارع وتكون عامه في سائر الاحوال الاخرى . ان ميزة الاحتكار الخاصة او العامة المنوه بها في البند السابقة تأتي مرتبتها توا بعد ميزة الخزينة من النوع نفسه .

#### شراء المحصول

المادة ٢٩ - ان السعر الذي يجب ان يشتري به الاحتكار كل نوع او صنف من اصناف التبغ الذي سينتجه محصول الموسم القادم تحدده اللجنة ائدائمة قبل ٣١ كانون الاول بناء على اقتراح ادارة الاحتكار . اما التعريف التي تضعها هذه اللجنة فيصدقها المفوض السامي بموجب قرار .

#### الخزن بقصد التصدير

المادة ٢٠ - ان التبغ الذي يسلم الى ادارة الاحتكار بقصد التصدير يجب ان يوضع ضمن اكياس يذكر عليها بصورة واضحة ماركة المزارع، واسمه ، وسنة المحصول ، والرقم التسلسل ، والوزن غير الصافي ، ووزن العيار ، والوزن الصافي . ولا يجوز ان يغير ترتيب هذه الطرود ووزنها . وهناك تنزيل في الوزن سيحدده نظام الخزن الخاص لقاء النقص الذي يطرا على التبغ المخزون ( النفاوة ) .

المادة ٢١ - ( المعدلة بالمادة ٢ من القرار ٧٤ تاريخ ١٣ نيسان سنة ١٩٤٥ ) :

ولدى تسليم التبغ الى ادارة الاحتكار تعطي هذه الادارة الى المزارع او ممثله ، اذا كان يحمل وكالة مصدق عليها من المختار ، وصل مستودع يؤخذ عن دفتر ذي ارومة . اما الارومة فيوقع عليها المزارع او ممثله . وتذكر في الوصل :

اولا - الكميات المدة للبيع الى الاحتكار والكميات المدة للتصدير .

ثانيا - ماركات الاكياس وارقامها .

#### البيع الى الاحتكار

المادة ٢٦ - عندما يسلم الى المستودع المحصول المعد للبيع اني الاحتكار - على اقصى تعديل - في مدة خمسة ايام ، يكشف رئيس المستودع على التبغ بحضور منتجه المثبت من انواعه . تم هذه الانواع والاسعار المقابلة لها على ورقة كشف تعطي الى صاحب البضاعة .

ويجوز للمأمورين الذين يستلمون المحاصيل ان ينعصوا من وزنها اذا تبين لهم ان نوعها هي دون النوع الاخير ، او اذا كانت رطوبتها غير عادية

المادة ٢٧ - ( المعدلة بالقرار ٩٨ الصادر في ٢٩ حزيران سنة ١٩٢٧ ) :

اذا لم يقبل المزارع بنتيجة الكشف او بالنتيجه المقرر ثبت في الامر بصورة مبرمة لجنة مؤلفة من مندوب عن ادارة المالية ومندوب عن صاحب العلاقة واحد مأموري الاحتكار . تجتمع اللجنة بناء على دعوة الاحتكار وعلى طاب المزارع . يجب تقديم هذا الطلب قبل انقضاء مهلة ستة اشهر من تاريخ اجراء الكشف ويجب ان يذكر فيه السعر الذي يطلب المزارع ان يدفع به ثمن محصوله واسم مندوبه في اللجنة . تكون نفقات اللجنة على عاتق الفريق الخاسر .

اذا لم يقدم المزارع طلبه قبل انقضاء المهلة المنصوص عليها اعلاه او اذا لم يلب مندوبه دعوة الاحتكار فيعتبر متخلفا ولا يحق له بعد ذلك الاعتراض على نتيجة الكشف المنصوص عليه في المادة السابقة .

اما التبغ الذي يتبين بصورة نهائية ان انواعه رديئة جدا وتجعله غير صالح للاستعمال فيرفض ويحرق تحت مراقبة ادارة الاحتكار .

اما المواد الغريبة التي قد يعثر عليها ممزوجة بالتبغ فتحسب منه وتحرق . وتطبق احكام المادة ٢١ على العجز الذي قد ينتج عنها بعد تقابلة النتيجة بتصريح المحصول .

المادة ٢٨ - ( المعدلة بالقرار ١٢٢ بتاريخ ١١ اذار سنة ١٩٢٧ ) :

يجب على ادارة الاحتكار ان تدفع للمزارع في

تجارة  
برية  
وبحرية

المحاية تنتدب ، بناء على طلب الاحتكار ، مندوبا يسهر على قانونية المزايدة ويوقع على محضر يبرئ ذمة ادارة الاحتكار بصوره نهائية تجاه صاحب البضاعة . اما وصل المستودع السدي بحمله المذكور فيصبح بلا قيمة بعد ذلك . يدفع حاصل البيع الصافي . بعد طرح كل النفقات والسلفات والغرامات وبدل التخزين ونفقات الخبراء : الى صاحب البضاعة او الى ورثته

واذا لم يتقدم احد الى شراء كمية من التبغ تباع بالمزاد العلني ، فتحرق هذه الكمية بعد انقضاء مهلة اخيرة قدرها ستة اشهر .

المادة ٢٤ - ان ادارة الاحتكار مسؤولة عن كل ما يصيب التبغ من النقص او التلف بسبب رداءة المحلات التي تخزن فيها البضاعة ، ولكنها لا تتحمل ادنى مسؤولية عن كل فقد او تلف يصيب التبغ بسبب رداءة الحالة التي كان فيها حين خزنه ، او بسببه لاسباب قاهرة وصاحب البضاعة مضطر الى التأمين بواسطة الاحتكار على التبغ الذي يسلمه اياه ضد كل الاخطار التي يقبل بها سند التأمين ( سيكورتاه )

### التجار المصدرون

المادة ٢٥ - ان الذين يعدون تجارا مصدرين هم الاشخاص الذين يقدمون بذلك الى ادارة المالية تصريحاً خطياً يكتب على ورقة مطبوعة تعطيم اياها الادارة المذكورة بناء على طلبهم . تشمر ادارة المالية اصحاب التصاريح اذا كانوا قد قبوا او رفضوا دون ان تكون مضطرة الى بسط اسباب رفضها ، ثم تحييط ادارة الاحتكار علماً بالامر

واذا ارتكب احد التجار مخالفتين لاحكام نظام التبغ فيشطب اسمه من قائمة المصدرين المعترف بهم

المادة ٢٦ - ان التبغ الذي يشتريه التجار المصدرون مخصص للتصدير فحسب . فاستعماله للاستهلاك الداخلي هو اذن من قبيل التهريب على التجار المصدرين ان يسكوا وان يقدموا الى ادارة الاحتكار عند اقل طلب بيد منها حساب داخل وخارج تقيد فيه عليهم كل الكميات التي يكونون قد اشتروها وابقوها في المستودع ، وتقيد لهم الكميات المصدرة وفقاً لبيان الجمرك . ويجب ان يرفق هذا الحساب عند الحاجة بكل الاوراق المثبتة اللازمة

المادة ٢٧ - ان كميات التبغ التي يشتريها التجار المصدرون يجب ان تبقى مخزونة على نفقتهم في مستودعات ادارة الاحتكار وفقاً للشروط المتبعة في نظام الخزن .

ان المحاصيل المخزونة بقصد التصدير يمكن تحويلها كلها او جزء منها الى اسم تاجر مصدر معترف به ، شرط ان يرر الزارع الى المستودع تصريح بيع يوافق عليه التاجر المصدر ، وان يسدد مكل المبالغ المطلوبة من البضائع لادارة الاحتكار . وفي حالة تحويل المحصول تحويلاً جزئياً تذكر الكميات المحولة على ظهر وصل المستودع وعلى الارومة المقابلة له والتي يجب ان يوقع عليها صاحب البضاعة . وفي حالة تحويل المحصول بكليته تحتفظ ادارة الاحتكار بالوصل .

اذا حدد قسم من التبغ معد للتدخين جاز الادارة الاحتكار ان تحتفظ بحقها في الرامتها للتاجر المصدر دفع المبالغ التي قد تطلب لها بمقتضى نظام خزن المحصولات عن التبغ الذي لم ينتقل الى اماكن التدخين قبل انقضاء المهلة المنصوص عليها في المادة ٤ الجديدة من هذا القرار .

وفي هذه الحالة يكون التاجر المصدر والزراع مسؤولين بالتضامن تجاه ادارة الاحتكار عن دفع كل المبالغ المشار اليها في الفقرة السابقة عند استحقاقها .

المادة ٢٢ - يمكن لادارة الاحتكار في اي وقت كان وفي اية حالة كانت ، قبل بيع البضاعة الى التاجر المصدر ، ان تفحص محتويات البالات المشار اليها في المادة السابقة بحضور مأمور محلّف تنتدبه ادارة المالية ثم ينظم رئيس المستودع محضراً بالفحص يرسله الى المختار لتحويله الى صاحب البضاعة .

ويحق اصحاب البضاعة ان يعترضوا الى رئيس المستودع على التخمين قبل انقضاء خمسة ايام على تاريخ تبلغه المحضر وان يطالب بخمين جديد يجري وفقاً للشروط المنصوص عليها في المادة ٢٧ . وتطبق احكام الفقرة الاخيرة من هذه المادة على المواد الغريبة التي توجد في البالات المفحوصة .

المادة ٢٣ - يمكن انقضاء البالات المخصصة للتصدير في مستودعات الاحتكار مدة خمس سنوات على اقصى تعديل

والخزن مجاني في السنة اشهر الاولى التي تبثدى اعتباراً من يوم دخول البضاعة الى المستودع . وعلى اصحاب البضائع ان يدفعوا سلفاً بعد ذلك عن كل ستة اشهر بدل خزن يحدده نظام الخزن الخاص الذي تضعه ادارة الاحتكار وتصدق له اللجنة الدائمة . وفي نهاية السنة الخامسة يحق لادارة الاحتكار ان تبيع من تلقاء نفسها وبالمزاد العلني - وفقاً لاحكام النظام المذكور - التبغ المتروك في المستودع . واذا لم يحضر صاحب البضاعة المزايدة فان السلطات

قبل الوزن في اكياس . اما التبغ المد للتدخين في القرية نفسها المزروع فيها التبغ فيجوز بصورة استثنائية وزنه ( على شكل مشايك ) وختمه بالرصاص من قبل ادارة الاحتكار .

لا يجوز في اي وقت كان ان يشتمل التبغ المقطوف على مواد اجنبية .

يقوم بالوزن مأثور من ادارة الاحتكار بحضور المختار واذا كان المختار غائبا فبحضور عضوين من مجلس الاختيارية .

يجوز للزارع ان يحضر الوزن غير ان غيابه لا يمكن اعتباره سببا لعدم صحة الوزن .

اذا نقص وزن التبغ قبل تدخينه عند الزارع اكثر من ١٠ بالمئة عن وزنه المذكور في التصريح المقدم عن القلة يجب على الزارع ان يقدم ابضاحاته عن ذلك النقص كتابة لمكتب ادارة الاحتكار الذي يكون تابعا له يجوز ان تقع الادارة بهذه الايضاحات وان لا تعتبر الفرق الحاصل نقصا والا فلا يعتبر في تحقيق النقص كدليل شرعي الا التصريح المقدم عن القلة او عند الاقتضاء التدقيق الجاري على هذا التصريح وكذلك ورقة الوزن او الارومة المقابلة لها في حال عدم وجود هذه الورقة .

كل نقص غر مبرر يزيد عن ١٠ بالمئة يعاقب بالمقوبات المنصوص عليها في الفصل السادس من هذا القرار .

ب - النقل - لا يجوز نقل تبغ ابو ريح الى مكان التدخين الا بعد الحصول على ترخيص من ادارة الاحتكار ضمن الشروط المعينة .

لا يجوز النقل الا اثناء النهار .  
يمنح الترخيص المنصوص عايه في الفقرة السابقة غب الاطلاع على طلب من الزارع يذكر فيه الوزن الصافي والمكان الوارد منه التبغ المنقول والمكان المرسل اليه واسم وكنية الناقل واسم وكنية الشخص القائم بالتدخين الذي يسلم التبغ .

ج - براءة ذمة المدخن - يجب على الزارع ان يعيد الترخيص المذكور اعلاه في خلال ثمانية ايام من النقل مؤشرا عليه من قبل المدخن او التاجر - المصدر وعلى هذا الاخير ان يشهد بانه استلم التبغ المنقول ويجب على المختار التصديق على هذا التأشير .

د - التسليم الى المستودع - يجب ان يكون التبغ قد نقل بكامله الى امكنة التدخين قبل ٣١ كانون الاول من السنة التي تلي سنة القطاف . وبعد انقضاء هذا التاريخ يجب ان يوضع التبغ

المادة ٢٨ - ان المحاصيل المدة للتصدير يجب ان تصير بتمامها .

غير انه يجوز للاحتكار ان يشتري ، بصورة استثنائية وبعد اتفائه على ذلك مع اللجنة الدائمة ، نسما من هذه المحاصيل ، فيما اذا ام تنتج الاراضي التي زرعت لحسابه كميات كافية .

اما اسعار الشراء فهي الاسعار المبينة في التعريفية المرعية الاجراء والمحددة وفقا لاحكام المادة ٢٩ ، مضافة اليها نفقات الخزن والتأمين ( سيكورتاه ) .

### الفصل الثالث

#### احكام خاصة بالتبغ ابو ريح

المادتان ٣٩ و ٤٠ - ( الغيتا وحلت محلها المادة الاولى من القرار ٧٤ الصادر في ١٢ نيسان سنة ١٩٢٥ ثم الغيت هذه المادة وحلت محلها احكام القرار ٣٠٧ الاتي نصه )

#### قرار رقم ٣٠٧

صادر في ٢٧ تموز سنة ١٩٤٢

ان الميوجان هيلو ، سفير فرنسا ، المندوب العام لفرنسا في الشرق

بناء على مراسيم رئيس الفرنسيين الاحرار تاريخ ٢٤ حزيران سنة ١٩٤١

وبناء على مرسوم لجنة التحرير الوطني الفرنسي تاريخ ٧ حزيران سنة ١٩٤٢

وبناء على القرار عدد ١٦/ل.ر. الصادر في ٢ كانون الثاني سنة ١٩٢٥ بشأن احتكار التبغ والتبناك

وبناء على القرار عدد ١٦/ل.ر. الصادر في ١٢ نيسان ١٩٢٩

وبناء على القرار عدد ٧٤/ل.ر. الصادر تاريخ ١٢ تموز ١٩٤٢

قرر ما يأتي :

المادة ١ - ان احكام المادة الاولى - الفصل الاول ( التبغ المجفف ) من القرار عدد ٧٤/ل.ر. التي كانت قد الغت المادتين ٣٩ و ٤٠ من القرار عدد ١٦/ل.ر. تاريخ ٣٠ كانون الثاني سنة ١٩٢٥ وحلت محلها قد الغيت وابدلت منها الاحكام التالية :

الوزن - يجب ان يوزن التبغ حالا خلال التجهزها ادارة الاحتكار للمختار . يوضع التبغ



والرخصة او الاجازة المذكورة سند لا يجوز بيعه او التنازل عنه ولا يمكن لادارة الاحتكار ان تعترف ببيع الرخصة ولا بالتنازل عنها بل هي تعتبرها في مثل هذه الحالة مملوكة ، وتحفظ لنفسها بحق القيام بالملاحظات القانونية .

المادة ٤٧ - لا يجوز نقل حانوت بيع التبغ الى مكان غير المكان الذي اعطيت الرخصة او الاجازة من اجله ، الا بعد ان يستحصل صاحبه من ادارة الاحتكار على ترخيص خاص .  
ويجوز سحب الرخصة فورا من الباعة الذين يخالفون هذه الاحكام مع ملاحظتهم باعتبار انهم يتعاملون ببيع التبغ بصورة غير قانونية .

المادة ٤٨ - لا يجوز للباعة ان يقتنوا ، او ان يعرضوا للبيع ، او ان يبيعوا التبغ الا ضمن علب او غلافات او رزم تلتصق عليها طوابيع الاحتكار .

وعلى هؤلاء الباعة ان يقتنوا على الدوام كميات كافية من كل انواع واصناف المصنوعات اللازمة للاستهلاك المحلي . وعليهم ان يشتروا المصنوعات من المستودع الذي تعينه لهم ادارة الاحتكار في منطقتهم وبعد تادية قيمتها نقدا . وكل استقراض او تنازل عن مصنوعات الاحتكار بين الباعة ممنوع .

المادة ٤٩ - ( كما تعدلت بالمرسوم الاشتراعي رقم ٧٦ تاريخ ٢٧/٦/٧٧ - ج.ر. ملحق العدد ١٩ ) : يجب على الباعة ان يبيعوا المصنوعات بالاسعار المحددة دون ما زيادة او نقصان ويجب ان تعلق لائحة بالاسعار في الحوانيت والامكنة المرخصة ببيع المصنوعات التبغية .  
اما جمالة الباعة فيجب الحسم الذي يعطى لهم من اصل مشترياتهم . وتحدد ادارة الاحتكار بدل هذا الحسم حسب المناطق ، والظروف ، وانواع المصنوعات المعروضة للبيع ، واصنافها ، وذلك بعد الاتفاق مع اللجنة الدائمة .

#### تعريف البيع

المادة ٥٠ - ( المعدلة بالمادة ١ من القرار ١٧ تاريخ ٢٩ حزيران سنة ١٩٢٧ ) :  
تحدد اللجنة الدائمة بناء على اقتراح ادارة الاحتكار ، انواع المصنوعات المعروضة للبيع ، واصنافها ، والاسعار التي يجب ان تباع بها ، ثم يصدقها المفوض السامي بموجب قرار .  
ان انواع الحاصلات المعروضة للبيع وتصنيفها واسعار بيعها وتعيين اماكن البيع فيما يتعلق بالتبغ المسمى تبغ المنطقة تقررها اللجنة الدائمة بناء على اقتراح ادارة الاحتكار .  
تصدق هذه المقررات بقرار من المفوض السامي

المادة ٥١ - ان تجزئة رزم او علب التبغ او

الذي لم ينقل الى امكنة التدخين في المستودع ضمن الشروط المنصوص عليها في المادتين ٢٥ و ٢٠ والمواد التي تليها من هذا القرار .

المادة ٢ - امين السر العام مكلف تنفيذ هذا القرار .

#### الباب الثالث

#### بيع التبغ ( حوانيت البيع والرخص )

#### رخص بائع

المادة ٤١ - لا يمكن لاي كان ان يبيع المنتجات التي تصنعها او تستوردها ادارة الاحتكار الا اذا كان يحمل رخصة او اجازة معطاة منها .

المادة ٤٢ - كل رخصة او اجازة بيع تقطعها ادارة الاحتكار تكون خاصة بشخص معلوم يذكر اسمه عليها . وتعطى لمدة معينة ، وبقصد البيع في محل معين .

غير انه يجوز لادارة الاحتكار ان ترخص للباعة المتجولين ان يبيعوا التبغ في المدن والقرى ، وان يبعوه من القبائل الرحل حين انتقالها من مكان الى مكان . اما الرخصة التي تعطى لهم فيمكن العمل بها اما في منطقة واحدة او في عدة مناطق واما في دولة واحدة او في الدول كلها .

المادة ٤٣ - على كل فرد يريد تعاطي بيع التبغ في حانوت معلوم ، او يريد بيعه متجولا ان يقدم الى ادارة الاحتكار طلبا منطبقا على النموذج المعطى منها وادارة الاحتكار غير مضطرة الى بيان الاسباب التي قد تحملها على رفض اعطاء احدي الرخص ، او على رفض تجديدها .

المادة ٤٤ - يسلم صاحب الطلب الذي يقبل طلبه رخصة بيع .

وهذه الرخصة - اما سنوية واما نصف سنوية . وتعطى عن كل سنة او عن كل ستة اشهر من السنة الفريية لقاء تادية بدل الرسم السنوي ، او نصفه نقدا ، حسب ما تكون الرخصة سنوية ام نصف سنوية .

المادة ٤٥ - يعين بدل الرخصة بموجب تعريفه تحدد في قرار يصدره المفوض السامي بناء على اقتراح لجنة المراقبة الدائمة . اما تصنيف حوانيت البيع في كل دولة فتقوم به ادارة الاحتكار بالاتفاق مع رئيس مصلحة المالية فيها . ويمكن اعادة النظر في هذا التصنيف كل سنة .

المادة ٤٦ - يجب على اصحاب رخصة او اجازة البيع ان يديروا حوانيتهم بانفسهم .

فتحدها اللجنة الدائمة في كل سنة بناء على اقتراح ادارة الاحتكار

المادة ٥٦ - يجوز لادارة الاحتكار ان تسمي للانفراد ان يستوردوا بصورة استثنائية بغير المنتجات المصنوعة ، ولكن بشرط ان لا تتجاوز الكميات التي يستوردونها عشرين كيلو عن كل شخص في السنة ، وان يؤدوا رسما خاصا يضاف الى رسوم الجمرک اما بدل هذا الرسم انذي تستوفيه ادارة الاحتكار فتعده اللجنة الدائمة

تدفع رسوم الجمرک العادية الى جباة الجمرک ولكن هؤلاء لا يمكنهم تسليم كميات التبغ المستوردة الى اصحابها الا بعد ان تصاق عليهم قطع البندول او الطوابيع المعطاة من ادارة الاحتكار والتي يثبت الصاقها ان الرسم الخاص المشار اليه اعلاه قد استوفى

### الفصل الثاني

#### نقل التبغ

المادة ٥٧ - لا يمكن نقل التبغ الورق في داخل الاراضي المشمولة بالانتداب الفرنسي الا ضمن الشروط المبينة فيما يلي :  
كل كمية من التبغ يجب ان تنقل بواسطة صاحبها تحت مراقبة الاحتكار ، وفي هذه الحالة تنقل البضاعة الى وجهة ارسالها بواسطة رخصا نقل تعطىها ادارة الاحتكار  
اما النقل في غير هاتين الحالتين فانه غير جائز الا بعد الاستحصال على رخصة خاصة من ادارة الاحتكار وفي الظروف التي تحددها هذه الادارة

المادة ٥٨ - ( التعممة بالمادة ٢ من القرار ١٤ تاريخ ١٢ نيسان سنة ١٩٣٥ ) :  
تكتب رخصة النقل المشار اليها في المادة ٥٧ على ورقة مطبوعة يعطيها رئيس المستودع الذي تنقل منه البضاعة

وبعد ان يتم النقل تعاد رخصة النقل ضمن المهلة المعينة الى رئيس المستودع الذي نظمها ، وقد وضعت عليها مؤسسة الاحتكار التي ارسلت اليها البضاعة او الجمرک - حسب الاحوال - اشارة تثبت دخول التبغ الى هذه المؤسسة او الى مستودع الجمرک .

وفي حالة تصدير البضاعة يصفى حساب التاجر المصدر بصورة نهائية بناء على ابرازه - في مهلة ثلاثة اشهر - نسخة عن عهد التأمين الجمرکي ، مبرا من مصلحة الجمرک ، وقد حررت فيه بصورة خاصة شهادة تثبت وصول

السكرير بقصد البيع بالفرق ممنوعة . وكل بائع تبغ ملزم ببيع الكبريت  
اما بيع المواد الاخرى فيوز نباح ، ولكن يجب الكف عنه عند اقل طلب ييدر من ادارة الاحتكار ، فيما اذا تبين انه يحول دون صون التبغ او دون بيعه

المادة ٥٢ - على البائع الذي يرغب في الكف عن استثمار حائوته ان يشعر بذلك المستودع الذي ينتسب اليه خطيا وقبل ١٥ يوما على الاقل

ومهما كان الوقت الذي يكف فيه عن البيع فلا يحق له ان يطالب باي جزء كان من بدل الرخصة وعليه ان يرد التبغ الذي هو في حوزته ، شرط ان يكون في حالة جيدة ، فتعبد له الادارة قيمة هذا التبغ القانونية بعد ان تطرح منها مقدار الحسم

المادة ٥٣ - يجب على الباعة المقيمين او المتجولين ان يخضعوا للتحريات التي يطلب مأمورو الاحتكار اجراءها ، والا اعتبرت رخصتهم ملغاة  
واذا ظل احد الحوائت مغللا طيلة ٨ ساعة متوالية دون عذر مقبول فيحق لادارة الاحتكار ان تعتبر رخصته ملغاة ايضا .

المادة ٥٤ - ان المخالفات التي ترتكب ضد المواد ٤١ و ٥٣ ( بما فيها هذه المادة الاخيرة ) فيما يتعلق بالمنتجات المصنوعة المصقعة عليها ماركات الاحتكار وطوابيعه تخص مأموري الاحتكار دون سواهم

## الباب الرابع

### احكام خاصة

#### الفصل الاول

##### الاستيراد

المادة ٥٥ - ان التبغ الورق ، او التبغ الذي لا يزال في دور التحضير ، او التبغ المصنوع ، لا يجوز ادخاله الى الدول المشمولة بالانتداب الفرنسي ما لم يكن مستوردا لاجل ادارة الاحتكار

وعلى ادارة الاحتكار ان تتابع من المنتجين المحليين ما تحتاجه من التبغ الورق بنسبة ٩٥ بالمئة من حاجاتها للاستهلاك الداخلي . واذا كان الحصول المحلي غير كاف فيمكنها ان تستورد من الخارج الكميات التي تحتاج اليها  
اما كميات التبناك الاجنبي التي يجوز استيرادها

الموضوعة عليه اشرانها . لا يجوز لاحد اقتناء تبغ المنطقة في الاماكن التي لم يرخص بيمه فيها

المادة ٦٢ - كل شخص توجد في حوزته اجهزة او آلات او معدات ميكانيكية صالحة لصناعة التبغ يعتبر كأنه صانع غير قانوني ويعاقب بصفته كذلك . اما استيراد الآلات المذكورة الى الاراضي المشمولة بالانتداب الافرسي فهو ممنوع .

#### الفصل الرابع

##### احكام متفرقة

المادة ٦٤ - لا يجوز للزراع او التجار المصدرين او الباعة ان يضعوا اية عقبة كانت في سبيل مأموري الاحتكار حين قيامهم بالتدقيقات المطلوبة منهم . ويجب على اولئك وهؤلاء ان يكونوا دائما على اتم استعداد لتلبية طلبات الاحتكار اما بانفسهم واما بواسطة وكلائهم ، في حالة غيابهم . وعليهم ايضا ان يمهّدوا امام المأمورين المذكورين سبيل القيام بواجباتهم ، وان يضموا تحت تصرفهم اليد العاملة التي قد يحتاجون اليها . ولا يجوز معارضتهم فيها اذا ساءوا ان يأخذوا بعض النماذج عن محصولاتهم .

المادة ٦٥ - ان كسل الجداول والقوائم والمستندات الحسابية المنصوص عليها في هذا القرار يجب ان تحفظ لمدة خمس سنوات على الاقل لدى الاشخاص الذين ينبغي عليهم اقتناؤها ويمكن الاستعاضة فيها عن التوقيع بختم . ويحق لادارة الاحتكار ان تطلب تصديق المختار على هوية الشخص او ختمه او توقيمه اما التصديقات التي يعطيها المختار وفقا لاحكام هذا القرار فهي معفاة من كل الرسوم .

## الباب الخامس

### قمع التهريب - الغرامات

#### الفصل الاول

##### البحث عن التهريب - المعاملات القضائية

المادة ٦٦ - ان الذين يحق لهم البحث عن مخالفات التبغ واثباتها والقيام عند الحاجة بالمصادرات هم - فيما عدا الظروف المنصوص عليها في المادة ٢٤ - اما مأمورو الاحتكار المكلفون بذلك والمحافظون خصيصا لهذه الغاية ، واما ضباط البوليس العدلي ، وكل المأمورين المحليين في الدول ، وكل ضباط الدرك وجنوده وافراده

التبغ الى البلاد التي صدر اليها . وشهادة تثبت - عند الاقتضاء - تادية الرسوم الجمركية عند وصوله الى مستودع الجمرك او قبوله فيه . ويجب ان تؤثر قنصلية فرنسا على هذه الشهادات وان تصدق امضاواتها فيما اذا طلبت ادارة الاحتكار ذلك عند نقل التبغ .

واذا كان التبغ مرسلًا الى احتكار حكومي فيمكن للتاجر ان يكتفي بابراز شهادة من هذه الادارة تثبت وصول التبغ وتذكر عدد البالات المستلمة وانواعها ووزنها .

يمكن ادارة الاحتكار ان لا تعطي رخصة النقل المشار اليها في المادة ٥٧ الا بعد دفع جميع المبالغ التي تطلب لها عن البضائع من اي قبيل كان .

المادة ٥٩ - تعتبر مهربة :

اولا - كل كميات التبغ المنقولة او المصدرة والتي لم ترجع الاوراق الخاصة بها الى مرجعها الايجابي مصدقة ضمن الهالة المعينة .

ثانيا - كل فرق بين الكميات المنقولة او المصدرة وبين الكميات التي ابرزت الاوراق الخاصة بها ضمن الهالة المعينة .

المادة ٦٠ - يمكن لادارة الاحتكار ان تبرىء ذمة اصحاب البضاعة من كميات التبغ الورق المخزونة في مستودعاتها او مخازنها او المنقولة بموجب رخصة النقل ، فيما اذا اثلقت قضاء وقدرا او لاسباب قاهرة .

#### الفصل الثالث

##### الاقتناء - الصناعة

المادة ٦١ - ( المعدلة بالمادة ٤ من القرار ٧٤ تاريخ ١٢ نيسان سنة ١٩٣٥ ) : لا يجوز لاي كان ان يقتني تبغا ورقا ما لم يكن من الزراع المرخص لهم او ما لم يقدم تصريحا بتماطيه تدخين التبغ بشرط ان لا يثبت وجود التبغ عنده بعد اقصى حد للتاريخ المعين لتسليم المحصول بكامله او لتسليم التبغ المدخن لادارة الاحتكار . ويشترط ايضا اذا كان الامر يتعلق باحد المدخنين ان لا تكون حيازة التبغ الورق ممنوعة بمقتضى المادة ٤ الجديدة من هذا القرار

المادة ٦٢ - ( التعممة بالمادة ٢ من القرار ٩٧ تاريخ ٢٩ حزيران سنة ١٩٣٧ ) :

لا يمكن لاي كان ان يقتني تبغا لا يزال في طور التحضير او تبغا مصنوعا غير التبغ الذي تصنعه ادارة الاحتكار وتضع عليه طوابعها . لا يجوز لاحد ان يقتني تبغا قيد الصنيع او تبغا مصنوعا غير تبغ ادارة الاحتكار او غير التبغ

وضباط الشرطة والجمرك وافرادهما ومهما كان الامر فانه لا يجوز لمأموري الاحتكار ان يتفردوا بالتحريات .

المادة ٦٧ - ( المعدلة بالمادة ٥ من القرار ٧٤ تاريخ ١٢ نيسان سنة ١٩٢٥ ) :

الا فيما يتعلق بالزراع والمدخنين والباعة الذين يحق لادارة الاحتكار ان تجري عندهم تحرياتها بصورة دائمة ، فان التحريات لا يمكن ان تجري في المساكن الخاصة والحيوانية والمخازن ، الا بمساعدة السلطة المحلية وفقا للقوانين المرعية الاجراء . ويقوم بالتحريات احد المأمورين المذكورين في المادة ٦٦ السابقة باستثناء مأموري ادارة الاحتكار الذين لا يجوز لهم القيام بالتحريات وحدهم . اما هؤلاء فعليهم ان يطلبوا مساعدة احد المأمورين الاخرين المشار اليهم اعلاه . ولا يجوز لهذا المأمور ان يرفض معاونتهم في اي حال كان .

لا تطبق احكام الفقرة الاولى من هذه المادة على التحريات التي تجري في المحلات - مهما كان نوعها او اي كان شأنها - التي تدخل اليها المنتجات المهربة تحت انظار مأموري القمع اثناء مطاردتهم اياها عن كذب .

المادة ٦٨ - يحق لكل مأموري المكافحة ان يتناولوا بالتحري كل الطرود والحقائب وسوى ذلك من الاشياء الصالحة للنقل . غير انه ينبغي على مأموري الدولة ومأموري ادارة الاحتكار ان يحافظوا اثناء هذه التحريات على واجبات اللياقة نحو الافراد وان يتجنبوا العنف الذي لا فائدة تخرج منه .

واذا كان مأمورو المكافحة يرغبون في تحري بعض المنتجات المعدة للبيع في الاسواق كالبيض، والجلود، والفواكه، وسواها من المنتجات التي تسمح طبيعتها بتحريها حيا او سيرا والتي تكون موضوعة ضمن سلال او اكياس او غلافات لا يمكن تفريقها دون الحاق الضرر بالبضاعة، فلا يجوز لهؤلاء المأمورين ان يطلبوا تحري هذه المنتجات الا في السوق المرسله له، على ان يتخذوا اثناء الطريق كل التدابير اللازمة للمحافظة عليها .

المادة ٦٩ - يجب على الحكومات ان تساعد على الملاحظة ومكافحة التهريب بكل الوسائل التي في حوزتها ولا سيما بواسطة كل افراد القوة العامة وعلى رجال الدرك والشرطة وخبراء الجمرك بصورة خاصة ان يساعدوا المأمورين المكلفين بالملاحظة، واثبات المخالفة، والمصادرة. ولا يجوز لهم الامتناع عن تلبية طلباتهم .

المادة ٧٠ - على السلطات المحلية، ولا سيما

على المختار واعضاء مجلس الاختيارية، والمدير، والقائمقام، والمحافظ ان يساعدوا سائر اللجان المشكلة بموجب هذا القرار، وكل مأموري القوة العامة او ادارة الاحتكار المكلفين بمكافحة التهريب، على القيام بمهمتهم .

وعلى هذه السلطات بصورة خاصة ان تقوم بكل الواجبات المترتبة عليها وفقا لهذا القرار، والا عرضت نفسها للعقوبات التأديبية التي يجب على الحكومات اتخاذها ضد الموظفين المهملين او المقصرين .

وعلى السلطات نفسها ان تتخذ كل التدابير اللازمة كي تجري المعاملات مجراها القانونية ودون ان تعترضها اعمال عنف وارهاب .

المادة ٧١ - على المصالح العامة، ولا سيما على مصلحة البريد، والشركات صاحبة الامتياز، وشركات النقل، ان تمهد امام مأموري المكافحة سبل القيام بوظيفتهم، وان تحيظهم علما بحوادث التهريب التي قد تطلع عليها .

المادة ٧٢ - ترسل محاضر الاثبات والمصادرة الى ادارة الاحتكار فوراً ويعمل بها الى حين ثبوت عكسها .

ان ادارة الاحتكار هي التي يعود لها حق القيام بالملاحقات القضائية. اما المحاكم الصالحة للنظر في قضايا التبغ فهي المحاكم الصالحة للنظر في القضايا الاجنبية .

ان كل مخالفة لاحكام هذا القرار، وكل اعمال التهريب، وبصورة اعم، كل الاعمال والافعال التي تمس بمصالح الاحتكار، تعتبر جنحا وتحال بصفتها هذه الى محاكم الجزاء .

وتطبق على هذه الجنح القواعد المطبقة على الجنح العادية سواء اكان فيما يتعلق باصول المعاملات ام باصول المحاكمة والتنفيذ مع العلم بان كل شخص يفاجا بالجرم المشهود وهو يقفني او ينقل، او يصنع تبغا، يجب ان يساق بواسطة منظمي المحضر الى اقرب نقطة للدرك او الشرطة، وبعد التحقيق معه بايجاز يحال في خلال ٢٤ ساعة الى قاضي الصلح .

واذا لم يكن المخالف ذا محل اقامة معين، وكان مستهدفا لعقوبة حبس، فيصدر قاضي الصلح بحقه مذكرة توقيف. غير انه يجوز اطلاق سراحه بصورة مؤقتة بعد ان يؤدي كفالة نقدية او بعد ان ياتي بكفالة شخصية تقبل بها السلطة القضائية المختصة، على ان تضمن هذه الكفالة او تلك تسديد كامل الغرامات المتوجبة على المخالف او سواها من الاحكام التقديرية التي تصدرها ادارة المحكمة .

اما قيمة هذه الغرامات او الاحكام التقديرية فنقدرها ادارة الاحتكار .

التبغ او من الاشياء المهربة ، او يلقي القبض على المهربين ، او يشترك في القاء القبض عليهم يحق له ان يتقاضى جائزة لا يمكن ان تتجاوز اما تلك الغرامة واما - في حالة عدم استيفاء الغرامة - نصف قيمة الاشياء المصادرة ، على ان تتولى ادارة الاحتكار تقدير قيمة هذه الاشياء .

واذا تعاون عدة اشخاص على اعطاء هذه « الاختيارية » او على القاء القبض على المهربين فتقسم الجائزة بينهم حصصا متساوية . وهناك تلك احر تحدده ادارة الاحتكار بالطريقة نفسها تتولى توزيعه بين المأمورين الذين يقومون بالمصادرة .

المادة ٧٨ - يحق لادارة الاحتكار اجراء التسوية على المحاضر المتعلقة بالمخالفات المرتكبة ضد هذا القانون . وينبغي على المخالف في مثل هذه الحالة ان يسد كل النفقات القضائية ونفقات صون الاشياء المصادرة .

غير انه لا يمكن اجراء التسوية على عقوبة حبس تحكم بها المحكمة .

المادة ٧٩ - يحق للمحكمة ، فيما اذا رأت ان ثمة اسبابا تخفيفية ، ان تخفض الغرامة المنصوص عليها الى النصف .

وتضاعف الغرامات عند تكرار المخالفة او عند ارتكاب المخالفة والجنحة مع استعمال العنف او استعمال مستندات مزورة ، وذلك بقطع النظر عن العقوبات التي ينص عليها قانون الجزاء .

## الباب السادس

### العقوبات (١)

المادة ٨٠ - ( المعدلة بالمادة ٦ من القرار ٧٤ تاريخ ١٢ نيسان سنة ١٩٢٥ وبالمادة ٢ من القرار ١٠٦ تاريخ ١٦ تموز سنة ١٩٣٧ وبالقرار ٢٠٨ تاريخ ٢١ تموز سنة ١٩٤٠ ) :

تفرض العقوبات التالية على المخالفات المرتكبة ضد احكام هذا القرار :

١ - زراعة تبغ يقوم بها اشخاص غير مرخص لهم بزراعته :

أ - في قرية لم يرخص فيها بزراعة التبغ ( المادتان ٦ و ٧ ) .

ب - جزء تقدي قدره ٥٠ ل.ل.س. عن كل آر او كسر منه ومصادرة المزروعات او ابطالها على نفقة المزارع .

ب - في قرية رخص فيها بزراعة التبغ .

المادة ٧٣ - يجب النظر في دعاوى التهريب دون ابطاء وتقديمها على القضايا الاخرى . والمحكمة البدائية هي التي تصدر الاحكام المبرمة في الغرامات التي لا تتجاوز ٢٥٠ ليرة لبنانية سورية ، ثم تقرر في كل الاحوال تنفيذ الحكم بصورة مؤقتة غير انه يجوز للمحكوم ان يطلب تأجيل التنفيذ ريثما يت المرجع المختص فيما اذا كان يجوز له الاعتراض على الحكم ، ولكن يشترط عليه في مثل هذه الاحوال ان يقدم كفيلا قادرا على الوفاء تقبل به المحكمة .

المادة ٧٤ - في حالة القاء الحجز على دواب ، يجوز للمحكمة ان تصدر - بناء على طلب ادارة الاحتكار وبعد دعوة الفريقين - حكما خاصا تقرر فيه بيع هذه الدواب بالزاد العلني صونا لها . ولصاحبها القديم حق الافضلية على سواه من المشتركين في الزيادة في حالة تساوي الاسعار المعروضة .

غير انه يجب على المحكمة ان تسلم الدواب المحجوزة الى صاحبها القديم فيما اذا قدم بالتضامن مع شخص ثالث ثبت المحكمة ني قدرته على الوفاء كفالة تحدد المحكمة نفسها مقدارها ويجب العمل بهذا التدبير الموقت الى حين البت بصورة نهائية في مصير الدواب المحجوزة .

المادة ٧٥ - يستهدف الاشخاص الذين يشتركون في ارتكاب المخالفات المشار اليها في هذا القرار لنفس العقوبات التي يتعرض لها مرتكبوها الاصيليون .

وعلاوة على ذلك فان الوالد او - في حالة عدم وجوده - الشخص الذي يقوم بحراسة الولد مسؤول مدنيا في كل الاحوال عن ذبول جميع الاعمال التي قد ياتيها الولد القاصر الساكن معه منتحكا بها احكام هذا القرار .

ويجوز الحكم على الاسياد او الموكليين باعتبار انهم اشتركوا في المخالفة . كما انه يجب عدم مسؤولين مدنيا في كل الاحوال عن المخالفات التي قد يرتكبها مستخدموهم او عمالهم في اثناء قيامهم بالواجبات المطلوبة منهم .

المادة ٧٦ - ان الغرامات المنصوص عليها في هذا القرار لها دائما صفة التعويض الشخصي وتعود لادارة الاحتكار .

تفرض الغرامة عددا من المرات يوازي عدد المخالفات المختلفة المثبتة اما في محضر واحد واما في عدة محاضر .

المادة ٧٧ - كل شخص غريب عن ادارة الاحتكار يطلعها مباشرة او يطلع السلطات المحلية على امر يستدعي مصادرة كمية من

(١) - تراجع احكام القانون رقم ٧٤/٢ الصادر بتاريخ ٧٤/١/١١ المنشور اعلاه في الصفحة ٤٥ .

بالمدخنين حجزت ادارة الاحتكار كمية من التبغ الذي في حيازته تعادل قيمتها الجزاء التقدي الذي تقدره ادارة الحصر ضمانا لاستيفاء الجزاء المذكور .

٨ - عدم تقديم انتصريح المختص بالفقدان او السرعة ( المادتان ٢٢ و ٤٠ القسم الثاني - د ) غرامة من ٥ الى ٢٥ ليرة لبنانية سورية .

٩ - عدم تسليم التبغ الى المستودع في المهلة المحددة ( المادتان ٢٤ و ٤٠ القسم الاول - هـ والقسم الثاني - ح ) غرامة من ٢ الى ١٠ ليرات لبنانية سورية عن كل كيلوغرام او كسر من الكيلوغرام مع مصادرة التبغ اذا لم يسلم الى المستودع قبل صدور الحكم .

١٠ - عدم الاستحصال على اجازة بيع ( المادة ٤١ ) : غرامة توازي ثلاثة اضعاف الرسم السنوي

١١ - البيع باسعار تفتقر عن السعر المحدود ( المادة ٤٩ ) : غرامة من ٥ الى ٥٠ ليرة لبنانية سورية مع سحب الاجازة فوراً في حالة تكرار المخالفة

١٢ - نقل التبغ الورق بدون رخصة ( المواد ١٧ و ٢٤ و ٤٠ القسم الاول ب والقسم الثاني و - والمادة ٥٧ ) غرامة قدرها ٥ ليرات لبنانية سورية عن كل كيلو او جزء من الكيلو مع مصادرة التبغ المنقول وحجز وسائل النقل .

١٣ - اعمال تجريب او اعمال تعتبر كذلك المواد ٢٢ و ٢٦ و ٢٨ و ٥٥ و ٥٩ و ٦١ و ٦٢ : غرامة قدرها ١٠٠ ليرة لبنانية سورية عن كل كيلو او جزء من الكيلو مع مصادرة التبغ واذا كان المخالف بائعاً من باعة الاحتكار فتغرض عليه - بقطع النظر عن العقوبات المذكورة اعلاه - غرامة قدرها ٣٠٠ ليرة سورية وتلفى الاجازة التي يحملها .

١٤ - صنع التبغ سرا ( المادة ٦٢ ) غرامة قدرها من ١٠٠ الى ١٠٠٠ ليرة لبنانية سورية مع مصادرة الادوات . اما التبغ المصادر فانه يستهدف للعقوبات المنصوص عليها في الفقرة ١٣ السابقة الذكر . وعند تكرار المخالفة تفرض عقوبة حبس من ٨ ايام الى ستة اشهر بقطع النظر عن العقوبات المنصوص عليها في الفقرة السابقة .

١٥ - صنع او استعمال ، او اقتناء ، ماركات او طوابع مزورة من ماركات وطوابع ادارة الاحتكار ، او ورق وانايب سكاير من ورق وانايب الادارة المذكورة .

الحبس من سنة الى ثلاث سنوات مع مصادرة الاشياء المذكورة .

جزاء تقدي قدره ٢٥ ل.ل.س. عن كل آر او كسر منه ومصادرة المزروعات او اتلافها على نفقة المزارع .

٢ - زراعة غير مرخص بها او زرع مساحة تزيد عن المساحات المنصوص عليها في الترخيص يقوم بها اشخاص مرخص لهم بزراعة التبغ ( المادة ١٠٧ و ١٠٨ ) اذا لم تتلف المساكب يفرض : جزاء تقدي من ٥ الى ٢٥ ل.ل.س. وتصادر او تتلف كامل المزروعات على نفقة المزارع .

٣ - رفض الخضوع لمراقبة المزروعات ( المادتان ١٤ و ٢٩ ) جزاء تقدي من ١٥ الى ٥٠ ل.ل.س. ومصادرة او اتلاف المزروع على حساب المزارع

٤ - عدم تقديم بيان المحصول ( المادة ١٥ ) غرامة من ٥ الى ١٠٠ ل.ل.س. مع مصادرة التبغ الذي لم يصرح به ، او احدي هاتين العقوبتين .

٥ - عدم اتلاف السوق والجذور ( المادة ١٩ ) يفرض عليه : جزاء تقدي قدره ٥ ل.ل.س. عن كل آر او كسر منه وتتلف السوق والجذور على نفقة المزارع .

٦ - خلط التبغ الموضوع في الاكياس بمواد ممنوعة ( المواد ٢٠ و ٢٧ و ٢٠ و ٢٢ و ٤٠ القسم الاول - او القسم الثاني - ح ) مصادرة الاكياس التي يتحقق فيها الخلط

٧ - ١ - نقص بلا مبرر يزيد عن عشرة بالمائة بين تصريح المحصول او التخمين النهائي وبين الوزن ( المواد ٢١ و ٢٧ و ٤٠ القسم الاول - ا ) جزاء تقدي من ليرتين الى خمس ليرات لبنانية عن كل كيلو غرام او كسر الكيلوغرام من الفرق الذي يتجاوز المعدل المتساهل به .

ب - نقص ثابت لم يبرر بين تصريح المحصول او التدخين النهائي وبين الوزن اذا كان الوزن قد جرى بعد تدخين التبغ ( المادة ٤٠ القسم الثاني - هـ ) جزاء تقدي من ليرتين الى خمس ليرات لبنانية سورية عن كل كيلوغرام ناقص او كسر من الكيلوغرام .

ج - نقص ثابت لم يبرر ظهور في حسابات المزارع او المدخنين ( المادة ٤٠ القسم الثاني - د ، ح والقسم الثالث ا ، ب ، ج ، د ) جزاء تقدي من ليرتين الى خمس ليرات لبنانية سورية عن كل كيلوغرام ناقص او كسر من الكيلوغرام .

عدا ذلك في الاحوال المنصوص عليها في الفقرتين ب و ج اعلاه اذا كان الامر يتعلق

جزء تقدي من ٥ الى ١٠٠ ليرة لبنانية سورية مع مصادرة التبغ الذي لم يصرح به أو صرح به بصورة مخالفة للحقيقة أو إحدى هاتين العقوبتين فقط .

٢٠ - إذا ثبت أن زارعا أو مدخنا ارتكب الاعمال الآتية :

١ - نقص ثابت لم يبرر ظهوره في حسابات الزراع أو المدخنين ( المادة ٤٠ - القسم الثاني ز ، ح والقسم الثالث ا ، ب ، ج ، د ) .

٢ - عدم تقديم تصريح المصدر أو تقديمه بصورة مخالفة للحقيقة ( المادة ٤٠ - القسم الثاني - ج هـ ) .

اعمال تهريب أو اعمال معتبرة كأعمال التهريب (المادتان ٦١ و ٦٢)

رفض الخضوع لمراقبة التدخين ( المادة ٤٠ - القسم الثاني - ب ) خالف التبغ الموضوع في الاكياس بمواد ممنوعة ( المادة ٤٠ - القسم الاول - ا - والقسم الثاني - ح )

عدم تقديم التصريح المختص بالفقدان أو السرقة ( المادة ٤٠ - القسم الثاني - د )

عدم تسليم التبغ الى المستودع في المهلة المحددة ( المادة ٤٠ - القسم الاول - هـ والقسم الثاني ح )

وإذا ارتكب عدا ذلك في اثناء أو بمناسبة معانة هذه المخالفات جنحة فرعية كمقاومة أو ضرب مأموري الاحتكار أو المأمورين المشار اليهم في المادة ٦٦ المكلفين بمساونة مأموري الاحتكار فيحكم القاضي بمنعه تعاطي زراعة التبغ وتدخينه لمدة سنة واحدة الى ثلاث سنوات ولا يكون ذلك مانعا من تطبيق احكام هذه المادة واحكام المادة ٨٢ من هذا القرار .

٢ - في الحالات المشار اليها في الفقرتين ١٨ و ٢٠ المذكورتين اعلاه اذا كان المخالف ( الزارع أو المدخن ) هو بالوقت ذاته تاجرا مصدرا ، معترفا به حكم القاضي بشطب اسمه من قائمة التجار المصدرين المعترف بهم وذلك لمدة سنة الى ثلاث سنوات ولا يمنع ذلك تطبيق احكام هاتين الفقرتين واحكام المشار اليها فيهما .

المادة ٨١ - اذا لم يدفع المخالف أو المهرب الغرامة التي حكم بها عليه فيجبر على دفعها بجسده مدة تحدد وفقا للقواعد الجزائية المرعية الاجراء .

المادة ٨٢ - تطبق احكام المواد ( المعدلة ) ١١٢ الى ١١٥ ( بما فيها المادة الاخيرة ) من قانون الجزاء على كل شخص يعترض مأموري الاحتكار أو يشتبههم أو يضربهم أو ما شاكل اثناء قيامهم بواجبات وظائفهم .

اما الحكم الذي سيصدر في المادة الجزائية فيجب ان يحدد أيضا مقدار التعويض الذي ينبغي على المخالفين تاديبه الى ادارة الاحتكار لقاء الأضرار والاضرار التي يكونون قد الحقوها بها من جراء اعمالهم .

١٦ - صنع أو اقتناء اشياء - كورق الكاير أو العلب - يتبين من ماركتها والكتابات المذكورة عليها انها معدة لصناعة الكاير أو اوسع المنتجات المصنوعة في علب أو رزم مهما كان شكلها :

غرامة قدرها ١٥٠ ليرة لبنانية سورية ومصادرة الاشياء المحجوزة .

١٧ - المخالفات المرتكبة ضد نظام التبغ وغير المشار اليها في الاحكام الجزائية السابقة الذكر: غرامة من ١٠ الى ٥٠ ليرة لبنانية سورية

١٨ - إذا ثبت أن بعض الزراع ارتكبوا الاعمال التالية :

١ - عدم التصريح بالزراع ( المادة ٨ ) زرع من قبل اشخاص غير مرخص ليسم ( المادة ٧ )

٢ - عدم ائلاف المشائل ( المادة ١٢ ) رفض الخضوع لمراقبة المزروعات ( المادتان ١٤ و ٢٩ )

٣ - عدم التصريح بالحصول ( المادة ١٥ ) عدم ائلاف الشتل والجنود ( المادة ١٩ ) .

٤ - مزج التبغ الموضوع باكياس بمواد ممنوعة ( المواد ٢٠ و ٢٧ و ٣٠ و ٣٢ و ٣٩ )

٥ - نقص مثبت وغير مبرر يتجاوز ١٠ بالمائة بين تصريح الحصول والتخمين النهائي والوزن ( المادتان ٢١ و ٢٧ ) .

٦ - عدم التصريح بفقدان الحصول أو بسرقة ( المادة ٢٣ ) .

٧ - عدم تسليم الحصول الى المستودع في المهلة المعينة ( المادتان ٢٤ و ٤٠ )

٨ - نقل اوراق التبغ بدون ترخيص ( المواد ١٧ و ٢٤ و ٢٩ و ٥٧ ) .

٩ - اعمال تهريب أو اعمال معتبرة كأعمال تهريب ( المواد ٢٢ و ٤٨ و ٦١ و ٦٢ ) .

١٠ - صناعة تبغ غير قانونية ( المادة ٦٣ ) .

و ارتكبوا عدا ذلك في اثناء أو بمناسبة معانة هذه المخالفات يحقوم مخالفة فرعية كمقاومة أو ضرب مأموري الاحتكار أو المأمورين المشار اليهم في المادة ٦٦ المكلفين بمساونة مأموري الاحتكار فيحكم القاضي بمنعهم عن تعاطي زراعة التبغ مدة سنة واحدة أو ثلاث سنوات ولا يمنع ذلك من تطبيق احكام هذه المادة واحكام المادة ٨٢ ادناه .

١٩ - عدم تقديم تصريح المصدر أو تقديم تصريح مخالف للحقيقة ( المادة ٤٠ - القسم الثاني - ج ، هـ )

## الباب السابع

احكام انتقال  
الزراعة

المادة ٨٢ - تشتري ادارة الاحتكار كميات التبغ الورق الموجوده في حوزة الزراع في مدة لا يمكن ان تتجاوز ثلاثة اشهر ابتداء من التاريخ المحدد في المادة الاولى من هذا القرار .  
اما الاسعار التي يجب ان تشرى بها هذه الكميات فتحددها اللجنة الدائمة بناء على اقتراح ادارة الاحتكار ، وتستند في تحديدها اياها الى الاسعار التي اشترى بها في كل منطقة ما اشترى من موسم سنة ١٩٢٤ .  
اما موسم سنة ١٩٢٥ فلن تطبق عليه احكام المواد ٥ الى ١٦ ( بما فيها هذه المادة الاخيرة ) .  
وزراعة التبغ في سنة ١٩٣٥ لا تجوز الا للزراع او وراثتهم الذين سبق لهم ان زرعوه لموسم سنة ١٩٢٤ ، على ان لا يتجاوز كل منهم المساحة التي زرعوها تبعا خلال السنة المذكورة ( ١٩٢٤ ) .

## التجار واصحاب المصانع

المادة ٨٤ - تعتمد ادارة الاحتكار الى شراء كل كميات التبغ الورق او التبغ الذي لا يزال في طور التحضير ، او التبغ المصنوع ، والمعدات المخصصة للصناعة ، على الوجه التالي :  
١ - في مدة لا يمكن ان يتجاوز حدها الاقصى شهرا ابتداء من التاريخ المحدد في المادة الاولى (١) تضع ادارة الاحتكار ، بالاتفاق مع صاحب التبغ ، احصاء بكميات التبغ الورق الموجودة لدى اصحاب المصانع والتجار وتستلمها فورا .  
اما الاسعار التي يجب ان تشرى بها هذه الكميات فتحددها اللجنة الدائمة بناء على اقتراح ادارة الاحتكار ، ثم تدفع الاثمان الى صاحب التبغ في مدة شهرين من تاريخ استلامه .  
٢ - يجب ان يكف اصحاب المصانع الحالية عن الصناعة في مدة يبلغ حدها الاقصى ثلاثة اشهر ابتداء من التاريخ المحدد في المادة الاولى اما المنتجات المصنوعة والمسلمة فتخضع لنظام البندول .  
وعند انتهاء الصناعة يرجع اصحاب المصانع كميات البندول التي لا تزال في حوزتهم الى مصلحة البندول ويستردون ثمنها .

(١) راجع القرار ١٤٨ الصادر في ٢٨ حزيران سنة ١٩٢٥ الذي مدد هذه المهلة .

اما المنتجات التي ما زالت في طور التحضير او المنتجات المصنوعة ، ومعدات الاستثمار ، فتشتريها ادارة الاحتكار في المدة المشار اليها اعلاه والبالغ حدها الاقصى ثلاثة اشهر ، بعد ان تخمن وتقسا للشروط التي ستضعها اللجنة الدائمة

ولهذه اللجنة القول الفصل في كل الصعوبات التي قد تظهر اثناء التخمين .  
توضع المعدات والمنتجات المشتراة تحت تصرف ادارة الاحتكار فور شرائها اياها . اما اثمانها فتسدد في مدة شهرين بعد تاريخ الشراء .  
وتنظر اللجنة الدائمة في حالة اصحاب المصانع .

المادة ٨٥ - يجب على ادارة الاحتكار ان تستخدم رعايا الدول المشمولة بالانتداب بنسبة ٩٨ بالمئة على الاقل من مجموع عدد مستخدميها .  
اما مستخدمو المصانع المشتراة الذين لن تستخدمهم ادارة الاحتكار فان اللجنة الدائمة ستدرس حالتهم .

المادة ٨٦ - يمكن للباة الحائزين على الرخص الحالية ان يثابروا على البيع الى حين نفاذ ما يوجد لديهم من المنتجات الخاضعة لنظام البندول . ويحق لادارة الاحتكار ان تحصي هذه المنتجات ابتداء من اول توز سنة ١٩٢٥ وان تستردها اثناء تكاليفها .

المادة ٨٧ - تبقى اجازات البيع والرخص المعطاة حاليا معمولا بها الى حين انقضاء التاريخ الذي تنتهي فيه هذه الاجازات او الرخص مع العلم بانه يجوز للباة ان يتمنوا لغاية ذاك التاريخ من مصنوعات الاحتكار .

المادة ٨٨ - يحق للمستفيدين من احكام هذا الباب ان يحتفظوا بكميات التبغ الموجودة لديهم للتصدير . وعليهم في مثل هذه الحالة ان يقدموا بهذه الكميات تصريحاً خطياً الى ادارة الاحتكار وان يخزنوا تبغهم في مستودعاتها وتكون ادارة الاحتكار اذ ذاك في حل من وجوب شراء التبغ المذكور .

المادة ٨٩ - يلغى كل ما سبق هذا القرار من احكام القوانين والمراسيم والقرارات والانظمة والتدابير المنافية له .

المادة ٩٠ - امين السر العام مكلف بتنفيذ هذا القرار .

بيروت في ٢٠ كانون الثاني سنة ١٩٢٥

المفوض السامي  
الامضاء : د. دي مارتيل



# MARKET AUDIT

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## 3.2. MARKET AUDIT

### Proceedings of the Market Audit

#### 1. Identification of Information Sources

Market Audit began by reviewing the project proposal and general Regie literature made available upon project agreement (certain documents being undated).

#### 2. Data Gathering

Thorough analysis of the proposal followed, at the end of which the structure, layout, and content of the assessment, as well as the market audit methodology were agreed on among the task team. Additional sources for data gathering, within the Regie, and relevant information were identified through a series of contacts, site visits and interviews. This was followed by academic literature review (for example, an MBA Thesis by Mr. M. Salih entitled "*The Lebanese Regie - of Tobaccos and Tambacs: Current Problems and Recommended Solutions*", dated 27 June 1990), and industrial and commercial field inquiries through such institutions as: UNDP, FAO, LCIC, etc....

#### 3. Data Organisation and Tabulation

The next stage involved the design of a set of 45 data tabulation forms, the core instrument for market data analysis and modeling. This was followed by screening available information and identifying missing data, which was rapidly becoming a grave concern for the task team, due to the widening discrepancies between data required for the intended depth of the analysis, and the actually and immediately available data.

#### 4. Data Validation

Further discrepancies began to surface upon receipt of data requested from the different Regie regional sites, departments and/or individuals. This is despite the fact the release of requested information in general and, in particular of numeric data, had to be authorised by the Minister of Finance, the Regie Managing Director, or a delegated high authority within the Regie. *This phenomenon reflects an individualistic and monopolistic style of management, and the non existence of an integrated coherent information systems strategy within the Regie, re-confirming the Minister of State for Administrative Reform's criticism of the public sector institutions.*

### Current State of the Market Audit Assessment

The Inception Report of July 18, 1996, includes a sample of the initial set of the data tabulation forms described. Delivered with the Inception Report was a formal request for the information identified as critical to satisfactorily proceed with the data gathering and analysis. Response for this request was minimal. Such requests for information were repeatedly dispatched, but the response came with similar passiveness. The following critical requirements for market analysis remain on the list of requested items (till the time of this report going to print):

- Role and structure of farming co-ops, including geographical distribution

- Pricing and tax policies
- Disposal channels and trends of tobacco and tobacco crops by type and quality grade
- Description of distribution channels, means and methods
- Marketing resources and skills
- Tobacco sales by brands
- Relative tobacco & tobacco farming subsidies in relation to other crops

In the meantime, due to the unavailability of sufficient data (to cover a time series of 10 years) it was decided to limit the time span for the forthcoming data analysis to a five-year period (1991 - 1995). In addition, most of the initial formats underwent up to eight iterations and the original set of 45 table formats would become 36 and subsequently reduced to 23 over a period of 10 weeks. Some of these iterations underwent such radical adaptation that the direction of the intended analysis was greatly reduced from its initial scope. Despite such frustrations, we managed after painstaking adjustments to complete the final 23 tabulations to the highest possible level in the face of the above circumstances.

It is important to note at this stage that the scope, comprehensiveness, accuracy and reliability of the assessment presented to date has yet to be evaluated in consultation with the Regie authorities prior to confirming its usability as the input for demand forecasting and modeling. Data adjustments for this end must take into consideration, among other factors, issues such as:

- Sales figures (in terms of both value and quantity) not reflecting the real demand, due to the unaccounted amounts sold through smuggling activities.
- The rapid and severe devaluation of the Lebanese currency over the time series addressed in the assessment.

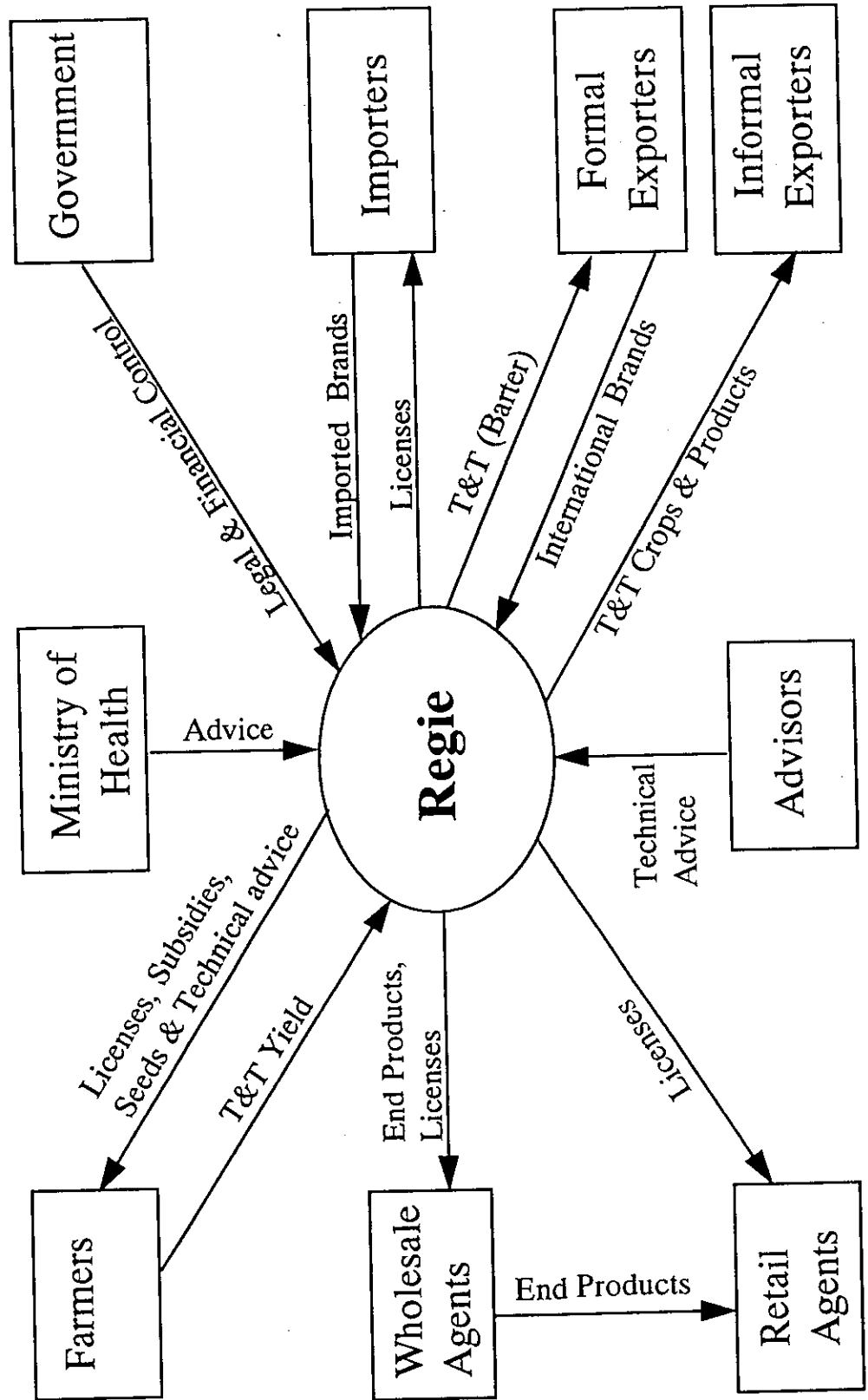
### 3.2.1 BUSINESS ENVIRONMENT AND GOVERNMENT POLICY

The Regie manages its business activities through nine independent entities. **Figure (3.2.1-1)** presents an overview of the **Regie Business Environment**. Relationships with indicated parties: farmers, importers, wholesale agents, and retail agents are governed by associated licensing conditions and regulations described in the Legal Audit section. Processing of applications for the various licenses as well as operating procedures are described in the Management Audit section. Regie's main business operations as legally endorsed by the monopoly status granted by the Lebanese government are:

- Domestic manufacture and management of Lebanese tobacco and tobacco.
- Wholesale distribution of all imported cigarettes and tobacco products.

The current political situation in Lebanon has the most powerful influence on the decisions and operations of the Regie. This has resulted, for example, in the frequent imposition on the Regie to purchase, at subsidies prices, the tobacco crop of unlicensed farmers. In addition, an investigative report published in *Al-Diyar* on October 10, 1996, concerning the tobacco and tobacco crop damage compensations in the aftermath of the April 1996 Lebanese-Israeli conflict, revealed the ambiguity of

**FIGURE (3.2.1-1)**  
**REGIE BUSINESS ENVIRONMENT**



rules, regulation and responsibilities of the various authorities (Ministry of Finance, Ministry of Agriculture, and Council of the South) in relation to the allocation and distribution of tobacco farming resources.

Another problem facing the Regie has been smuggling, which was particularly dominant during the civil war period and until the early 1990s. The smuggled tobacco market during that period was made up of foreign brand cigarettes smuggled into Lebanon mainly from Limassole and Port-Said through the illegal seaports. An Anti-Smuggling Squad (ASS) was instituted within the monopoly decree (16/lr of January 30, 1935). Subsequent decrees, the latest being no. 1047/1 of January 27, 1994, extended the authority of this squad. This squad was fully equipped to carry out its duties efficiently until 1976, when civil order broke out and the government lost control over its administrative authorities. The responsibility for law and order was lost or overtaken by regional militias. Consequently, the ASS became defunct, and lucrative smuggling networks ruled the tobacco industry and market. As a result, sales of the Regie's monopolised legal activities plunged to a minimal level (reaching near zero levels in 1976, 1979 and 1984) in comparison to its traditional market demand. This situation continued until the last quarter of 1992, when the ASS was partially reassembled (from remaining members). However, the squad was undermanned and under-equipped, and could not deal with the responsibilities of the assigned regions. A request for new recruits was rejected by the governing body, and the administration was forced to resort to the temporary measure of transferring a few daily workers from the Sorting and Manufacturing Department to the ASS. **As a result of its tireless efforts in collaboration with the security forces the ASS have achieved the following results between 1/1/1993- 30/6/1996:**

law suits	836
confiscated tobacco (kgs)	36,415,753
value of fines due (\$)	3,916,775
value of paid fines (20% of fines issued) and confiscated material (\$)	798,712

Since the curtailing of illegal seaports and the restoration of peace in Lebanon, smuggling has been controlled although not totally eliminated, since new routes and outlets have been active through foreign occupied areas.

Internally, some Regie executives accuse the government of deliberately attempting to deprive the Regie from potential growth in profit margins in order to reflect its inefficiency. Their claim can be better explained through the following malpractice:

- All increases in tobacco and tobac wholesale revenues attained from tax increments go directly to the Ministry of Finance, while the Regie is not authorised to increase wholesale prices to at least maintain previous profit margins. This, Regie executives maintain, is intended to justify to the Minister of Finance to declare that Regie is a non-productive government undertaking, and as such it should be privatised.
- In order to eliminate illicit crops, the government is encouraging Bekaa Valley farmers to switch to tobacco cultivation, not taking into consideration the fact that

the Regie is already overstocked with the South and North regions' extra crops, and that tobacco and tombac sales turnover to international companies is negligible compared to what Regie pays in farming subsidies. This implies that the Regie is voluntarily subsidising the cultivation of tobacco that will subsequently be only left to rot in poorly equipped warehouses, or incinerated.

- Due to the government policy aimed at exterminating the cultivation of illicit crops, which obligates the Regie to purchase all tobacco and tombac crop from all Bekaa farmers, the number of these farmers is rapidly increasing while the quality of the yield dropping, since the farmers are assured that their crops will be purchased. The poor quality of the yield is due to the fact that the Bekaa Valley farmers are not used to cultivating tobacco and they lack the necessary experience in this field, especially that the cultivation process itself needs intensive labor. From this viewpoint, Regie has requested the support of the government to conduct a feasibility study regarding the continuation of subsidising the cultivation of tobacco and tombac in the Bekaa. It has been suggested that the Bekaa farmers (especially those who were engaged in cultivating illicit crops) should switch to cultivating wheat that could be totally consumed locally. It was accordingly recommended that these farmers be offered social subsidies over a certain number of years for cultivating wheat.
- The government is neglecting the potential of local cigarette production, although it experienced a considerable period of prosperity prior to the civil war. The number of produced boxes dropped to 3000 boxes per month after being 20,000 per month during the civil war. Orders from Arab and East European countries are ignored due to the lack of investment in the modernisation of manufacturing equipment and machinery. This is in addition to the urgent need to upgrade managerial expertise and technical skills.

### **3.2.2 PRESENT MARKET SIZE AND SEGMENTATION**

In terms of its cigarette brand portfolio, the Regie currently holds one brand, namely the CEDARS. The bulk of demand for local cigarette brands is realised in the Bekaa, Southern Lebanon and Akkar, where smokers are less exposed to advertisement of foreign cigarette brands than smokers in other parts of Lebanon.

The capability of the Regie to respond to the local demand on national cigarette brands was hampered by the destruction and theft inflicted on its main production facilities in the Hadath centre during the civil war period (1975 to 1984). This resulted in the absence of national brands from the market for a considerably long period of time which was sufficient enough to make traditional consumers switch to imported brands, and for new consumers to be introduced to these products. **Table (3.2.3-1) presents Market Segmentation of Regie Products to Imports 1973 - 1995.**



### 3.2.3 SALES AND MARKET SHARE ANALYSIS

Sales of domestic cigarette brands peaked in 1974 accounting for around 41% of total sales. This, according to Regie authorities, was due to the widespread popularity at that time of the CEDARS, the American blend Lebanese cigarette brand introduced in 1974 to compete with MARLBORO and WINSTON. The O.K. brand, which is the Lebanese substitute for KENT launched a few years earlier, was gaining ground in the Lebanese market. It seems possible therefore that if certain brands are manufactured in Lebanon, it may not be difficult to export them.

In the year 1976, sales of local brands were nil, due to the imposed complete stoppage of production caused by the deteriorated security situation. During the period 1977 to 1979, the local brands sales declined rapidly reaching the 9% share of the market in 1979, for the reasons mentioned earlier, giving way to imported or smuggled brands.

Production of local cigarette brands recorded a partial improvement in the period 1980 to 1982 only to plunge again in 1983. From 1984 onwards sales of local brands enjoyed a steady increase fluctuating at around 15% of the market share until 1988 - refer to Table (3.2.3-1).

The most important factor that caused the decline of the demand on national cigarette brands during the civil war period was the rapidly flourishing smuggled cigarettes market. Consequently, the impact of the prolonged smuggling activities eroded the demand for Regie products resulting in the rapid decline of Regie's market share in favor to imported alternatives. Hence, Regie's market share to imported products declined to 8.2% in 1991 and further to 1.8% by 1995. Tables (3.2.3-2) to (3.2.3-7) present Cigarette Market Shares Analysis By Supplier & Brand.

**TABLE (3.2.3-1)**  
**Market Segmentation of Regie Products to Imports 1973-1995**

Year	Regie	R % TS	Imports	M % TS	Total	% T
1973	1,103,000	28.71%	2,739,000	71.29%	3,842,000	100.00%
1974	2,301,450	56.81%	1,750,000	43.19%	4,051,450	100.00%
1975	1,584,707	52.87%	1,412,750	47.13%	2,997,457	100.00%
1976	n/a	n/a	n/a	n/a	n/a	n/a
1977	201,292	14.47%	1,189,705	85.53%	1,390,997	100.00%
1978	302,570	13.48%	1,942,429	86.52%	2,244,999	100.00%
1979	209,774	9.50%	1,997,703	90.50%	2,207,477	100.00%
1980	331,647	17.19%	1,597,651	82.81%	1,929,298	100.00%
1981	457,730	12.78%	3,123,692	87.22%	3,581,422	100.00%
1982	326,979	15.82%	1,739,686	84.18%	2,066,665	100.00%
1983	195,114	10.07%	1,742,466	89.93%	1,937,580	100.00%
1984	299,586	12.55%	2,087,556	87.45%	2,387,142	100.00%
1985	302,612	14.38%	1,801,783	85.62%	2,104,395	100.00%
1986	388,892	16.41%	1,980,959	83.59%	2,369,851	100.00%
1987	431,018	15.20%	2,404,631	84.80%	2,835,649	100.00%
1988	536,618	15.44%	2,938,889	84.56%	3,475,507	100.00%
1989	n/a	n/a	n/a	n/a	n/a	n/a
1990	n/a	n/a	n/a	n/a	n/a	n/a
1991	129,275	8.24%	1,439,180	91.76%	1,568,455	100.00%
1992	89,627	5.38%	1,576,719	94.62%	1,666,346	100.00%
1993	21,411	1.57%	1,341,259	98.43%	1,362,670	100.00%
1994	28,104	1.91%	1,444,617	98.09%	1,472,721	100.00%
1995	27,630	1.76%	1,539,781	98.24%	1,567,411	100.00%

NOTE: 1973-1988 FIGURES INCLUDE ALL LOCALLY PRODUCED & IMPORTED PRODUCTS (Kg).

(Source: AUB/MBA Thesis: 'The Lebanese Regie' 1990).

1991-1995 FIGURES COVER CIGARETTES ONLY (Source: The Regie)

(Quantity unit in boxes; each box containing 50 Grosspacks; grosspack = 10 consumer packets of 20 cigarettes each).

**TABLE (3.2.3-2)**  
**REGIE PRODUCTION & IMPORTS OF CIGARETTES BY SUPPLIER**

SUPPLIER	1991		1992		1993		1994		1995	
	Qty*	Supply %	Qty	Supply %	Qty	Supply %	Qty	Supply %	Qty	Supply %
REGIE	129,275	8.20%	89,627	5.40%	21,411	1.60%	28,104	1.90%	27,630	1.80%
BAT	658,567	42.00%	774,943	46.40%	718,734	52.70%	748,960	50.90%	775,789	49.50%
PM	415,729	26.50%	549,286	32.90%	424,477	31.20%	451,776	30.70%	521,802	33.30%
RJR	285,307	18.20%	214,293	12.80%	142,105	10.40%	156,578	10.60%	136,595	8.70%
OTHERS	79,577	5.10%	41,197	2.50%	55,943	4.10%	87,303	5.90%	105,595	6.70%
<b>TOTAL</b>	<b>1,568,455</b>	<b>100%</b>	<b>1,669,346</b>	<b>100%</b>	<b>1,362,670</b>	<b>100%</b>	<b>1,472,721</b>	<b>100%</b>	<b>1,567,411</b>	<b>100%</b>

Note\*: Quantities measured by Box each containing 50 Grosspacks; each grosspack containing 10 consumer packets of 20 cigarettes each.

**TABLE (3.2.3-3)**  
**REGIE CIGARETTE SUPPLY BY BRAND**

BRAND	1991		1992		1993		1994		1995	
	Qty*	Mkt %	Qty	Mkt %	Qty	Mkt %	Qty	Mkt %	Qty	Mkt %
- Cedars	65,809	50.91%	43,233	48.24%	20,027	93.54%	22,452	79.89%	24,327	88.05%
- Byblos	44,166	34.16%	27,082	30.22%	215	1.00%	1,464	5.21%	2,113	7.65%
- OK	19,300	14.93%	18,945	21.14%	819	3.83%	4,188	14.90%	1,190	4.31%
-Supars	0	0.00%	367	0.41%	350	1.63%	0	0.00%	0	0.00%
<b>TOTAL</b>	<b>129,275</b>	<b>100%</b>	<b>89,627</b>	<b>100%</b>	<b>21,411</b>	<b>100%</b>	<b>28,104</b>	<b>100%</b>	<b>27,630</b>	<b>100%</b>

\* Note: Quantities measured by Box each containing 50 Grosspacks; each grosspack containing 10 consumer packets of 20 cigarettes each.

**TABLE (3.2.3-5)**  
**PM IMPORTS BY BRAND**

PRODUCT & BRAND	1991		1992		1993		1994		1995	
	Qty*	Mkt %	Qty	Mkt %	Qty	Mkt %	Qty	Mkt %	Qty	Mkt %
Marlboro Red	101,610	24.44%	194,933	35.49%	232,446	54.76%	337,327	74.67%	417,896	80.09%
Chesterfield	104,231	25.07%	73,178	13.32%	44,011	10.37%	30,642	6.78%	26,303	5.04%
L & M	64,627	15.55%	118,097	21.50%	52,542	12.38%	38,253	8.47%	32,182	6.17%
Marlboro Lights	13,689	3.29%	32,100	5.84%	42,362	9.98%	21,338	4.72%	26,512	5.08%
Merit	12,870	3.10%	15,099	2.75%	8,611	2.03%	14,208	3.14%	9,455	1.81%
Bond Street	118,702	28.55%	112,059	20.40%	38,697	9.12%	9,282	2.05%	8,028	1.54%
Philip Morris	0	0.00%	0	0.00%	0	0.00%	0	0.00%	1,386	0.27%
Lark	0	0.00%	1,650	0.30%	1,689	0.40%	526	0.12%	40	0.01%
Parl.	0	0.00%	2,170	0.40%	3,469	0.82%	0	0.00%	0	0.00%
Congress	0	0.00%	0	0.00%	650	0.15%	200	0.04%	0	0.00%
<b>TOTAL</b>	<b>415,729</b>	<b>100.00%</b>	<b>549,286</b>	<b>100.00%</b>	<b>424,477</b>	<b>100.00%</b>	<b>451,776</b>	<b>100.00%</b>	<b>521,802</b>	<b>100.00%</b>

\*Note: Quantities measured by Box each containing 50 Grosspacks: each grosspack containing 10 consumer packets of 20 cigarettes each.

TABLE (3.2.3-6)  
RJR IMPORTS BY BRAND

PRODUCT & BRAND	1991		1992		1993		1994		1995	
	Qty*	Mkt %	Qty	Mkt %	Qty	Mkt %	Qty	Mkt %	Qty	Mkt %
Winston	77,468	27.15%	148,191	69.15%	104,399	73.47%	122,137	78.00%	109,591	80.23%
Vantage	8,222	2.88%	6,053	2.82%	7,894	5.56%	9,173	5.86%	9,121	6.68%
Winston Lights	2,938	1.03%	2,363	1.10%	3,844	2.71%	7,279	4.65%	5,396	3.95%
Camel	65,659	23.01%	23,925	11.16%	10,426	7.34%	12,555	8.02%	3,320	2.43%
Monte Carlo	102,880	36.06%	26,223	12.24%	11,239	7.91%	3,894	2.49%	2,799	2.05%
Vantage Lights	0	0.00%	0	0.00%	0	0.00%	0	0.00%	3,964	2.90%
More	500	0.18%	100	0.05%	772	0.54%	1,300	0.83%	1,845	1.35%
Y.S.L	0	0.00%	0	0.00%	180	0.13%	181	0.12%	186	0.14%
Salem	0	0.00%	0	0.00%	136	0.10%	59	0.04%	43	0.03%
Winchester	17,420	6.11%	1,650	0.77%	0	0.00%	0	0.00%	0	0.00%
Magna	0	0.00%	476	0.22%	1,200	0.84%	0	0.00%	225	0.16%
Gold Coast	10,220	3.58%	5,312	2.48%	1,600	1.13%	0	0.00%	0	0.00%
Aspen	0	0.00%	0	0.00%	415	0.29%	0	0.00%	0	0.00%
United	0	0.00%	0	0.00%	0	0.00%	0	0.00%	105	0.08%
Winston Select	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>TOTAL</b>	<b>285,307</b>	<b>100.00%</b>	<b>214,293</b>	<b>100.00%</b>	<b>142,105</b>	<b>100.00%</b>	<b>156,578</b>	<b>100.00%</b>	<b>136,595</b>	<b>100.00%</b>

\*Note: Quantities measured by Box each containing 50 Grosspacks; each grosspack containing 10 consumer packets of 20 cigarettes each.

**TABLE (3.2.3-7)**  
**TOMBAC SUPPLY BY BRAND**

BRAND	Qty Unit	1991		1992		1993		1994		1995	
		Qty	Mkt %	Qty	Mkt %	Qty	Mkt %	Qty	Mkt %	Qty	Mkt %
<b>TOTAL</b>											

Note: This Information has not been made available yet.

### 3.2.4 PRODUCT PRICES AND QUALITY

Pricing policy regulations are driven by the issuance of government decrees. The last decree being no. 1/3759 issued by the Treasury Department on August 20, 1992. This remains effective to-date. The current practice regarding this policy is for the Minister of Finance to adapt, or update input variables in the pricing formulas as economic circumstances dictate, instead of annually issuing a new decree.

All imported products retail prices are converted into Lebanese Lira according to 2 formulas including the following variables:

First: Imported Products with a Letter of Credit (L/C): 1<sup>st</sup> Formula

The retail price of one unit (in Lebanese Lira) is given by the following formula:

**One Unit Retail Price =**  
**[1.25 x ( \$ One Box Purchasing Price ) +**  
**(\$ One Box Shipment Expense + 15) x Actual U.S.D. Rate] /**  
**units per box of product (i.e. 500 packs of cigarettes per box).**

**Or an equivalent**

**One Unit Retail Price =**  
**[(1.339 x ( \$ One Box Purchasing Price ) +**  
**1.104 x ( \$ One Box Shipment Expense + 16 ) x Actual U.S.D Rate] /**  
**units per box of product (i.e. 500 packs of cigarettes per box).**

Second: Imported Products Without a Letter of Credit: 2<sup>nd</sup> Formula

The retail price of one unit (in Lebanese Lira) is given by the following formula:

**One Unit Retail Price =**  
**[1.213 x ( \$ One Box Purchasing Price) +**  
**1.03 x ( \$ One Box Shipment Expense + 15) x Actual U.S.D Rate] /**  
**units per box of product (i.e. 500 packs of cigarettes per box).**

**Or an equivalent**

**One Unit Retail Price =**  
**[1.3 x ( \$ One Box Purchasing Price ) +**  
**1.104 \* ( \$ One Box Shipment Expense + 16) x Actual U.S.D Rate] /**  
**units per box of product (i.e. 500 packs of cigarettes per box).**



In Determining the Input Variables Included in the Above 2 Formulas:

The input variables used in the above 2 formulas of one pack retail price is given according to the following:

1. The **One Box Purchasing Price** is F.O.B. or F.A.S. basis and is priced in U.S.D and is represented by the letter (P).
2. The **One Box Shipment Expense** , which is represented by the letter (S) is given in the following table. These variables differ from one manufacturing country to another.

Manufacturing Country	Expense/Ton (\$)	Expense/Box (\$)
USA	152.35	2.44
Brazil	412.50	6.60
Mexico	305.00	4.88
Uruguay	450.00	7.20
France	99.50	1.60
Holland + Belgium	149.30	2.39
Britain	165.30	2.72
Cyprus	35.00	0.56

3. The **Actual U.S.D. Rate**.
4. The average weight of **One Box** is 16 kg.
5. Number of *Boxes per Ton* is 62.5 boxes.
6. Number of *Boxes per Container of 20 feet* is 450 boxes.  
  
    . The *Custom Duty on One Box* is 5% of its declared price using the Custom U.S.D. Rate which is : 800 LL
8. The *Stamp Duty on One Box* is taken by the following formula: 3 per thousand of its declared price using the custom U.S.D. rate which is : 800 LL
9. The *Quayage or Quay Handling Charge* is taken by the following formula: 1% of the declared price (The used U.S.D rate is 55% of the Actual U.S.D Rate).  
$$\text{Quayage} = 1/100 \times (\text{Purchasing Price} + \text{Transportation S}) \times 55/100$$

which is 0.0055 ( P +S)
10. The *Laisser-passer fee* equals the half of quayage fee which is :  
$$0.00275 \times (\text{P+S})$$
11. The *Loading Expenses* is \$ 25 per a container of 20 feet = 25/450 boxes.

12. The *Transportation Fee* between Port of Beirut and Hadath is 14,800LL /Ton.

. The *Banking Expenses* (in U.S.D). for imported cigarettes by L/C is 4.2% of its **Purchase Price**.

. The *Banking Expenses* (in U.S.D) for imported cigarettes without L/C is 0.5% of its **Purchase Price**.

15. The *Insurance* is 0.1215% of the total amount to warehouse ( in U.S.D.)

$$0.1215\% \times (1.06 \times P) = 0.0013 P$$

(Knowing that 0.6 P is the freight cost to Beirut Sea Port).

16. *Miscellaneous Expenses* per One Box (unexpected) is \$ 0.25

17. *Commission*

Wholesaler : 1.7 %

Licenser : 5.0 %

Total : 6.7 % of retail sale price.

. The number 93.3 % of the retail price is the stake of the Regie, while the remaining number 6.7 % is the commission amount.

19. The number 500 represents the number of packs per One Box.

20. The number 1.25 of **One Box Purchasing Price** and the number 1.03 of **One Box Shipment Expense** are derived from the following elements(in U.S.D)

	One Box Basis (in \$)	(in \$)
- Purchasing Price	1.00 P	
- Shipment Expenses		1.00 S
- Banking Expenses with L/C	0.042 P	
- Insurance	0.0013 P	
-Expenses and Fees incurred in Lebanon		
- Treasury Stamp Duty 3(1000P+S) 800/1800	0.0014 P + 0.0014 S	
- Custom : 5/100(P+S) 800/1800	0.0222 P + 0.0222 S	
- Quayage	0.0055 P + 0.0055 S	
- Laissez-passer Fee	0.00275P + 0.00275 S	
- Loading Expenses		0.056
- Unexpected Expenses 450/1800		0.250
- Transportation (Port to Hadath)* 850*62.5/14800		0.2786
- Administration General Expenses + Administration Taxes and Profits	0.17 P + 15.00	

**Total** 1.24515 x P + 1.03185 x S + 15.5846  
**rounded to** (1.25 x P) + 1.03 x S) + 15)

\* The U.S.D rate used in the transportation fee equals 850 LL

21. The number 1.213 of **One Box Purchasing Price** in the 2<sup>nd</sup> formula is derived from the difference of *Banking Expenses* which is  $4.20\% - 0.5 = 3.7\%$

- The Regie has the right to round up the **One Box Purchasing Price** to one dollar when the 2 formulas mentioned are used.
- Every article incompatible and prior to this decree is deemed invalid.
- The Regie must inform the governmental commissioner and take his approval before any change of sale price due to the U.S.D rate fluctuation.

**Table (3.2.4-1) presents Regie Production and Cost 1991 - 1995**

**Table (3.2.4-2) presents Regie Imported Cigarette Brands and Prices by Supplier**

**Table (3.2.4-3) presents Retail Prices & Sales Turnover of Imported Cigarettes**

**Table (3.2.4-4) presents Retail Prices & Sales Turnover of all Products (1/1/1995-1/11/1995)**

**TABLE (3.2.4-1)  
REGIE PRODUCTION AND COST**

PRODUCT & BRAND	1991			1992			1993			1994			1995			
	QTY	Cost	%	QTY	Cost	%	QTY	Cost	%	QTY	Cost	%	QTY	Cost	%	
Cigarettes (Boxes)																
- Cedars																
- Byblos																
- OK																
- Supars																
<b>SUB - TOTAL</b>	<b>162,985</b>			<b>127,968</b>			<b>35,163</b>			<b>22,370</b>			<b>27,380</b>			
Tombac (Kgs.)																
-																
-																
-																
-																
<b>SUB - TOTAL</b>	<b>178,305</b>			<b>145,593</b>			<b>131,548</b>			<b>260,130</b>			<b>191,069</b>			
<b>GRAND TOTAL</b>																

Note: Remainder of data not available

Note: Quantities measured by Box each containing 50 Grosspacks; each grosspack containing 10 consumer packets of 20 cigarettes each.

**TABLE (3.2.4-2)**  
**IMPORTED CIGARETTE BRANDS & PRICES BY SUPPLIER**

SUPPLIER	BRANDS	LENGTH	IMPORT WAY	ORIGIN	PRICE / BOX (\$)
BAT					
	AMERICAN FULL FLAVOUR 100s	100mm	F.O.B.	U.S.A.	A.A*
	AMERICAN FULL FLAVOUR K.S.	85mm	F.O.B.	U.S.A.	A.A
	AMERICAN LIGHTS 100s	100mm	F.O.B.	U.S.A.	A.A
	AMERICAN LIGHTS K.S.	85mm	F.O.B.	U.S.A.	A.A
	BARCLAY 100s	100mm	F.O.B.	U.S.A.	A.A
	BARCLAY K.S.BOX	85mm	F.O.B.	U.S.A.	A.A
	BENSON & HEDGES K.S.	85mm	C.I.F.	U.K.	210.00
	BENSON & HEDGES LUXURY	85mm	C.I.F.	U.K.	A.A
	CARLTON	100mm	C.I.F.	U.S.A.	A.A
	CARLTON K.S. BOX	85mm	C.I.F.	U.S.A.	A.A
	DU MAURIER S.K.	100mm	C.I.F.	U.K.	A.A
	HOLLYWOOD BOX	85mm	C.I.F.	BRAZIL	A.A
	KENT DELUXE SOFT	100mm	F.O.B.	U.S.A.	200.00
	KENT LIGHT BOX	85mm	F.O.B.	U.S.A.	200.00
	KENT LIGHT DELUXE SOFT	100mm	F.O.B.	U.S.A.	200.00
	KENT SUPER LIGHTS BOX	85mm	F.O.B.	U.S.A.	210.00
	KENT SUPER LIGHTS SOFT	85mm	F.O.B.	U.S.A.	A.A
	KIM GREEN LIGHT	100mm	F.O.B.	GERMANY	145.00
	KIM RED LIGHT	100mm	F.O.B.	GERMANY	145.00
	KIM ULTRA SLIM 100 LIGHT	100mm	F.O.B.	GERMANY	180.00
	LUCKY STRIKE K.S.BOX	85mm	F.O.B.	U.S.A	140.00
	LUCKY STRIKE K.S.SOFT	85mm	F.O.B.	U.S.A	140.00
	LUCKY STRIKE NON-FILTER	80mm	F.O.B.	U.S.A	140.00
	PALL MALL SUPER LONG	100mm	F.O.B.	U.S.A	145.00
	SILK CUT BLUE K.S.	85mm	F.O.B.	U.K.	155.00
	SILK CUT DELUXE MILD	100mm	F.O.B.	U.K.	165.00
	VICEROY BOX	85mm	F.O.B.	CYPRUS	88.00
	VICEROY K.S. SOFT	85mm	F.O.B.	U.S.A.	140.00
	VICEROY LIGHTS BOX	85mm	F.O.B.	CYPRUS	A.A

\*NOTE: A.A (PRICE ADJUSTED ANNUALLY).

**TABLE (3.2.4-2 Cont.)  
IMPORTED CIGARETTE BRANDS & PRICES BY SUPPLIER**

SUPPLIER	BRANDS	LENGTH	IMPORT WAY	ORIGIN	PRICE / BOX (\$)
RJR					
	CAMEL 100s SOFT	100mm	F.O.B.	U.S.A.	140.00
	CAMEL K.S.	85mm	F.O.B.	U.S.A.	A.A
	CAMEL LIGHT BOX	85mm	F.O.B.	U.S.A.	140.00
	MONTE CARLO	85mm	F.O.B.	BELGIUM	82.00
	MORE REGULAR GREEN	120mm	F.O.B.	U.S.A.	190.00
	MORE REGULAR RED	120mm	F.O.B.	U.S.A.	190.00
	SALEM 100s	100mm	F.O.B.	U.S.A.	A.A
	SALEM SOFT	85mm	F.O.B.	U.S.A.	A.A
	VANTAGE 100s SOFT	100mm	F.O.B.	U.S.A.	190.00
	VANTAGE BOX	85mm	F.O.B.	U.S.A.	210.00
	VANTAGE LIGHTS	85mm	F.O.B.	U.S.A.	A.A
	WINSTON 100s SOFT	100mm	F.O.B.	U.S.A.	190.00
	WINSTON K.S. SOFT	85mm	F.O.B.	U.S.A.	170.00
	WINSTON LIGHTS 100s SOFT	100mm	F.O.B.	U.S.A.	190.00
	WINSTON LIGHTS BOX	85mm	F.O.B.	U.S.A.	190.00
	WINSTON SELECT BOX	85mm	F.O.B.	U.S.A.	230.00
	WINSTON SELECT LIGHT BOX	85mm	F.O.B.	U.S.A.	230.00
	YSL MENTHOL	100mm	F.O.B.	U.S.A.	A.A
	YSL REGULAR	100mm	F.O.B.	U.S.A.	230.00

NOTE: A.A (PRICE ADJUSTED ANNUALLY).

**TABLE (3.2.4-3)**  
**RETAIL PRICES AND SALES TURNOVER OF IMPORTED CIGARETTES**

YEAR	Qty*	RETAIL PRICES (\$)			TOTAL VALUES (\$)		
		F.O.B	AT WAREHOUSE	SALE	F.O.B	SALES	PROFITS
1991	n/a	n/a	n/a	n/a	n/a	n/a	
1992	824,170	158.7	170.0	210.8	130,795,779	173,735,036	33,685,117
1993	981,780	154.6	168.0	209.7	151,783,188	205,879,266	40,969,149
1994	1,103,601	162.2	175.7	235.2	179,004,082	259,566,955	65,637,234
1995 (-Oct)	1,026,753	165.4	191.3	258.9	169,824,946	265,826,352	69,418,993

\*Note: Quantities measured by Box each containing 50 Grosspacks; each grosspack containing 10 consumer packets of 20 cigarettes each.

**TABLE (3.2.4-4)**  
**RETAIL PRICES AND SALES TURNOVER OF ALL PRODUCTS ( 1/1/95 - 1/11/95 )**

PRODUCT	QUANTITY*	PRICE PER UNIT \$			TOTAL VALUES (\$)		
		PURCHASE	SALE	MARGIN	PURCHASE	SALES	PROFITS
IMPORTED CIGARETTES	1,026,853	191.3	258.9	67.6	196,436,979	265,852,242	69,415,263
LOCAL CIGARETTES	22,449	73.8	94.6	20.8	1,656,736	2,123,675	466,939
<b>TOTAL CIGARETTES</b>	<b>1,049,302</b>				<b>198,093,715</b>	<b>267,975,917</b>	<b>69,882,202</b>
IMPORTED TOBACCO	31,232	50.3	84.7	34.4	1,570,970	2,645,350	1,074,381
LOCAL TOBACCO	22,449	28.8	57.1	28.3	646,531	1,281,838	635,307
<b>TOTAL TOBACCO</b>	<b>53,681</b>				<b>2,217,501</b>	<b>3,927,188</b>	<b>1,709,688</b>
CUBAN CIGARS	1,530,415	1.1	1.4	0.3	1,683,457	2,142,581	459,125
OTHER CIGARS	4,518,476	0.3	0.4	0.1	1,355,543	1,807,390	451,848
<b>TOTAL CIGARS</b>	<b>6,048,891</b>				<b>3,038,999</b>	<b>3,949,971</b>	<b>910,972</b>
PIPE TOBACCO	323,821	1.0	1.3	0.3	323,821	420,967	97,146
<b>GRAND TOTAL</b>	<b>1,026,853</b>				<b>203,674,036</b>	<b>276,274,044</b>	<b>72,600,008</b>

\*Note: Cigarette Quantity unit measured by Box, each containing 50 Grosspacks; grosspack = 10 consumer packets of 20 cigarettes each. - Quantity units for other products not provided.



### 3.2.5 DISTRIBUTION SYSTEMS AND OPERATIONS

The Distribution Department is concerned with the purchase of tobacco and tobacc and the distribution of tobacco seeds to the farmers. Distribution operations are organised on a weekly basis with the amount distributed being dependent upon the weekly quota set by the Regie Distribution and Sales Department. This department is also responsible for the control and inspection of distribution and sales channels - as described in the Management Audit section.

Tobacco and tobacc bales are brought by the growers to specified centres in the villages where tobacco is cultivated, and purchasing transactions are accomplished directly between the growers and Regie at the purchasing centres. The crops are then transported to the Regie storage locations.

Distribution operations of finished and imported products are managed through two levels of intermediaries; wholesale agents and retail agents. The dispatch of tobacco quantities ready for export on barter basis - see the table below - is directly controlled from the Hadath headquarters, where instructions are issued to Bekfaya (in the North) indicating the specified quantities to be delivered to specified dealers who would then handle export procedures.

**Table (3.2.5-1)**  
**Annual Barter Quantities & Values for the (Sa'adi 6) Tobacco**  
**(1991-1995)**

YEAR	QUANTITY (KG.)	VALUE (\$)	(\$) VALUE / (KG.)
1991	689,170	3,952,165	5.73
1992	769,617	4,517,508	5.87
1993	1,569,519	8,570,132	5.46
1994	1,999,522	11,406,132	5.70
1995	n/a	n/a	n/a





### **3.2.6 MARKETING RESOURCES AND SKILLS**

Import and export operations of tobacco are the responsibilities of the Marketing Department. This department is also responsible for advertising, promoting, transporting and selling manufactured products.

### 3.2.7 CURRENT SITUATION OF TOBACCO CROPS

#### Overview

Tobacco cultivation in Lebanon was a prosperous undertaking until 1975 when the cultivated area reached around 72,875 donums (7,875 hectares), tobacco output reached 8,500 tons by 1971. In the intervening years, due to the social turmoil the nation experienced, levels of output fluctuated drastically, decreasing to 300 tons by 1985. In the post-war period (1991-onwards), cultivation recovered to reach 81,659 donums (81,659 hectares) with an output of 8,207 tons by 1995.

In recent years however, a significant amount of the tobacco yield has been discarded as damaged crop. Rates of the damaged crop varies from season to season. Exact and reliable figures as to the annual rates however were not available.

According to a study conducted by Mr. J. Downie of British America Tobacco (BAT), delivered to the Regie towards the end of 1994, a crop of acceptable quality can be produced in Southern Lebanon, provided the area on the coastal plain is avoided. However, the same study concluded that for the manufacturer of cigarettes, there were problems in assessing the quality of the crop, because two of the existing factories did not have the equipment to process the crop to a satisfactory standard. With regard to the 1992 crop, the study advised that the three quality grades (good, medium, and poor) would have been rejected by any international buyer even if it was offered at very low prices.

On the other hand, there seems to be a certain amount of demand (exact figures not available) by foreign companies for the Oriental Tobacco grown in the South of Lebanon, since they have access to an abundant supply of a higher quality Burley Tobacco from American growers.

The deterioration in the quality of tobacco yield presents a major problem to the Regie, because the locally cultivated tobacco is the cheapest input for the production of national brand cigarettes.

Many factors contributed to the deterioration of tobacco yield quality in Lebanon, the most serious cause being the Israeli invasions in 1978 and 1982. Another important factor contributing to the decline of tobacco quality has been the increased tendency among the more experienced farmers and land owners to switch to substitute tobacco cultivation with vegetables and cereals that give relatively higher incomes.

In attempting to reverse this trend, the following measures have been taken:

- Tobacco and tobacco farming subsidies were extended
- Two R&D laboratories were revitalised aimed at improving the quality of tobacco seeds.
- Quality engineers were appointed for the purpose of crops quality improvement.

Due to these encouraging measures, the existing number of practising farmers, licensed and unlicensed, as well as the cultivation output far exceed the demand. Priority for the licensing of tobacco cultivation used to favor those who actually practised the cultivation. In recent years however, this has changed so that land owners have the priority for tobacco cultivation. As such, a large number of land owners have the licenses that are not directly exploited by them, but rather these licenses are rented to farmers who do not have their own licenses. This practice of renting or leasing licenses is seen (by the Regie) as conducive to the effective and efficient use of resources. However, despite the steady increase in the number of licenses, there have been continuous complaints and accusations regarding the criteria according to which licenses are granted.

Additional problems are also emerging due to imposed government regulations to purchase all unrestricted tobacco and tombac yields, which has resulted in overstocking.

### **Yield Types and Pricing**

According to 1995 statistics, around 70-80% of tobacco cultivation activities are in the South of Lebanon. The remaining 20-30% in the Bekaa Valley, while Tombac cultivation takes place, predominantly, in the North.

Within the category of **Tobacco**, two types of seeds are currently cultivated in Lebanon; the Lebanese Oriental Tobacco, which is domestically known as Sa'adi 6, and is predominantly grown in the South, and the local Burley seed, which is predominantly grown in the Bekaa.

**Tombac**, which is a variant of the tobacco plant characterised by a special flavour and used for smoking hubble-bubble, is also cultivated in Northern Lebanon. The Northern city of Tripoli being the Regie centre for sorting, manufacturing, warehousing, and distributing operations of tombac. Once again there are two types of tombac seeds used for cultivation in Lebanon: Sa'adi 33, which is genetically derived from the Asfahani seed of Iranian origin, and Tombac Baladi, which originated from the Syrian Abu Jilda seed.

The Ministry of Finance, in consultation with the Regie, determines the purchase price of the crop for the season according to three quality grades; good (superior), medium, and poor (inferior). The table below categorises the currently cultivated tobacco seeds in Lebanon and their 1995 purchase prices.

**Lebanese Tombac and Tobacco Kinds and their 1995 Purchase Prices  
(in Lebanese Lira per Kg.)**

<b>Tobacco Kind</b>	<b>High Quality</b>	<b>Medium Quality</b>	<b>Poor Quality</b>
<b>Ordinary Tobacco</b> Sa'adi 6 Seeds	15,950	11,550	4,500
<b>Shkouk (Threaded) Tobacco</b> Sa'adi 6 Seeds	9,250	5,250	1,200
<b>Tobacco Leaf</b> Burley Seed	10,450	7,150	2,500
<b>Tombac</b> Baladi Seed	8,580	6,620	2,500
Sa'adi 33	15,950	11,550	4,500

Table (3.2.7-1) presents Development & Growth of Tobacco & Tombac Cultivation (The North) 1991-1995.

Table (3.2.7-2) presents Development & Growth of Tobacco & Tombac Cultivation (The Bekaa) 1991-1995.

Table (3.2.7-3) presents Development & Growth of Tobacco & Tombac Cultivation (The South) 1991-1995.

Table (3.2.7-4) presents Development & Growth of Tobacco & Tombac Cultivation 1991-1995.

Table (3.2.7-5) presents Tombac Yield by Quality Grade 1991-1995.

Table (3.2.7-6) presents Tobacco Yield by Quality Grade 1991-1995.

### **Farming Subsidies**

The benefits of farming subsidies to farmers are manifested in the following achievements:

- The Distribution Department of the Regie supervises a number of agricultural centres located in the tobacco cultivation areas of the various regions. These centres provide the farmers with tobacco seeds, fertilizers, and pesticides. As such, Regie is directly, although partially, responsible for the quality of the crops and yield of Lebanese tobacco.
- The offering of the highest quality seeds as gifts to all farmers.
- In the month of August each year and for the past 3 years, a public fair takes place in recognition of the "Ideal Farmer". Awards include much needed farming equipment.
- The provision of technical advice and farming expertise through Regie specialists.

**TABLE (3.2.7-1)**  
**DEVELOPMENT AND GROWTH OF TOBACCO & TOMBAC CULTIVATION 1991-1995**  
**THE NORTH**

YEAR	Crop Type	Seed Type	Licensed Cultivation		Unlicensed Cultivation		Total Cultivation		No. of Active Crop Farmers	Crop Yield (Kg.)	Value	
			No. of Farmers	Area (m2)	No. of Farmers	Area (m2)	No. of Farmers	Area (m2)			Estimated (L. L.)	Paid (L. L.)
1991	Tombac	Baladi	48	226,150	123	994,000	171	1,220,150	n/a	198,572	n/a	n/a
	Tobacco	Sa'adi 6	1	5,000	3	4,000	4	9,000	n/a	793	n/a	n/a
<b>Totals for 1991</b>			<b>49</b>	<b>231,150</b>	<b>126</b>	<b>998,000</b>	<b>175</b>	<b>1,229,150</b>	<b>n/a</b>	<b>199,365</b>	<b>n/a</b>	<b>n/a</b>
1992	Tombac	Sa'adi 33	6	30,000	0	0	6	30,000	n/a	4,001	n/a	n/a
		Baladi	18	235,000	389	3,859,050	407	3,994,050	n/a	442,072	n/a	n/a
	Tobacco	Sa'adi 6	100	136,400	12	15,400	112	151,800	n/a	14,074	n/a	n/a
<b>Totals for 1992</b>			<b>124</b>	<b>401,400</b>	<b>401</b>	<b>3,874,450</b>	<b>525</b>	<b>4,175,850</b>	<b>n/a</b>	<b>460,147</b>	<b>n/a</b>	<b>n/a</b>
1993	Tombac	Sa'adi 33	29	161,350	11	48,400	40	209,750	n/a	23,560	n/a	n/a
		Baladi	456	1,589,100	278	1,470,200	734	3,059,300	n/a	402,890	n/a	n/a
	Tobacco	Sa'adi 6	227	423,250	5	9,000	232	432,250	n/a	30,678	n/a	n/a
		Burley	1	1,000	0	0	1	1,000	n/a	87	n/a	n/a
<b>Totals for 1993</b>			<b>769</b>	<b>2,207,200</b>	<b>417</b>	<b>1,744,100</b>	<b>1,186</b>	<b>3,951,300</b>	<b>n/a</b>	<b>487,217</b>	<b>n/a</b>	<b>n/a</b>



**TABLE (3.2.7-1 cont.)**  
**DEVELOPMENT AND GROWTH OF TOBACCO & TOMBAC CULTIVATION 1991-1995**  
**THE NORTH**

YEAR	Crop Type	Seed Type	Licensed Cultivation		Unlicensed Cultivation		Total Cultivation		No. of Active Farmers	Crop Yield (Kg.)	Value	
			No. of Farmers	Area (m2)	No. of Farmers	Area (m2)	No. of Farmers	Area (m2)			Estimated (L. L.)	Paid (L. L.)
1994	Tombac	Sa'adi 33	50	265,100	540	2,612,810	590	2,877,910	590	467,304	4,019,213,000	4,022,961,550
		Baladi	64	284,350	809	3,820,960	873	4,105,315	863	559,237	2,944,907,000	2,948,881,100
	Tobacco	Sa'adi 6	342	540,450	9	17,500	351	547,950	151	32,174	321,047,700	321,375,450
		Burley	2	18,000	5	21,500	7	39,500	4	5,898	25,501,900	25,572,175
		Baladi	27	39,000	70	154,500	97	193,500	93	8,089	53,817,500	53,878,200
<b>Totals for 1994</b>			<b>485</b>	<b>1,146,900</b>	<b>1,433</b>	<b>6,627,270</b>	<b>1,918</b>	<b>7,764,175</b>	<b>1,701</b>	<b>1,072,702</b>	<b>7,364,487,100</b>	<b>7,372,668,475</b>
1995	Tombac	Sa'adi 33	172	768,153	4,950	13,724,071	5,122	14,492,224	4,285	1,693,517	15,751,708,750	15,815,640,725
		Baladi	0	0	318	336,000	318	336,000	318	47,066	275,828,180	277,595,355
	Tobacco	Sa'adi 6	523	888,985	4	3,800	527	892,785	527	81,815	854,478,800	856,694,650
		Burley	52	103,500	208	451,500	260	555,000	238	56,350	364,792,600	367,540,353
<b>Totals for 1995</b>			<b>747</b>	<b>1,760,638</b>	<b>5,480</b>	<b>14,515,371</b>	<b>6,227</b>	<b>16,276,009</b>	<b>5,368</b>	<b>1,878,748</b>	<b>17,246,808,330</b>	<b>17,317,471,083</b>

**TABLE (3.2.7-2)**  
**DEVELOPMENT AND GROWTH OF TOBACCO & TOMBAC CULTIVATION 1991-1995**  
**THE BEKAA**

YEAR	Crop Type	Seed Type	Licensed Cultivation		Unlicensed Cultivation		Total Cultivation		No. of Active Farmers	Crop Yield (Kg)	Value	
			No. of Farmers	Area (m2)	No. of Farmers	Area (m2)	No. of Farmers	Area (m2)			Estimated (L. L.)	Paid (L. L.)
1991	Tobacco	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Tombac	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Totals for 1991</b>			n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1992	Tobacco	Sa'adi 6	15	20,000	35	110,000	50	130,000	n/a	9,780	n/a	n/a
		Burley	n/a	n/a	15	91,000	15	91,000	n/a	6,852	n/a	n/a
	Tombac	Sa'adi 33	n/a	n/a	2	5,000	2	5,000	n/a	435	n/a	n/a
<b>Totals for 1992</b>			15	20,000	52	206,000	67	226,000	n/a	17,067	n/a	n/a
1993	Tobacco	Burley	285	401,000	268	727,000	553	1,128,000	n/a	116,949	n/a	n/a
	Tombac	0	0	0	0	0	0	0	0	0	0	0
<b>Totals for 1993</b>			285	401,000	268	727,000	553	1,128,000	n/a	116,949	n/a	n/a
1994	Tobacco	Sa'adi 6	3	12,000	0	0	3	12,000	3	1,747	12,257,600	12,813,950
		Burley	425	456,500	1,438	7,140,000	1,863	7,596,500	1699	675,463	4,391,644,100	4,413,873,900
	Tombac	0	0	0	0	0	0	0	0	0	0	0
<b>Totals for 1994</b>			428	468,500	1,438	7,140,000	1,866	7,608,500	1,702	677,210	4,403,901,700	4,426,687,850
1995	Tobacco	Sa'adi 6	16	8,500	0	0	16	8,500	16	6,554	74,812,550	75,165,550
		Burley	1,107	1,273,500	3,790	14,625,000	4,897	15,898,500	4897	1,705,143	11,982,994,150	12,072,989,500
	Tombac	Sa'adi 33	4	9,500	0	0	4	9,500	4	995	1,081,500	10,130,700
<b>Totals for 1995</b>			1,127	1,292,000	3,790	14,625,000	4,917	15,917,000	4,917	1,712,741	12,059,229,620	12,158,629,570

**TABLE (3.2.7-3)**  
**DEVELOPMENT AND GROWTH OF TOBACCO & TOMBAC CULTIVATION 1991-1995**  
**THE SOUTH**

YEAR	Crop Type	Seed Type	Licensed Cultivation		Unlicensed Cultivation		Total Cultivation		No. of Active Farmers	Crop Yield (Kg.)	Value	
			No. of Farmers	Area (m2)	No. of Farmers	Area (m2)	No. of Farmers	Area (m2)			Estimated (L. L.)	Paid (L. L.)
1991	Tobacco	Sa'adi 6	2,320	4,970,350	28	77,000	2,348	5,047,350	n/a	793,452	n/a	n/a
	Tombac		0	0	0	0	0	0	0	0	0	0
<b>Totals for 1991</b>			<b>2,320</b>	<b>4,970,350</b>	<b>28</b>	<b>77,000</b>	<b>2,348</b>	<b>5,047,350</b>	<b>n/a</b>	<b>793,452</b>	<b>n/a</b>	<b>n/a</b>
1992	Tobacco	Sa'adi 6	2,650	8,230,200	832	2,591,450	3,482	10,821,650	n/a	873,820	n/a	n/a
	Tombac		0	0	0	0	0	0	0	0	0	0
<b>Totals for 1992</b>			<b>2,650</b>	<b>8,230,200</b>	<b>832</b>	<b>2,591,450</b>	<b>3,482</b>	<b>10,821,650</b>	<b>n/a</b>	<b>873,820</b>	<b>n/a</b>	<b>n/a</b>
1993	Tobacco	Sa'adi 6	3,861	12,696,700	1,792	7,062,200	5,653	19,758,900	n/a	1,965,290	n/a	n/a
	Tombac	Sa'adi 33	0	0	13	25,000	13	25,000	n/a	0	n/a	n/a
<b>Totals for 1993</b>			<b>3,861</b>	<b>12,696,700</b>	<b>1,805</b>	<b>7,087,200</b>	<b>5,666</b>	<b>19,783,900</b>	<b>n/a</b>	<b>1,965,290</b>	<b>n/a</b>	<b>n/a</b>
1994	Tobacco	Sa'adi 6	4,039	9,254,850	3,634	20,117,900	7,673	29,372,750	7673	2,730,533	29,226,224,800	29,314,719,700
	Tombac	Sa'adi 33	0	0	20	74,050	20	74,050	20	2,526	30,775,500	30,890,000
<b>Totals for 1994</b>			<b>4,039</b>	<b>9,254,850</b>	<b>3,654</b>	<b>20,191,950</b>	<b>7,693</b>	<b>29,446,800</b>	<b>7,693</b>	<b>2,733,059</b>	<b>29,257,000,300</b>	<b>29,345,609,700</b>
1995	Tobacco	Sa'adi 6	11,534	49,461,500	0	0	11,534	49,461,500	11,534	4,592,721	53,171,926,600	53,369,072,900
		Sa'adi 6 (Threaded)	2	5,000	0	0	2	5,000	2	668	3,523,650	3,548,450
	Tombac	Sa'adi 33	28	194,000	0	0	28	194,000	28	22,295	304,789,150	305,677,725
<b>Totals for 1995</b>			<b>11,564</b>	<b>49,660,500</b>	<b>0</b>	<b>0</b>	<b>11,564</b>	<b>49,660,500</b>	<b>11,564</b>	<b>4,615,684</b>	<b>53,480,239,400</b>	<b>53,678,299,075</b>

**TABLE (3.2.7-4)**  
**DEVELOPMENT AND GROWTH OF TOBACCO & TOMBAC CULTIVATION 1991-1995\***

YEAR & REGION	Licensed Cultivation		Unlicensed Cultivation		Totals			Crop Yield (Kg.)
	No. of Farmers	Area (m2)	No. of Farmers	Area (m2)	No. of Farmers	Area (m2)		
<b>NORTH</b>								
Totals for 1992	124	401,400	401	3,874,450	525	4,175,850	460,147	
Totals for 1993	769	2,207,200	417	1,744,100	1,186	3,951,300	487,217	
Totals for 1994	485	1,146,900	1,433	6,627,270	1,918	7,764,175	1,072,702	
Totals for 1995	747	1,760,638	5,480	14,515,371	6,227	16,276,009	1,878,748	
<b>BEKA'A</b>								
Totals for 1992	15	20,000	52	206,000	67	226,000	17,067	
Totals for 1993	285	401,000	268	727,000	553	1,128,000	116,949	
Totals for 1994	428	468,500	1,438	7,140,000	1,866	7,608,500	677,210	
Totals for 1995	1,127	1,292,000	3,790	14,625,000	4,917	15,917,000	1,712,741	
<b>SOUTH</b>								
Totals for 1992	2,650	8,230,200	832	2,591,450	3,482	10,821,650	873,820	
Totals for 1993	3,861	12,696,700	1,805	7,087,200	5,666	19,783,900	1,965,290	
Totals for 1994	4,039	9,254,850	3,654	20,191,950	7,693	29,446,800	2,733,059	
Totals for 1995	11,564	49,660,500	0	0	11,564	49,660,500	4,615,684	
<b>NATIONAL</b>								
Totals for 1992	2,789	8,651,600	1,285	6,671,900	4,074	15,223,500	1,351,034	
Totals for 1993	4,915	15,304,900	2,490	9,558,300	7,405	24,863,200	2,569,456	
Totals for 1994	4,952	10,870,250	6,525	33,959,220	11,477	44,819,475	4,482,971	
Totals for 1995	13,438	52,713,138	9,270	29,140,371	22,708	81,853,509	8,207,173	

\*Note: Due to the incomplete data given for 1991 it was not possible to incorporate the year in this table.

**TABLE (3.2.7-5)  
TOMBAC YIELD BY QUALITY GRADE\***

YEAR	Seed Type	Cultivated Area (m2)	Good Quality		Medium Quality		Poor Quality		Unusable		Yields				
			Quantity (Kg.)	%	Quantity (Kg.)	%	Quantity (Kg.)	%	Quantity (Kg.)	%	By Type (Kg.)	%	%	Of Total	Total (Kg.)
1991	Sa'adi 33	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Baladi	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	199,146
1992	Sa'adi 33	30,000	607	15.17%	1,202	30.04%	1,844	46.09%	348	8.70%	4,001	100.00%	0.92%	435,974	
	Baladi	3,994,050	65,658	15.20%	136,389	31.57%	176,436	40.84%	53,490	12.38%	431,973	100.00%	99.08%		
1993	Sa'adi 33	209,750	5,521	25.37%	7,804	35.86%	7,826	35.97%	609	2.80%	21,760	100.00%	4.47%	487,217	
	Baladi	3,059,300	141,701	30.44%	178,801	38.41%	139,477	29.97%	5,478	1.18%	465,457	100.00%	95.53%		
1994	Sa'adi 33	2,877,910	91,562	19.49%	161,980	34.48%	202,174	43.03%	14,114	3.00%	469,830	100.00%	45.66%	1,029,067	
	Baladi	4,105,315	146,279	26.16%	210,391	37.62%	191,387	34.22%	11,180	2.00%	559,237	100.00%	54.34%		
1995	Sa'adi 33	14,492,224	416,674	23.10%	689,197	38.21%	634,675	35.19%	62,972	3.49%	1,803,518	100.00%	97.46%	1,850,577	
	Baladi	336,000	12,858	27.32%	20,092	42.70%	12,992	27.61%	1,117	2.37%	47,059	100.00%	2.54%		

\* NOTE: The above data reflects Tombac Yield Grading, in the main from the North, where the crop is predominantly grown.

Although a negligible amount of Tombac is grown in the Be'eka & South, figures relating to quality grade are minimal or unavailable. However, figures were available for the cultivation of Tombac in these regions-refer to (Tables 3.2.7-2/3)

**TABLE (3.2.7-6)**  
**TOBACCO YIELD BY QUALITY GRADE\***

YEAR	Seed Type	Cultivated Area (m <sup>2</sup> )	Good Quality		Medium Quality		Poor Quality		Unusable		Yields				
			Quantity (Kgs)	%	Quantity (Kgs)	%	Quantity (Kgs)	%	Quantity (Kgs)	%	By Type (Kgs)	%	% Of Total	Total (Kgs)	
1991	Sa'adi 6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Burley	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1992	Sa'adi 6	10,951,650	449,149	50.02%	230,527	25.67%	165,330	18.41%	52,987	5.90%	897,993	100.00%	98.13%	915,060	
	Burley	91,000	6,623	38.81%	7,730	45.29%	1,828	10.71%	886	5.19%	17,067	100.00%	1.87%		
1993	Sa'adi 6	19,758,900	548,536	27.91%	1,081,718	55.04%	242,301	12.33%	92,735	4.72%	1,965,290	100.00%	94.38%	2,082,239	
	Burley	1,128,000	43,560	37.25%	56,684	48.47%	12,068	10.32%	4,637	3.96%	116,949	100.00%	5.62%		
1994	Sa'adi 6	29,384,750	787,202	28.48%	1,495,533	54.10%	370,687	13.41%	111,032	4.02%	2,764,454	100.00%	80.04%	3,453,904	
	Burley	7,596,500	198,757	28.83%	344,709	50.00%	96,750	14.03%	49,234	7.14%	689,450	100.00%	19.96%		
1995	Sa'adi 6	49,461,500	1,399,025	30.46%	2,460,206	53.56%	544,280	11.85%	189,878	4.13%	4,593,389	100.00%	72.93%	6,298,532	
	Burley	15,898,500	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,705,143	n/a	27.07%		

\* NOTE: The above data reflects Tobacco Yield Grading, in the main from the South & Bekaa ; The Burley being predominantly grown in the Bekaa, while Oriental (sa'adi 6) in the South.

Although a negligible amount of Tobacco is grown in the North, figures relating to Quality grade are minimal or unavailable.

However, figures were available for the cultivation of Tobacco in the region-refer to (Tables 3.2.7-1)

In pursuing the twin objectives of encouraging farmers to stay on their land and the eradication of illicit crops cultivation and trading, the government's directives to the Regie accentuate the financial support given to tobacco and tombac farmers in the form of farming subsidies.

As such, the difference between the international market price and the actual purchase price of the tobacco crop is bore by the government in the form of a state subsidy in accordance with its above mentioned two-fold commitment. The eradication of illicit crops growing is also supported by the United Nations Drug Control Program fund of \$1,178,000, according to the UNDP's 1994 Development Cooperation Report on Lebanon.

**Table (3.2.7-7) presents Tobacco & Tombac Prices per Quality Grade 1991-1995.**  
**Table (3.2.7-8) presents Productivity of Tobacco & Tombac Growing by Quality Grade 1991-1995.**

**Table (3.2.7-9) presents Total Subsidy Structure 1991-1995.**

### **Purchasing Activities**

The individual farmer delivers his harvest to the Regie buying centre in his area. A buying committee is constituted of the following:

- One tobacco yield quality expert (chief of the committee)
- One tobacco yield quality expert assistant
- One storekeeper
- Two clerks for checking the count
- One accountant
- One clerk for weighing the crop

After weighing the incoming tobacco bales, they are examined and quality graded by the quality expert, who is the one and only authority for the quality grading of the delivered crop - *refer to the Technical Audit (Section 3.3.) for the Operational Quality Grading Criteria.* After the weighing and quality grading of the delivered crop, a payment voucher is issued immediately to the accountant who makes the payment to the farmer.

The main problem that the current tobacco purchase procedure described above entails, is that the employees (members of the buying committee) responsible for the receipt, weighing, quality grading, and purchase of the crop, being in direct contact with the farmer, are under moral and political pressures, which invariably hinder objectivity and fairness to the selling and buying parties.

**TABLE (3.2.7-7)**  
**TOBACCO & TOMBAC PRICES PER QUALITY GRADE 1991-1995**  
**(Average Purchase Price Quoted in \$ Per Kg.)**

YEAR	ANNUAL EXCHANGE RATE \$ : L.L.	TOMBAC									TOBACCO								
		Sa'adi 33			Baladi			Sa'adi 6			Good Quality			Medium Quality			Poor Quality		
		Good Quality	Medium Quality	Poor Quality	Good Quality	Medium Quality	Poor Quality	Good Quality	Medium Quality	Poor Quality	Good Quality	Medium Quality	Poor Quality	Good Quality	Medium Quality	Poor Quality			
1991	879	5.46	4.55	2.73	3.21	2.46	1.64	5.46	3.37	0.96	n/a	n/a	n/a	n/a	n/a	n/a			
1992	1838	7.07	4.90	2.18	4.35	2.83	1.36	7.07	4.90	2.18	4.62	2.83	1.36						
1993	1713	7.59	5.84	2.34	4.67	3.42	1.46	7.59	5.84	2.34	4.96	3.36	1.46						
1994	1647	8.80	6.68	2.73	4.74	3.83	1.52	8.80	6.68	2.73	5.77	4.13	1.52						
1995	1596	9.99	7.24	2.82	5.38	4.15	1.57	9.99	7.24	2.82	6.55	4.48	1.57						



**TABLE (3.2.7-8)**  
**PRODUCTIVITY OF TOBACCO & TOMBAC GROWING BY QUALITY GRADE**

YEAR	Cultivated Area (Dnm)*	Total Yield (Tons)	Average Yield Per Dnm (Kg.)	Good Quality			Medium Quality			Poor Quality			Total			
				Quantity (Tons)	Value (\$ m)	%	Qty (Tons)	Value (\$ m)	%	Qty (Tons)	Value (\$ m)	%	Qty (Tons)	Value (\$ m)	%	
1991	5,154	993	192.666	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1992	14,976	1,351	90.211	471	3.46	34.90%	651	3.33	48.20%	229	0.39	16.90%	1,351	7.18	100.00%	
1993	24,863	2,569	103.326	741	5.05	28.80%	1,322	7.18	51.50%	506	0.79	19.70%	2,569	13.02	100.00%	
1994	44,819	4,483	100.025	1,225	9.63	27.30%	2,213	13.36	49.40%	1,045	2.02	23.30%	4,483	25.01	100.00%	
1995	81,659	8,207	100.503	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8,207	53.05	n/a	

NOTE: Value calculated at Average Purchase Price (which is adjusted to include subsidy per quality grade).

This tabulation has been generated through the amalgamation of Tobacco & Tombac cultivation and crop figures, as well as, accounting and financial data. The macro-derivative method was devised to improvise in order to overcome the lack of crop & financial figures available on a micro-regional level.

\* Cultivated Area measured in Donum's (Dnm). Each 10 Donum's = 1 Hectare.

**TABLE (3.2.7-9)**  
**TOTAL SUBSIDY STRUCTURE**

YEAR	Total Yield (Tons)	Good Quality		Medium Quality		Poor Quality		Subsidy Structure				
		Quantity (Tons)	Purchase Price \$ per Ton	Qty (Tons)	PP \$ per Ton	Qty (Tons)	PP \$ per Ton	Ave. Purchase Price \$ / Ton	Total Purchase Value (\$ m)	Ave. Market Price \$ / Ton	Total Market Value (\$ m)	Subsidy Incurred (\$ m)
1991	993	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1992	1,351	471	7,348	651	5,116	229	1,710	5,356	7,236	3,201	4,325	2,911
1993	2,569	741	6,816	1,322	5,443	506	1,608	5,148	13,227	3,635	9,339	3,889
1994	4,483	1,225	7,860	2,213	6,035	1045	1,936	5,630	25,239	3,642	16,330	8,909
1995	8,207	n/a	n/a	n/a	n/a	n/a	n/a	6,464	53,050	2,808	23,050	30,000

NOTE: Value calculated at Average Purchase Price (which is adjusted to include subsidy per quality grade).

# TECHNICAL AUDIT

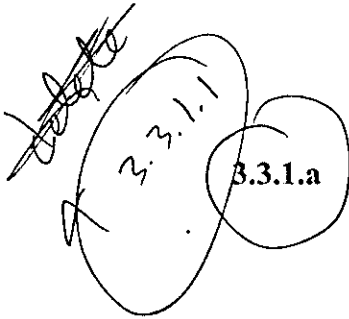


### 3.3 TECHNICAL AUDIT

#### 3.3.1 PRODUCTION PROCESSES AND TECHNOLOGY

The production activities performed by the Regie are concentrated in two main production plants:

- The Tombac Production Plant located in Tripoli
- The Tobacco Production Plant located in Hadath, producing mostly cigarettes and a small amount of hubble bubble tobacco 'Maassal'.



**TOMBAC PRODUCTION**  
The Tombac Production Plant has been located on purpose in Tripoli, in northern Lebanon, since most of the Lebanese tombac is cultivated in this area. The quantities of tombac cultivated elsewhere are collected in regional centers and transferred to Tripoli. Tombac leaves are received from the farmers in bales, each weighing about 25 kg. The bales are placed in the warehouse at moderate temperatures and allowed to ferment. Bales are turned sideways, from time to time, to enable their adequate aeration. After the fermentation process is complete the tombac leaves go through the following steps :

##### 1- Preparation stage:

- **Pre-Sorting Humidification:** Moisture content is raised by the use of a humidifier to avoid leaf breakage and damage during the process. Two humidifiers exist in the Tripoli plant. Each humidification batch takes up to three hours, it handles 800-1000 kg of tombac.
- **Sorting :** This time consuming operation is performed by groups of workers deployed over 6 sorting lines. Their duty consists of checking, rejecting molded leaves and separating dirt and impurities.
- **Mixing :** The tombac collected from the different regions is blended together in proportional quantities in order to create, relatively similar batches and conserve the same taste.
- **Pressing:** The homogenized leaves are then passed to either one of the two pressing machines available, and then manually packed into bales, each weighing around 20-25 kg. At this stage the moisture content is usually in the range of 5 to 7 %. The bales are then sent to the warehouse.

##### 2- Production stage (also called Manipulation):

- **Humidification:** The leaves are passed, once again, through the humidifier to raise their moisture content to about 25 %.

- Cutting: The humidified leaves are passed into either one of the two shredding machines available (called cutters), where they are cut into small chunks.
- Drying: The tobac is then spread out in the open air to reduce its moisture content to 11-13 %. This operation could be made more efficient by the presence of a dryer.
- Packing : Operations are carried out manually. <sup>or 50g</sup> Tobac is packed in consumer units of 100 gram each, which in turn are packed in boxes, each containing 100 units, and weighing 10 kg a box. <sub>- 200</sub>

X

Figure <sup>3.3.1.1-1</sup> ~~(3.3.1.1)~~ is a schematic representation of the different steps of the tobac production process.

This process is far from being efficient. The heavy dependence on the human factor, the poor condition or non-operational state of the machines, and the lack of automation and process control are clearly reflected on the poor quality of the products, the limited amount of production, and the cheap look of the packages. <sub>b.k</sub>

X

The Regie administration has launched several attempts to improve the situation, but so far none was fruitful. The frequent requests for hiring young and qualified personnel for both operational and supervisory posts were denied, and the different scenarios presented to the Ministry of Finance since 1990, via the Government Commissioner at the Regie did not lead to any actions. Only in the fall of 1996, at the time of writing this report, invitations for tenders to supply machinery for the tobac plant were released. The machinery consists of a complete primary line including humidifiers, cutters and dryers installed in series, and capable of processing up to 1000 kg per hour, and, in the preliminary stage, only one packing machine capable of handling 250 kg per hour, i.e. 1/4 of the total production capacity. When the need for more packed tobac arises the packing machine could be operated on more than one shift or, a second machine could be purchased.

X

The total estimated cost of these machines is about US\$ 4.0 Million, and the time needed from approval and placing of the order <sup>until</sup> ~~till~~ production starts <sup>starts</sup> is about two years. <sub>(S)</sub>

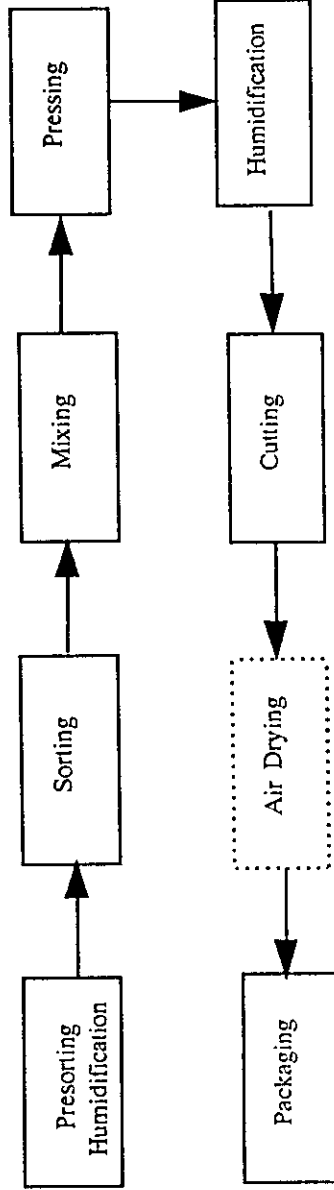
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3.3.1.1-1

Fig. 3.3.1.1-1

Schematic Representation of the Different Steps in the Tombac Process ←

*Capital letters*



*3.3.1.2*  
3.3.1.2  
~~3.3.1.2~~  
**3.3.1.b**

Tobacco PRODUCTION

The Tobacco (Cigarette) Production Plant is located in Hadath headquarters, in a bloc annexed to the administration building. The plant involves the following operations: Storing of incoming products, manipulating local tobacco leaves, manufacturing and packing cigarettes and finally storing the finished products.

Handling the local tobacco leaves follows a series of operations similar to those applied to tobacco described above. The tobacco leaves are left in aerated warehouses to ferment; they are then subjected to pre-sorting humidification, and later on manual sorting in order to remove the damaged leaves and separate the leaves by grade: **Good, Medium, Low and Useless**. The useless crop is discarded, its weight recorded, and debited to the supplier's account. Low grade leaves are removed, while Good and Medium grade leaves are blended together in order to produce a relatively homogeneous mixture. They are then pressed and manually packed in bales, each 20-25 kg, and then stored.

Manufacturing of cigarettes extends from the time tobacco is brought from the warehouse and fed to the vacuum cell (Autoclave), up to the final stages of packing.

The carts containing tobacco leaves of different varieties, **Virginia, Burley, and Oriental** are received from the warehouse. Local crop packed in 20-25 kg bales, American crop in 500 kg barrels, and European and African crops in 200-250 kg boxes. Selected brands are then fed to the autoclave, local tobacco leaves not exceeding 10% of the batch. Under vacuum the leaves are subjected to flows of steam that infiltrate through the packed leaves inside out in a rather uniform manner and raise their moisture content. Steam injection takes place, at up to five consecutive stages, in order to reach the desired moisture content. The autoclave can handle up to 3,000 kg/hr.

The carts are then removed from the autoclave and their contents manually loaded onto a conveyor belt feeding a conditioning cylinder, in which the hard leaves loaded with vapour are showered with water for 3-5 minutes. Previously the output of this cylinder used to be fed to threshing/stripping machines where the leaves got separated from the stems. This process is currently bypassed due to the availability of tobacco in form of strips (without stem) instead of the traditional loose leaves (with stem).

Leaves are then transported on conveyor belts into a soaking cylinder where a flavouring solution of chocolate (cocoa), molasses, apple spirit and sugar, is sprinkled. Batch time is about 7-10 minutes.

Customarily, the Burley leaves should then be fed to a toaster to remove the strong taste (mostly associated with the Ammonia presence in Burley tobacco). The toaster has been out of function for about three years. It is currently being bypassed and the batch of leaves is directly sent to the



~ ~ ~ ~ ~

mixing silos. At this stage the moisture content of the tobacco is about 20-22%. There are 5 silos each having a maximum capacity of 2.7 tons. Two of them are used for mixing, the other three are used as storage tanks feeding the cutting machines.

The output of the silos, having elastic properties, is fed to a cutter which continuously operates for eight hours per day. While two cutters are available, only one gets used, the second one is kept on stand by. A back up cutter is necessary because of its major role in the chain: any interruption in the cutting operation represents a hindrance in the process. The output from the cutter being 1 mm wide, is transported by a vertical conveyor into a vibrating feeder. It enters the dryer at a rate of 1200 kg/hr through flow controllers. Vibrating screens separate the under-size shreds and discard them. In the dryer, moisture is reduced to about 11-13% depending on the type of cigarettes. Based on readings from moisture detectors, an operator adjusts the flow of steam in order to achieve the desired moisture content. Fine particles and tobacco dust are removed across the cylinder through its perforated walls. Towards the end of the drying cycle, a regulating pump injects small quantities of flavour in the form of a solution called 'sauce'. The shredded tobacco, called Scaferlati, is then fed to one of two 3-story silos, each having a total capacity of 5,625 kg.

In the past, Scaferlati was pneumatically conveyed to the "making machines" in overhead ducts; but because the air conditioning system has been out of order since 1982, the pneumatic conveying process would cause the tobacco to dry. Consequently, manual transportation using carts has replaced this conveying system.

In the making machine, tobacco flows at a steady rate to be air lifted and deposited over a band of paper continuously flowing from a roll. The paper sides are rolled over and glued, by a glue nozzle, before entering a tunnel heated by an electrical resistance to allow good adherence. The output of the tunnel, a long rope-like tobacco roll called "Boudin" is sliced by blades into 75 mm cigarette chunks. The chunks are fed to the filter applicator, and two by two, are attached to 25 mm long filters, thus producing the 100 mm Cedars cigarettes. When other lengths of cigarettes have to be produced, i.e. 80 mm and 85 mm, the length of the cigarette and relative filter, change accordingly. Two compact cascade machines collect the cigarettes from the filter applicator and place them in drawers or racks.

side ←

In the filling machines, sets of 20 cigarettes are packed in crash proof or soft packs that are then passed through the cellophane wrapper. The wrapped packs are then collected in the gross packing machines in groups of ten, and finally the "grosses" go through cellophane wrapping before being hand-collected and packed in boxes, each containing fifty grosses. The boxes are then sent to the finished products warehouses.

The packaging materials: crash proof, soft packs, and grosses are printed in the printing facilities of the Regie consisting of a French Chambon printing chain, a small Chambon machine, and a German Original printer. These are complemented by a Chambon paper roll cutter, two Swiss Borst paper cutters, a German Schneider paper cutter and an Italian Perfecta carton cutter. Figure (3.3.1-2) is a schematic representation of the different steps of the cigarette manufacturing process.

A by-product of the tobacco plant is the 'Maassal' tobacco used sometimes instead of tobac with the hubble bubble. A batch of Scaferlati and a sauce, consisting mostly of sugar cane syrup or apple spirit, are mixed in a basin at the ratio of 1:2. They are allowed to settle for about two hours so that moisture content reaches 13-13.5%. Using a simple weighing scale, the mixture is then hand-packed in 1/4 kg nylon bags, which are sealed, packed in cartons, and boxed. Quantities produced follow the market demands.

The production of cigarettes has drastically deteriorated over the years. In addition to the market obstacles discussed in section 3.3.3 hereafter, the poor condition of machines and support facilities played a major role in this deterioration. The climatization system has been out of order since 1982, which affected the quality of tobacco leaves and finished products in the warehouses. It has also caused the pneumatic conveying system between the storage silos and the making machines to be purposely stopped and replaced by manual transport. The non-operational condition of the toaster, which is responsible for the treatment of the Burley leaves to remove the undesired ammonia, is detected on the cigarettes mediocre taste. The tremendous amount of paperwork and the sophisticated hierarchy and bureaucracy in processing requests has a negative effect on employees attitudes.

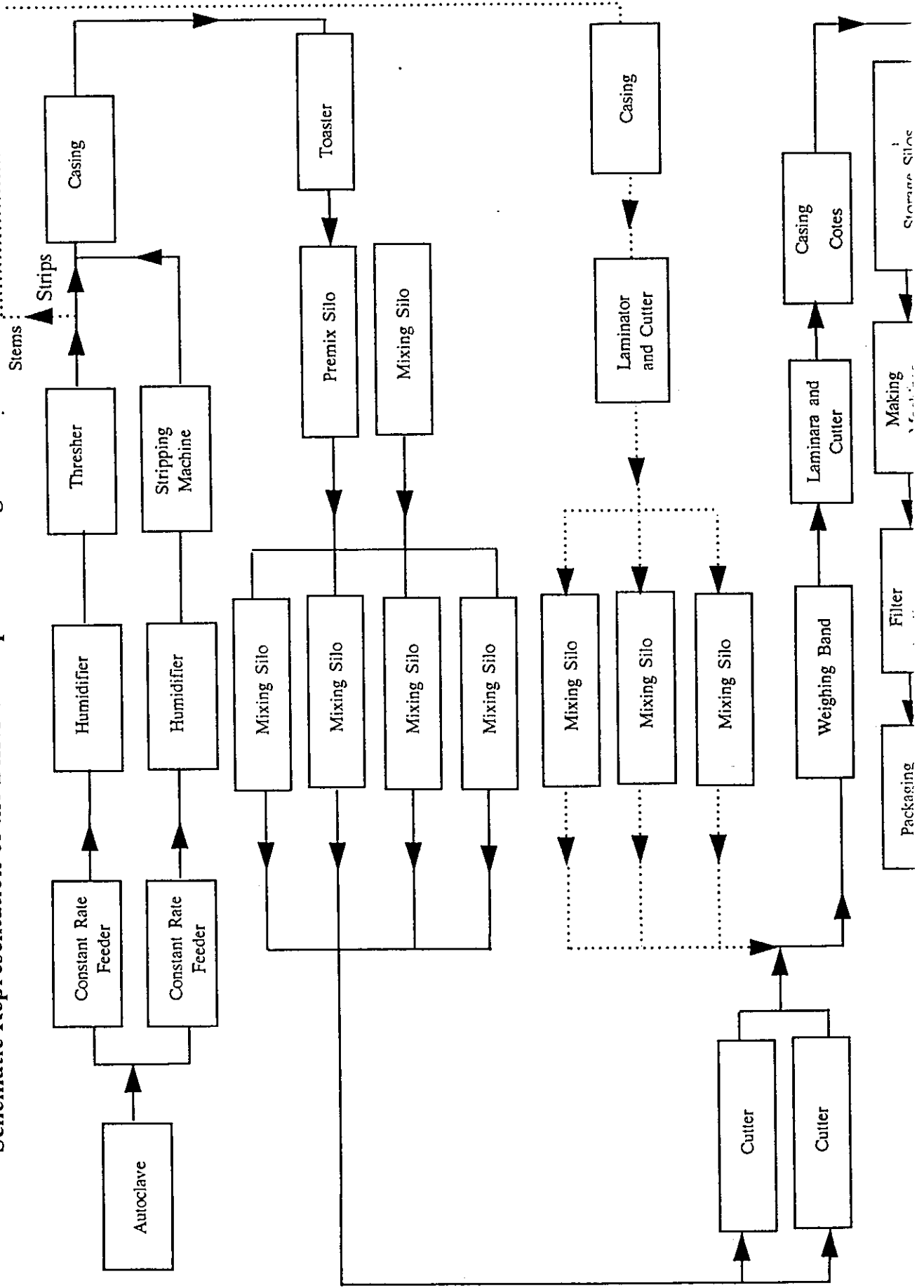
A simple purchase order for spare parts may be swamped in a loop of internal exchange of information and in-depth studies, followed by analysis of quotations and discussions. During a visit to the Regie Cigarette Plant, documents pertaining to a purchase order for spare parts were presented to us off-the-record. Three months had passed without their acquisition. Such inefficiencies in backing-up the technical staff has a demotivating effect on them.

Other detrimental factors, discussed in section (3.3.4) hereafter, are the absence of a maintenance policy, the non-existence of a quality control system, and the lack of training. Documentation of procedures and instructions date back to the late sixties and early seventies. They were neither revised nor updated.

In view of all negative factors shown above, the production levels have plummeted to 28,000 boxes in 1995, representing 2% of the total cigarette sales of the Regie. The management has, however, not been idle. Several

Fig. 3.3.1-2

Schematic Representation of the Different Steps in the Cigarette Manufacturing Process



studies were conducted to improve productivity and regain portions of the market lost to imported cigarettes.

Conclusions and recommendations were addressed to the Ministry of Finance. Recommendations included a review of the formula currently used for production of the local cigarettes, the introduction of new varieties of cigarettes, the recruitment of qualified staff and technicians and the rehabilitation of production facilities following either one of the following scenarios:

- 1- Rehabilitation of the current machinery and purchase of related spare parts, some of them would have to be custom made. The total estimated cost was US\$ 7.0 Million in 1993. This scenario does not satisfy the long term plan for improvement nor does it leave room for expansion.
  
- 2- Rehabilitation of some of the machines and their transport from the plant to the Bekfaya plant, and their replacement by a completely refurbished machinery, capable of raising the monthly production from about 24,000 to 75,000 boxes. The total estimated cost was US\$ 23.5 Million in 1993. This second scenario better responds to the Regie requirements and plans than the first one. Financing for such a project can be secured from the following sources:
  - a- Advances from companies willing to produce their brands in the Regie, **under license**. A study was conducted, and a proposal was presented by R. J. Reynolds, in 1994, for production of their products under license.
  
  - b- Exports, considering that Regie had to turn down several requests for exports because of its inability to provide the required quantities.
  
  - New*  c- Sales of products in the local market, that are expected to reach 75,000 boxes per month, being 50% of local market demands.
  
  - d- By deferred payments to the machine makers.

This increase in production capacity will, in addition to the direct benefits foreseen at the Regie level, increase the demand for local crops, and create new employment opportunities in Lebanon.

### 3.3.2 ASSESSING THE LEAF GROWING OPERATION

#### Proceeding of Assessing the Leaf Growing Operations

##### 1. Identification of Information Sources

Leaf growing Assessment started by reviewing the sub-sections' requirements and general literature provided by the Regie.

##### 2. Data Gathering

After agreement on the structure, layout, and content of section 3.3.2, additional academic resources were needed to identify the best practices of tobacco and tombac farming. This was done by referring to agricultural literature and various documents specialized in tobacco and tombac farming.

##### 3. Data Validation

Visits to the Regie sites of Tripoli & Hadath were made in order to interview and consult with various Regie personnel on the subjects of Leaf Growing and Cultivation. In addition, continuous requests for information was made; almost all these queries were fully answered.

Information requested which remains outstanding pertains to tobacco and tombac characteristics.

#### Current State of the Assessment

The assessment describes the tobacco and tombac process from farm to factory. It was crucial for the assessment to identify the actual practices of Lebanese farmers. This is why a questionnaire to farmers was designed in order to evaluate their practices, problems, and relationship with the Regie. Due to the lack of time, this questionnaire has been postponed to the next stage.

#### 3.3.2.1 Leaf Growing Process Operation

##### Regie Responsibility's Toward Tobacco and Tombac Farmers

In addition to its responsibilities for economic, managerial, and technical planning, Regie's Planning Department is also responsible for the quality of manufactured products and tobacco purchased from farmers. A laboratory is attached to this department for R & D work. This is in addition to the two main laboratories located in Saadiyat and Kafarsaroun. Their objective is to conduct experiments towards the improvement of tobacco cultivation practices and crop quality. Findings of successful experiments are conveyed to farmers.

In conjunction with their production and purchasing operations responsibilities, Regie experts of the Directorate of Agriculture and the

by Agricultural Extension Work Authority, monitor all tobacco growing stages ~~through~~ providing guidance and technical support on best practices concerning tobacco and tobacco farming to the farmer, including *this includes*.

- Introducing farmers to all modern technical and scientific methods that improve their yield in terms of both quality and quantity.
- Control and monitor farmers' adherence to licensing conditions regarding cultivation quotas.
- Issuing the necessary documents to allow safe passage to the farmer through military check points when delivering his crop to Regie allocated centers and warehouses.

### **Tobacco Life Cycle**

Tobacco growing is a very delicate and labor intensive process that could only be mastered by the full-time farmer. Describing this process is crucial to the comprehensive understanding of the Regie operations.

The tobacco life cycle could be divided into six stages:

Stage One	:	Seedling Production
Stage Two	:	Seedling Transplanting and Plant Caring
Stage Three	:	Harvesting
Stage Four	:	Curing
Stage Five	:	Packing
Stage Six	:	Tobacco bales' Delivery to "Regie"

Each stage of the growing process is intimately connected to the next one. The farmer's skill throughout this operation, from seeding to delivering his output to the Regie collection centers, is crucial because it will ultimately affect the final quality of the tobacco leaf.

### **Stage One - Seedling Production**

The commercial production of tobacco begins with the growing of seedling to be transplanted to the field. Management of transplant production is particularly important because the grower is dependent on the availability of healthy transplants. The tobacco seed has traditionally been started on plant beds or seedbeds owing to the difficulty of direct seeding in the field. The seed is relatively delicate and is very small (11,000 to 12,000 seeds per gram). The use of plant bed techniques provides the grower with the ability to control environmental conditions and thereby ensures favorable conditions for seed germination and seedling growth.

The following practices for producing tobacco transplants are general procedures that hold for the types of tobacco produced in Lebanon:

1- Site Selection

Plant beds should be located on deep, fertile, well drained soils with good moisture-holding capacity. Surface water drainage is very important; plant bed sites should have a gentle slope and may include drainage ditches, if necessary, to eliminate standing water in the beds. Plant bed should be located near a clean water source for irrigation and near the grower's home to make day-to-day management more convenient.

2- Soil and Fertility Management

A cover crop should be grown on plant beds between tobacco growing seasons to maintain the physical conditions of the soil and to minimize weed growth. Just prior to seeding, plant bed areas are cultivated or disked toward the center of the bed. This "crowing" (disking and plowing towards the center of the plant bed immediately before seeding) of the plant bed improves water drainage. After that, the soil should be harrowed until it is well-pulverized (powdered) and smooth. Plant beds are fumigated (soil disinfection and purification) to control weeds, and fertilized with mixed fertilizers containing nitrogen, phosphorus, and potassium.

*and diseases*

3- Seeding

Plant beds are seeded 60 to 65 days before a grower plans to transplant the crop. The seeds are evenly broadcast over the bed by mixing a small quantity of seeds with a much larger amount of inert material (sand, lime, ash) or fertilizer. Whatever the method, tobacco seed should be evenly scattered over the soil surface and lightly irrigated to ensure seed-to-soil contact. Beds are lightly covered by straw to keep seeds moist, and slightly raise the cover off the small seedlings. Seeding rate which is the number of seeds per unit area, is a very important parameter. The recommended rate for all Lebanese Tobacco and Tombac is  $1g/m^2$ . Beds that are too dense result in tall, spindly transplants, whereas too few seeds will result in short plants with large leaves.

4- Moisture Management

Tobacco plant beds need to be watered whenever the soil begins to dry. Soil type of the plant bed cover also influences how much and how often plant beds must be watered. Plant beds should be watered often, but lightly during the first three weeks after seeding. Plant beds should also be irrigated slowly, so that water can be absorbed as it is applied. Table (3.3.2.1-1) presents Tobacco and Tombac Seedling Stage Requirements

Table (3.3.2.1-1)  
Tobacco and Tombac Seedling Stage Requirements

*cap in front  
larger for file*

Crop Type	Seedling Period/ Season	Seeds per squared meter	Watering	Cover	Common Diseases and Insects
All Types	February-March	1 gram (10,000-12,000 Seeds)	Whenever soil begins to dry.	Nylon	Powdery mildew, Downy Mildew, Ants, Snails

### Stage Two - Seedling Transplanting and Plant Caring

While the seedlings are left to grow to a height of about 10 cm in the nursery, the farmer turns his attention to the field. The farmer's task in lending the growing crop involves painstaking weeding and aerating of the soil. These are achieved by doing four seasonal plowings: (Autumn, Winter, Spring and just before transplanting the seedling). The following actions and steps, also summarized in Table (3.3.2.1-4), are taken in order to ensure a healthy tobacco production:

#### 1- Soil Fertilization

Nitrogen is the most important nutrient in tobacco production. How well the crop matures and ripens depends on the amount and availability of nitrogen. A typical fertilization program includes two applications of the fertilizer. Usually a complete fertilizer, containing nitrogen, phosphorus, and potassium, is applied either before, at the time of, or shortly after tobacco is transplanted in the field. A second application of nitrogen or nitrogen and potassium (depending on soil analysis) is made during an early cultivation of the crop.

#### 2. Topping and Sucker Control

The production of tobacco with acceptable quality and high yield requires the topping and control of sucker growth (removal of the top flower. Topping is generally done by hand). Allowing the flower to fully develop diverts resources from leaf production, thus reducing the yield and the quality of the cured tobacco. Every leaf that has contact with soil is removed, because it would otherwise disturb the distribution of nutrients and allows fungus to grow. Also, Layby is performed when necessary. Layby is the final cultivation of the tobacco crop in which soil from the middle of the row is thrown up against the tobacco plant to form a large bed needed for good root system development for nutrient uptake.

#### 3- Pest Control

Diseases, insects, nematodes, and weeds can severely damage tobacco crops. Although diseases and nematodes are often considered bigger problems for tobacco than insects and weeds, virtually all tobacco producers include insects and weed control practices in their tobacco



production plans. Table (3.3.2.1-2) presents many of the most important tobacco diseases. Many of these syndromes (e.g. black shank) kill plants by destroying plant roots. Because leaves are the part of the tobacco plant that is harvested and sold, foliar diseases can severely reduce tobacco yield and quality. Fungi and bacteria cause a number of leaf spot diseases that are important tobacco problems, especially blue mold.

Table (3.3.2.1-2)  
Common Diseases of Lebanese Tobacco

*Cap? Long Leaf*

Root and Stem Diseases	Foliar Disease
<b>Fungi</b> Black Root, Black Shunk, Charcoal, Collar rot, Damping off, Fusarium wilt, Sore Shin, Southern Stem Rot, Tobacco Stunt, Verticillium wilt	Anthracnose, Blue Mold, Brown Spot, Frogeye, Gray mold, Ragged leaf spot
<b>Bacteria</b> Granville, Hollow Stalk, Black Leg	<b>Viruses</b> Alfalfa Mosaic Virus, Beet Curley Top, Cucumber Mosaic, Peanut Stunt, Potato Virus Y, Tobacco Etch Virus, Tobacco Mosaic Virus, Tobacco Necrosis Virus, Tobacco Rattle, Tobacco Ringspot, Tobacco Streak, Tobacco Stunt, Tobacco Vein Mottle, Tomato Spotted Wilt Viruses.
<b>Nematodes</b> Brown Root, Root-Knot	

Keeping insect infestation under control is also essential to the successful cultivation process. Flies, worms, beetles, and other insects can spread and cause serious damage to a whole field within days. Table (3.3.2.1-3) presents Common Insect Pests of Lebanese Tobacco.

Table (3.3.2.1-3)  
Common Insect Pests of Lebanese Tobacco

*Cap? Long Leaf*

Insect Pest Types/ Effects	Common Name (s)
Insects That Damage Roots and Stems	Cutworm, Flea Beetles, Mole Crickets, White Fringe Beetles, Wireworms
Insects That Damage Leaves in the Field	Aphids, Budworms, Cabbage Loopers, Flea Beetles, Grasshoppers, Hornworms, Japanese Beetles, Potato Tubeworms, Stink Bugs, Thrips, Whiteflies
Insects That Damage Stored Tobacco Leaves	Cigarette Beetles, Tobacco Moths

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 Office of the Minister of State for Administrative Reform  
 Center for Public Sector Projects and Studies  
 (C.P.S.P.S.)

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Table (3.3.2.1-4)  
Tobacco and Tombac Transplanting Stage Requirements

Crop Type	Trans-planting Period	Soil Type	Recommended Rotating Cultivation per DNM	Organic Fertilizers Required per DNM	Chemical Fertilizers Required	Distance Between Seedlings, Rows	Irrigation Conditions	Topping & Sucker Control	Common Diseases and Insects
Burley	15 April- 1 June	Silt loams exposed to sun	Wheat, Barley. (Potato and Tomato and tobacco share the same diseases)	1500 kg Goats dung each 2 years	20 kg Nitrogen 30-40 kg of Phosphorus 20-25 kg of Potassium	45 cm, 90cm	6 irrigations every 10-12 days.	Critical	Nematodes Weed
Saadi 6	1 April-31 May	n/a	Same as above	n/a	n/a	n/a	n/a	Not very Critical	Mildew
Tombac Baladi	10 April- 25 May	n/a	Same as above	n/a	n/a	n/a	n/a	Critical	Mildew
Saadi 33	15 April- 25 May	Sandy/ silt/ clay loams /gravel (Akkar Region)	Same as above	1000 kg of Goat and cow dungs	40 kg Potassium Sulfate 30 kg phosphorus. 30 kg Ammonium Nitrate	50 cm, 60cm	moderate, whenever soil begins to dry.	Critical	Aphid Potato worm Mildew

### **Stage Three - Harvesting**

The timing of tobacco harvest is a critical factor in tobacco production. Growers must harvest only “ripe” tobacco. Farmers detect the maturity of the tobacco leaf when its color turns light green with some yellow spots. Each tobacco plant can have about 16 to 62 leaves; each leaf has different characteristics according to its place on the stem. Oriental Tobacco leaves are sequentially harvested or “primed” because they need to have a relatively high sugar content.

Priming is the removal of tobacco leaves from the stalk, traditionally performed by hand; leaves are generally harvested from the stalk as they ripen, so that bottom leaves are removed first and top leaves last. At each harvest, three to five leaves are removed. Leaves towards the bottom of the stalk are characterized by the lowest level of nicotine and burning speed, while the leaves at the top of the plant are characterized by the highest level of nicotine and burning speed. Harvesting period starts 50 days after seedling transplant and extends for 50 to 70 days. In contrary to tobacco, tobac is primed from top to bottom.

### **Stage Four - Curing**

Curing tobacco involves the use of ventilation and heat to reduce the water content of harvested leaves in order to manage the continued conversion of carbohydrates within tobacco leaves to simple sugars such as glucose, fructose, and sucrose. Table (3.3.2.1-5) presents Tobacco And Tombac Harvesting And Curing Stage Requirements And Common Diseases And Insects. Harvested leaves are grouped (in bundles of 250) according to their sizes and position on the stalk, sewn onto nylon twine (thread), allowed to wilt in the shade for 24 hours in order to produce yellow colored leaves, and then placed in racks or frames in direct sunlight for about 6 to 12 days. Curing structures must be covered each night to prevent formation of dew on the strung leaves. After curing, leaves are temporarily moved to a well-aired barn for about 6-8 weeks.



## Stage Five - Packing

Packing takes place through the following 4 operations:

<b>Softening &amp; Flattening</b>	Leaves are stored in a natural steaming enclosure for 24 hours making leaves softer.
<b>Flattening</b>	The softening operation allows farmers to flatten creased leaves without harming the leaf body. Any bad or infected leaf is taken out.
<b>Classification</b>	The thread is pulled out, the leaves are classified according to their quality grade, and arranged on a circular wooden board till they are well dried and acquire their distinctive color and aroma.
<b>Boxing</b>	Drying takes three weeks after which the graded leaves stacks (Bazes) are put into 35 x 70 x 60 cm boxes, or into jute shields called bales, protected against humidity and unwanted odors. The average net weight of the box or bale is 30 kg.

## Stage Six - Tobacco Bales' Delivery To "Regie"

Bales or boxes are taken by the individual farmer to one of Regie's inspection centers/ warehouse<sup>s</sup> for weighing, quality grading and pricing. Figure (3.3.2.1-1) presents the Tobacco Leaf Growing Process from farm to factory. Quality grading is performed according to the criteria stated in section 3.3.2.2.

### 3.3.2.2 INSPECTION AND QUALITY GRADING

Tobacco leaf inspection and grading criteria is explicitly elaborated in the following sub-sections. Emphasis is made on the Oriental Tobacco characteristics which is considered the bedrock of tobacco cultivation in Lebanon.

#### Oriental Tobacco

The Oriental Tobacco is a class of tobacco traditionally grown in Greece and Turkey. Oriental Tobacco is commonly primed and air-cured to produce lemon colored leaf that possesses its characteristic flavor. Leaves are divided into 8 parts from top to bottom :

Terwissah, Tarbouneh, Rakkieh, Fahlieh 3, Fahlieh 2, Fahlieh 1, Tanweeh, Takeebah.

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Table (3.3.2.2-1) presents Characteristics of the Lebanese Tobacco leaf According to its Position on the Stalk.

Table (3.3.2.2-1)  
Characteristics of the Lebanese Tobacco Leaf  
According to its Position on the Stalk

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Tobacco Leaf	Leaf Texture	Shape	Avg. No. of Leaves	Dimension (cm <sup>2</sup> ) (WxL)	Burning Speed	Nicotine Content
Terwissch	Thick & hard texture	Pointed	2-7	2.35	Nil	High content of nicotine and gum
Tarbouneh	Solid & gluey texture, tough to touch	Pointed	2-8	2.30	Bad	High content of nicotine and gum
Rakbieh	Smooth, firm, gluey texture, lightly tough to touch	Rectangular	2-8	2.20	Moderate	More than moderate amount of nicotine and gum
Fahlich 3	Smooth, flexible, gluey, firm texture, silky to touch	Rectangular	2-8	2.10	Moderate	Moderate amount of nicotine and gum (Best kind of tobacco)
Fahlich 2	Mild texture, flexible	Rectangular	2-9	2.05	Good	Ideal and moderate amount of nicotine and gum (Best kind of tobacco)
Fahlich 1	Weak texture, damaged easily	Egg-shape	2-8	1.95	Good	Little amount of nicotine and gum
Tanwech	Flaky, damaged easily	Round	2-7	1.85	Very Good	Poor in nicotine and gum
Takeebah	Spongy	Round	2-5	1.75	Very Good	Poor in nicotine and gum

# Page

Table (3.3.2.2-2) presents Oriental Tobacco and Tombac Yield Per Quality Grade in 1995.

**Table (3.3.2.2-2)**  
**Oriental Tobacco and Tombac Yield Per Quality Grade in 1995**

*Copied from [unclear]*

	Total Yield (Ton)	Good	Medium	Poor	Useless
<b>Burley</b>	1,705.143	n/a	n/a	n/a	n/a
<b>Saadi 6</b>	4,593.389	30.46%	53.56%		4.31%
<b>Tombac Baladi</b>	47.059	27.32%	42.70%		2.37%
<b>Saadi 33</b>	1,803.518	23.10%	38.21%		3.49%

The quality grading criteria applied can be summarized as follows:

- 1<sup>st</sup> Class (Good) Quality Grade A: which has a homogeneous texture and color. It is also characterized by its ideal burning speed and highest nicotine content.
- 2<sup>nd</sup> Class (Medium) Quality Grade B: which has a homogeneous texture and color. It is characterized by its moderate burning speed and moderate level of nicotine.
- 3<sup>rd</sup> Class (Poor) Quality Grade C: which is characterized by non-homogeneous texture and color, high burning speed, and low level of nicotine.
- Useless

All the three classes are examined by "Regie" experts through color, leaf thickness, leaf size and smoke taste. Table (3.3.2.2-3) presents Tobacco Quality Grading Criteria Applied by the Regie and Table (3.3.2.2-4) presents Tombac Quality Grading Criteria Applied by the Regie.

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Table (3.3.2.2-3)  
Tobacco Quality Grading Criteria Applied By The Regie

Q. Grade	Saadi 6 Quality Grades				Burley Quality Grades			
	Good	Medium	Poor	Useless	Good	Medium	Poor	Useless
Leaf Type/ Position	Fahlieh3 to Terwiseh (20 cm)	Fahlieh2 to Fahlieh1	Tanweeh	Black and Green Leaves	Fahlieh1 to Fahlieh3 (Homogeneous Leaves with the same size)	Fahlieh3 to Rakbieh (Thick Leaves)	Terwiseh & tanweeh	Black and Green Leaves
Dryness	Well	Well	Low	Low	Well	Well	Light Green	Low
Color	Golden to Brown	Golden to Brown	light Green	Black to Green	Orange to Brown (chocolate)	Dark Yellow	Light Green	Black to Green
Body	Flexible & firm	n/a	n/a	Flaky	n/a	n/a	n/a	Flaky
Aroma	Rich	Moderate	n/a	Bad Odor	n/a	n/a	n/a	Bad Odor
Infection	No Infection	No Infection	Less than 40% infected	Over 50% Infected	No Infection	No Infection	Less than 40% infected	Over 50% Infected
Mold	No	No	No	Moldy	No	n/a	n/a	Moldy
Other		Bad Leaves from Grade "Good"	Bad Dried Leaf (Torn leaf)	Torn and broken leaf	n/a	Bad Leaves from Grade "Good"	n/a	Torn leaf



Table (3.3.2.2-4)  
Tombac Quality Grading Criteria Applied by the Regie

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	Saadi 33 Quality Grades				Tombac Baladi Quality Grades			
	Good	Medium	Poor	Useless	Good	Medium	Poor	Useless
Leaf Type/ Position	Fahlieh3 to Terwiseh (20 cm)	Fahlieh2 to Fahlieh1	Tanweeh	Black and Green Leaves	Fahlieh1 to Fahlieh3 (Big Leaves)	Fahlieh3 to Rakbieh (Thick Leaves)	Terwiseh and Tanweeh	Black and Green Leaves
Dryness	Well	Well	Low	Low	Well	Well	Light Green	Low
Color	Golden to Brown	Golden to Brown	Light Green	Black to Green	Orange to Brown (chocolate)	Dark Yellow	Light Green	Black to Green
Body	Flexible	n/a	n/a	Flaky	n/a	n/a	n/a	Flaky
Aroma	Rich	Moderate	n/a	Bad Odor	n/a	n/a	n/a	Bad Odor
Infection	No Infection	No Infection	40% infected	Infected	No Infection	Infection	40% infected	Infected
Mold	No	No	No	Moldy	No	n/a	n/a	Moldy
Other	n/a	Bad Leaves from Grade "Good"	Bad Dried Leaf (Torn)	Torn and broken leaf	n/a	Bad Leaves from Grade "Good"	n/a	Torn leaf

## Responsibilities of the Regie Tobacco Quality Expert

A heavy responsibility lies ~~on the shoulders of~~<sup>gr</sup> the Regie tobacco quality expert. He must select and be able to grade tobacco leaves effectively and objectively. He must in addition to deciding on the quality of the leaf, be sharp enough to pick out diseased and inferior leaves hidden by shrewd farmers in bales of what appears to be top class tobacco. Selection of the best leaf still relies mainly on the human experience and expertise of the buyer.

The Regie expert judges the quality of leaves on the basis of his practical experience rather than depending on formal training. The expert uses his natural senses to grade the leaves he is presented with. The fate of the farmer's tobacco - whether it is selected or rejected, and the price it commands - depends initially on the Regie expert's use of his primary senses. Tobacco leaves are examined in three stages, each one looking progressively closer at the quality of the leaves.

### I- Judgment Inspection

The first stage of the inspection is visual and an initial appraisal can be made by looking at the leaf from a distance. The expert notes the size and the shape of the leaf, as these characteristics can indicate the overall quality. Color is still relied on to a great degree in the search for satisfactory leaves. This stage involves also a closer examination of the leaf. This reveals its thickness, grain, venation (the number of veins in the lamina) and aroma. The leaf for cigarette production should be a small veined leaf. Attention is paid to the aroma of the leaf (before burning).

#### a- Size and Shape

The Oriental Tobacco leaf ranges between 8 and 30 cm in length. The leaf dimensions (length x width) that mostly fit for industry ranges between 1.7 and 2.4 cm<sup>2</sup>. The leaf shape is determined by the seed type. Climate and soil type have nothing to do with the leaves shapes.

#### b. Leaf's Characteristics

Every tobacco leaf is characterized by the following features:

1. Leaf Thickness      Thickness is totally determined by seed type, applied caring system, and the leaf position on the stem.
2. Leaf Texture      A leaf can have Hard, Mild or Loose texture. Hard texture is soft to touch like silk, while the loose texture is rough to touch like linen. The middle leaves - in terms of position on the stem- in the Oriental Tobacco are the best and softest leaves.

### 3. Leaf Status

Is the interior and exterior leaf status. The manufacturer divides this feature into 6 classes: 1- Smooth and Hard texture with abundance content of gum, 2- Solid texture and rich content of gum, 3- Mild texture and mild gum, 4- Weak texture and gum, 5- Loose texture and low gum quantity, 6- Spongy texture (Useless).

### 4. Elasticity & Firmity

It strongly depends on the texture and its status. The firmity of leaves pertaining to the first 3 classes mentioned above in Leaf Status ranges between 145 and 205 g., while their elasticity ranges between 10 and 14 mm.

#### c- **Skeleton**

The leaf skeleton consists of its midrib and the branched veins. Skeleton shapes differ according to the leaf's thickness and firmity, which affect the tobacco taste and its end-products. A thick rib implies excess content of nitrogen, i.e. bad taste, smoke and combustion.

#### d- **Color**

Every tobacco type has its own distinctive color. Curing method and fermentation also affect color. Light tobacco colors indicate good quality, and vice versa.

#### e- **Aroma**

Aroma is the smell of cured tobacco (without combustion). Aroma indicates whether cured tobacco has been stored under good conditions in the warehouse or has been affected by humidity and mold. The descriptive terms used by experts are: fragrant, good, clean, moderate, weak, light, bad, mold, disgusting.

#### f- **Surface Relative weight (strength)**

The leaf strength is a considerable (measurable) pressure on a known volume of cured tobacco for a period of time. It is of high importance to manufacturers since it indicates the number of cigarettes that could be produced from one kilogram of cured tobacco.

Page 11

**g- Hygroscopic (liquid content)/ Absorption Capacity**

Hygroscopic capacity is the ability of a cured tobacco leaf to absorb water without being harmed or damaged. Low capacity indicates poor tobacco stuffing in the cigarette which is remarked in the Oriental Tobacco cigarettes.

**h- Cleanliness**

Cleanliness of cured tobacco is what the manufacturer seeks. Cured tobacco should be free of defects that could directly affect the quality of the end-product. The cured tobacco cleanliness is bound by the following three factors: Harvesting at the right time, Good curing system, and Packing free of humidity and mold.

**II- Taste Inspection**

In the second stage of testing, the leaf is tested for final taste and aroma under combustion, and for density and gum content. Oral taste quality is needed for all finished products but this dimension is of keenest interest to the manufacturer. Tasting is the total sensation caused by the smoke in the mouth. Since one can not assess the smoke taste features without knowing their direct influences on the respiratory nerves system, the taste features are divided according to their influences to 3 classes: A. Taste, B. Soura (Vehemence), C. Bougha' (Smoke smell)

**a- Taste**

The smoke taste is what the smoker feels, senses, experiences by his tongue and his palate. Taste could be graded or described as follows:

<b>Overfull</b>	It stupefies the sensation, prickles the mouth, and creates saliva.
<b>Full</b>	Could be taste, because it is less influential than Overfull.
<b>Balanced</b>	Less than Full, without bitterness.
<b>Neutral</b>	It has no negative or positive taste.
<b>Hollowed</b>	It lacks positive taste that is discovered by the nerves.
<b>Acred</b>	Spicy taste, with low gum influence.
<b>Sharp</b>	It is more spicy than the Acred.
<b>Bitter</b>	Its bitterness covers all other features.

**Fig (3.3.2.1-1)**  
**ORIENTAL TOBACCO LEAF GROWING PROCESS**

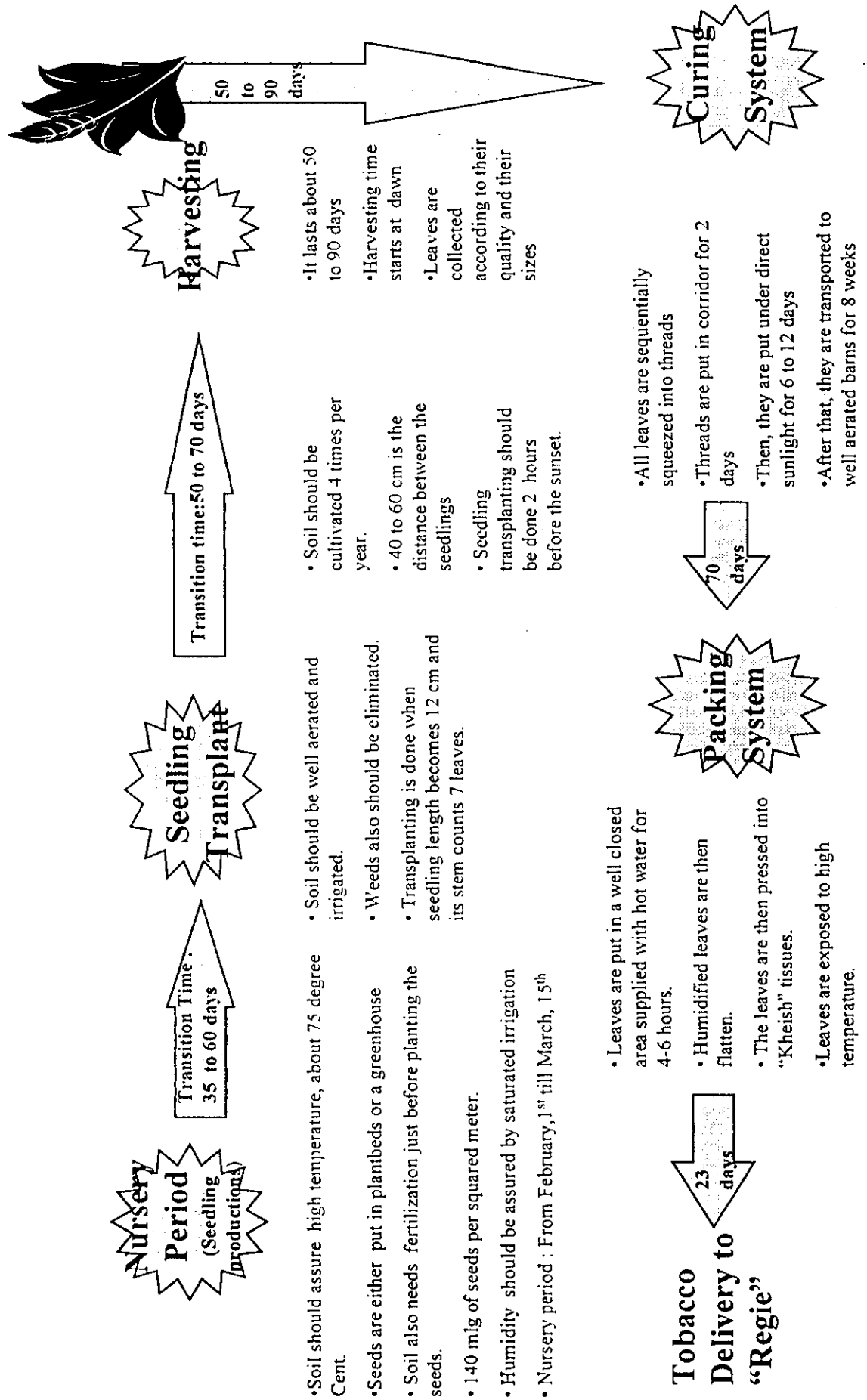


Table (3.3.2.2-4)  
The Combustion Classification of Cigarettes

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Grade	Combustion	Description
5	Acclaimed Comb.	Every cigarette that combusts totally in 16 to 20 minutes.
4	Good Combustion	Every cigarette that combusts totally in more than 20 minutes.
3	Speed Combustion	Every cigarette that combusts totally in 12 to 16 minutes.
2	Fair Combustion	Every cigarette that stops combustion after 8 to 12 minutes.
1	Weak Combustion	Every cigarette that stops combustion after 4 to 8 minutes.
0	Bad Combustion	Every cigarette that stops combustion in less than 4 minutes.

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3.3.3

**PRODUCTION CAPACITY AND UTILIZATION LEVEL**

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Decision making relevant to the Regie operations has a different structure from industries in the private sector. While in the private sector decisions are mainly driven towards profit making, the back bone of the decisions at Regie bears socio-political objectives. For many years tobacco and tombac cultivation was limited to farmers licensed by the Regie, and the purchase of the crops was based on quotas given to each. In the early nineties the government decided to fight illicit cultivation.

A political decision was made forcing the Regie to purchase all the crops supplied from both licensed and non-licensed farmers at the subsidised prices. This sudden change in the purchasing policy led to a drastic increase in the number of tobacco farmers and areas planted. Consequently, the increase in crops delivered to Regie exceeded Regie's production and marketing capabilities.

**In the tombac industry**, the increasing gap between yield of crops and production, over the period 1991 through 1995 is shown in figure (3.3.3-1).

X

- The problem is amplified due to :
- 1- The minor share of local tombac in the local market. Figures from 1995 show a mere 44,85% share for the local tombac, 36,625 boxes were sold against 45027 boxes of imported tombac.
  - 2- The lack of access to external markets due to the lack of marketing boards.
  - 3- Poor quality of products counter-balanced by the good quality of the competition, mostly Iranian.
  - 4- The cheap look of the Lebanese tombac packages, thus weakening its salability.

New markets in the Arab World and possibly in Europe could be exploited by the improvement of the local tombac taste and the introduction of appealing packages. This could probably be achieved upon the installation of the new production facilities in the Tripoli plant described previously in section (3.3.1.1).

**In the cigarette industry**, the situation has deteriorated over the years. In the early sixties, the Regie products, such as Jockey Club, Presidency, Yenigeh, No.1 Narrow, Saidoun, Zodiac, Bafra, The Army, Tatli Sert (Narrow and Large), Karim, Hamwi and Otous, used to cover around 80 % of the local market. These brands were totally manufactured out of local tobacco and did not contain filters. In the

mid sixties, imported brands started gaining ground on the account of local brands. This prompted the Regie to acquire new production equipment in the early seventies, and to produce new local brands having formulas similar to the American blends. These new products are namely OK, Amir, Byblos, and Cedars in both King Size and 100 mm, packed in either soft or crash proof packs.

Fig. (3.3.3-2) represents the profile of the yearly production of local cigarettes (in boxes) over the period 1970-1995. This profile can be divided into four phases.

- The Pre-war years 1970-1975: annual production of local cigarettes fluctuated between a minimum of 60,000 boxes and a maximum of 103,000.
- The Civil war years 1976-1984: the cigarette plant was exposed to fires and burglary, decreasing production to a near collapse to reach a record low production level of 457 boxes in 1984.
- The prosperity years 1985-1992: local cigarettes witnessed increasing demands, mostly in the eastern European countries and other countries in the region. These were met by higher rates of production with the years 1987 and 1988 showing a record high of about 193,000 boxes.
- The deterioration years 1993-1996: a drastic decline in production occurred due to the decreasing demands in local and export markets. This could be partly blamed to a managerial decision to increase the selling price of local cigarettes, and the deterioration of the Regie's machines and equipment without any decision to replace them or acquire the proper spare parts. The 1994 production of 22,370 boxes was a record low in a decade.

Since 1992 the 100 mm Cedars cigarette had been the major local brand produced and sold by the Regie. Other local products that still exist in the market in minor quantities are Byblos and OK.

Fig. (3.3.3-3) is a profile of sales of Regie products as a percent of total sales in the Lebanese market. It shows a peak of 56.80% in the year 1974. Sales were negligible in 1976 due to the deteriorating security conditions.

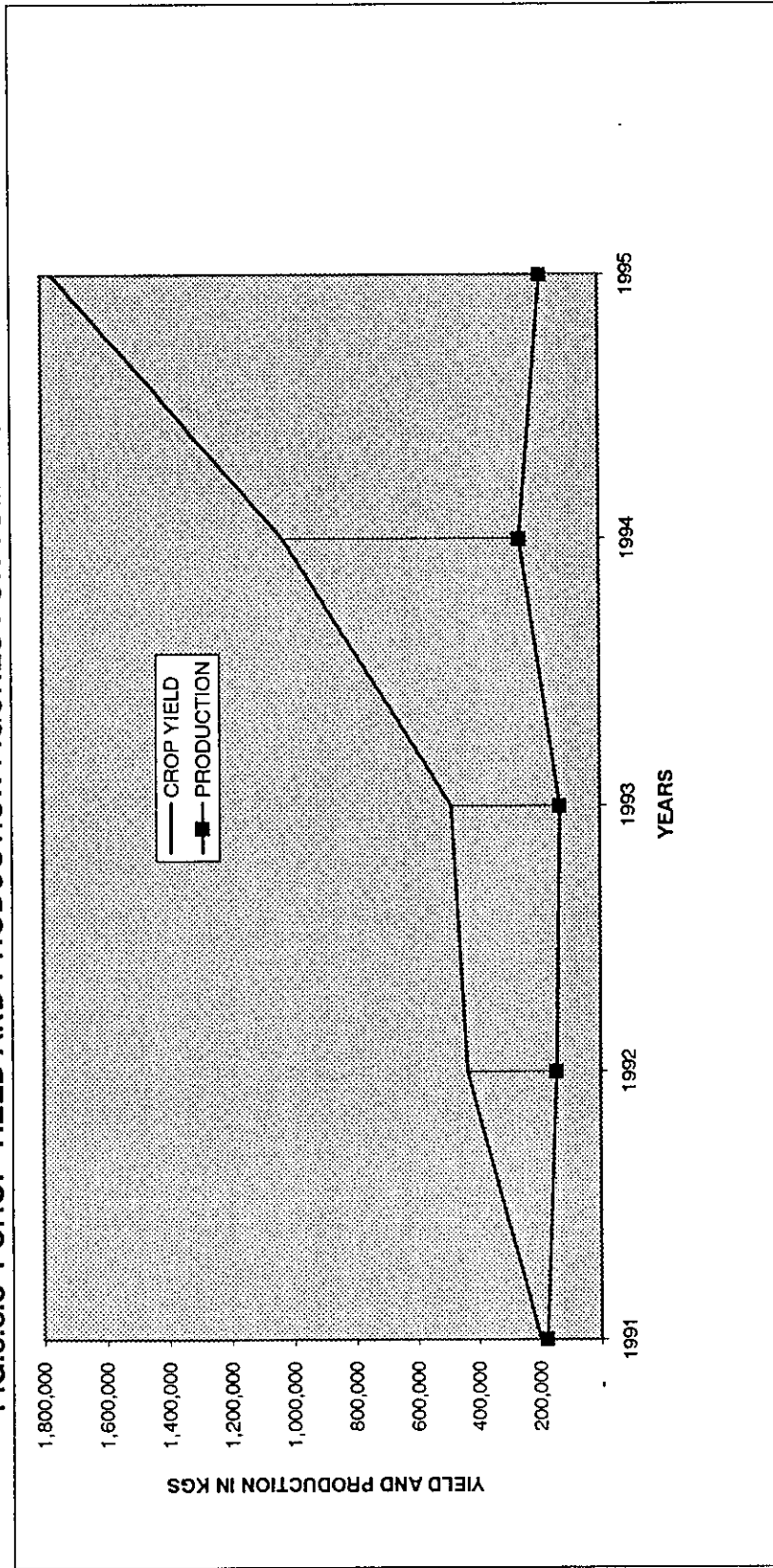
Fig. (3.3.3-4) shows the increasing trend of imported cigarettes as opposed to the decreasing trend of local cigarettes, in number of boxes, during the period 1991-1995.

### 3.3.4 EQUIPMENT CONDITION AND MAINTENANCE POLICY

#### 3.3.4.1 Equipment Age and Condition

All manufacturing equipment have been in use for over 25 years. They are obsolete, poorly maintained and worn out. This deteriorating condition necessitates intensive repairs and trouble shooting. Spare parts for most of the machines are no longer available, they can not be found as shelf products. When needed they have to be custom made in Europe by the machine manufacturer. It is a costly and time

FIG.3.3.3-1 CROP YIELD AND PRODUCTION FIGURES FOR TOMBAC 1991-1995

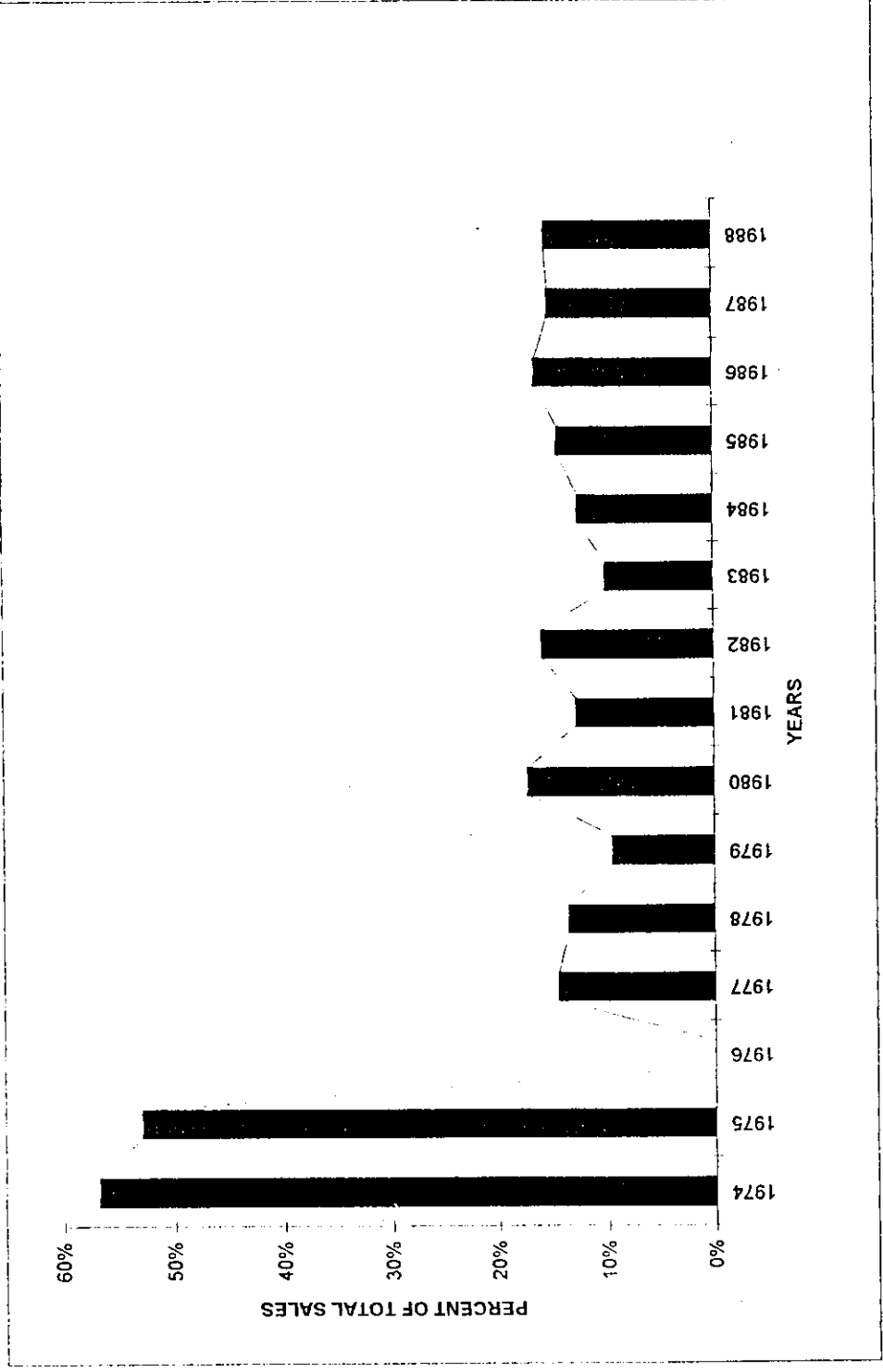


	1991	1992	1993	1994	1995
CROP YIELD	199,146	435,974	487,217	1,029,067	1,763,923
PRODUCTION	178,305	145,593	131,548	260,130	191,069



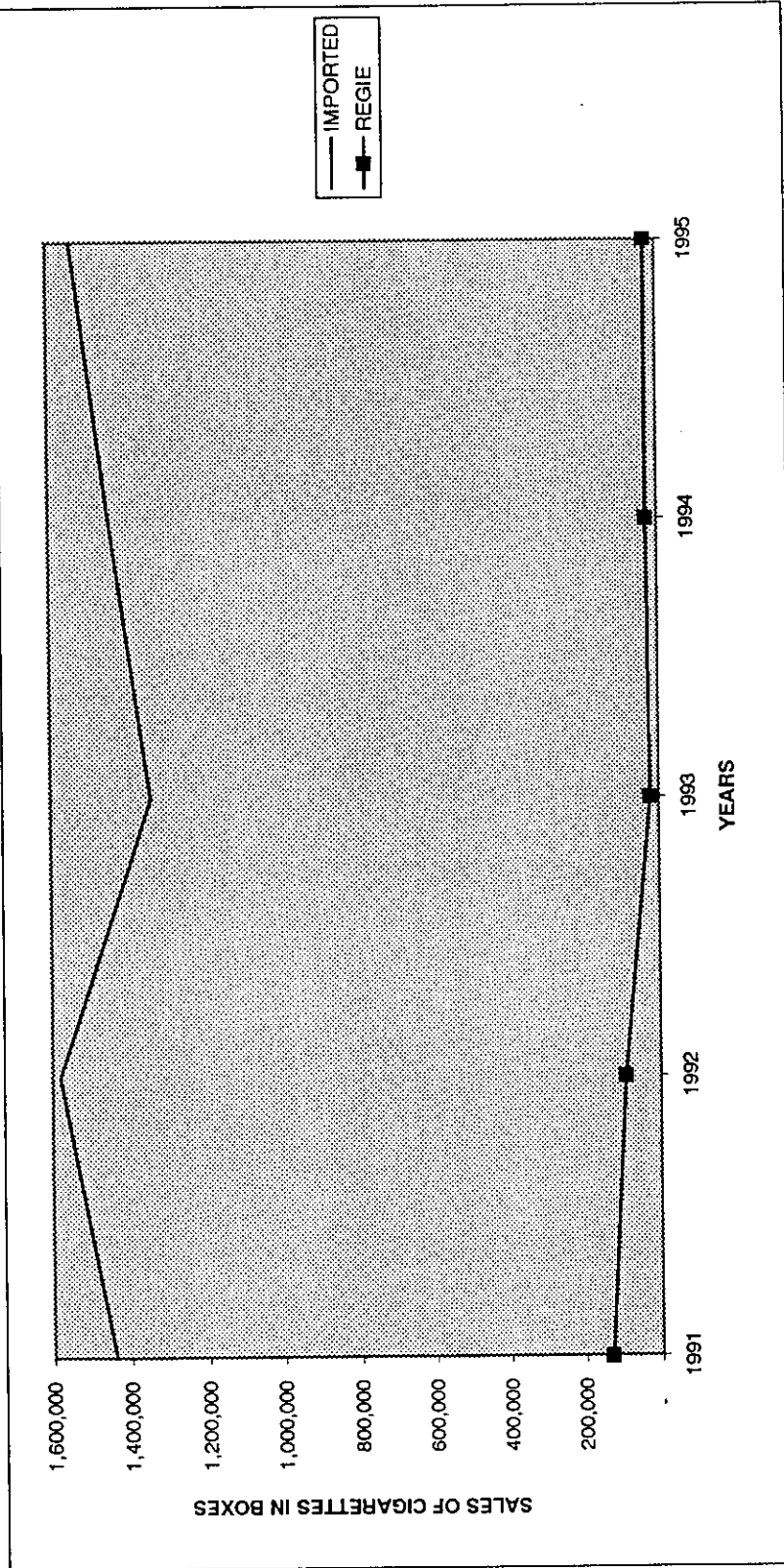
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FIG. 3.3.3-3 Sales of Regie products as a percentage of total sales



1973	28.70%
1974	56.80%
1975	52.87%
1976	0%
1977	14.47%
1978	13.48%
1979	9.50%
1980	17.19%
1981	12.78%
1982	15.82%
1983	10.07%
1984	12.55%
1985	14.38%
1986	16.41%
1987	15.20%
1988	15.44%

FIG. 3.3.3-4 ANNUAL SUPPLY OF LOCAL & IMPORTED CIGARETTES (BOXES) 1991-1995



	1991	1992	1993	1994	1995
IMPORTED	1,439,180	1,579,719	1,341,259	1,444,617	1,539,781
REGIE	129,275	89,627	21,411	28,104	27,630

*repetition from previous part*  
machines are no longer available, they can not be found as shelf products. When needed they have to be custom made in Europe by the machine manufacturer. It is a costly and time wasting procedure. It involves keeping the machine off production until the manufacturing of the defective part is scheduled, then performed, and finally the part shipped. *consuming*

To overcome this inconvenience some parts are being made in the local market without any guarantee of performance similar to the one offered by the machine supplier. Furthermore, some tools were adopted during the war years to overcome procurement difficulties and have become with time an inherent part of the system making it a unique hybrid process. Out of 46 machines listed for production, 22 are out of order for various reasons. Some of them were partly ripped while in the airport customs in 1976, others have been used as source for spare parts when these were not available in stocks and their procurement not possible.

As mentioned previously the toaster has been out of service for over ten years, however, the process was not interrupted. It was simply modified bypassing the defective toaster, and consequently became a modified form of the originally designed and adopted process. Although a certain output is produced, the optimal quality is not being attained.

#### 3.3.4.2 Maintenance Policy

No particular maintenance policy is enforced. Machinery is allowed to produce to its best capacity. When a problem occurs, the maintenance crew interferes. Preventive maintenance programs are not performed any more. Although detailed in the human resources section, it is important to mention that only one technician in the production maintenance staff has a technical degree. All others have gained their expertise on the premises by trial and error. Production maintenance becomes consequently a sort of one man show. No training programs were followed in the last two decades, neither does a training department exist. The shortage in personnel due to resignation, retirement, and other reasons during and after the war years was not compensated. Many requests for recruiting new people and rehabilitating the working force in various departments were denied.

#### 3.3.4.3 Quality control procedures

No determined Quality Control procedures are implemented. The lack of equipment coupled with workers' ignorance of quality standards have contributed to the deterioration of the product quality. Quality problems are inherent in the current system. They start from the time the crops are received in the warehouses in large quantities. The lack of proper ventilation and temperature control in the warehouses also plays a significant role in the deterioration of the leaves. The absence of process control and the reliance on workers to make the necessary adjustments at different stages, allow for fluctuations in quality.

*Page #*

### 3.3.5 CAPACITY AND CONDITION OF STORAGE FACILITIES

Information pertaining to the tobacco and tobacc leaves warehouses, including location, number of stores, as well as the surface areas and capacities, and their projections after rehabilitation or rebuilding, are summarised in Table (3.3.5-1).

Table (3.3.5-1)  
Tobacco And Tobacco Leaves Warehouses

Location	Number of Stores	Area Currently Used (m <sup>2</sup> )	Area to be Rehabilitated (m <sup>2</sup> )	Area to be Rebuilt (m <sup>2</sup> )	Current Capacity (Bales)	Capacity After Rehab. (Bales)
Ghazieh	4	10,100	0	0	80,000	80,000
Tripoli	2	2,650	0	2,250	160,000	320,000
Nabatieh	9	15,000	20,000	0	80,000	160,000
Batroun	8	32,000	0	0	180,000	180,000
Bekfaya	5	16,000	0	0	30,000	30,000
Hadath	4	19,500	1,000	10,000	185,000	265,000

*Cap + floor*

Finished products are stored in three locations only. In Tripoli, the storage area is about 250 m<sup>2</sup>, in Ghazieh 800 m<sup>2</sup> and in Hadath, where most of the finished products are stored in four warehouses the area is 7,800 m<sup>2</sup>.

### 3.3.6 CAPACITY AND CONDITION OF ANCILLARY EQUIPMENT

An inventory of equipment and tools in some locations was received. The capacity, brand name, and year of manufacture of all listed equipment was not mentioned. It also failed to list all manufacturing equipment in Hadath. A proper format was prepared and sent to Regie to be filled out accordingly.

### 3.3.7 WASTAGE RATES IN PRODUCTION AND STORAGE

Wastage throughout the process occurs in the following areas:

- 1- Upon receiving the crops from the farmers.
- 2- During the storage of crops.
- 3- During the sorting and separation stage.
- 4- During manufacturing.

When damaged leaves are detected in the bales received from the farmers, their quantities are recorded and their value debited from the farmer account. Consequently, this waste is not borne by the Regie.

Due to the deteriorating condition of the storage areas and the lack of air conditioning and proper ventilation, the leaves may be damaged. There exists no records of the exact amount of waste at this stage.

*[Handwritten signature]*

*exists*

*Page #*

During the sorting and separation stages the rate of waste varies between farmers, and between plantation areas: the low tobacco grades could reach 15%. In a sample of the 1994 output, being currently produced, the low grade in Saady 6 tobacco received from Southern Lebanon, reached 13.32% of the total.

During the manufacturing process, waste occurs at different stages. In view of the condition of the machines, the operating circumstances, and the technical skills of the operators, we were informed that wastage rate in production is currently reaching 16%.

As a consequence of the above, it can be safely determined that the total rate of waste, from receipt of crops till the final stages of production, is more than 30%.

# MANAGEMENT AUDIT



## 3.4 MANAGEMENT AUDIT

### 3.4.1 ORGANISATIONAL STRUCTURE

The Regie's current organisational structure is defined by Decision No.309 /1 dated May 23, 1979. Currently, the Regie is under the tutelage of the Minister of Finance. Its present organisational structure consists of:

- The Administrative Committee acting as the legislative authority over the Regie's daily operations.
- The General Manager
- The Government Commissioner
- A Coordination Directorate
- Four General Secretariats

The Four General Secretariats are headed by the General Manager. Each Secretariat General is divided into several Directorates. The Directorates are in turn subdivided into several Departments. The mission and objectives of Directorates and Departments are described in the By-Laws of the Regie. Figure (3.4.1-1) shows the Regie's current organisation structure.

The four General Secretariats are:

\* The **Administrative Secretariat General** (Refer to Figure 3.4.1-2) includes:

- Public Relations Directorate
  - Social Activities Department
  - Foreign Relations and Publicity Department
- Inspection Directorate
  - Administrative and Financial Inspection Department
  - Technical Inspection Department
- Litigation & Control Directorate
  - Litigation Department
  - Control Department
- Personnel Directorate
  - Personnel Affairs Department
  - Discipline and Guards Department

\* The **Commercial Secretariat General** (Refer to Table 3.4.1-3) includes:

- Fraud and Smuggling Control Directorate
  - Investigation and Coordination Department
  - Fraud and Smuggling Control Department
- Marketing Directorate
  - Marketing Department
  - Research and Development Department



- Sales Directorate
  - Licenses and Wholesale Agents Affairs Department
  - Distribution Department
- Import and Export Directorate
  - Insurance and Transport Department
  - Import and Export Department
- \* The **Technical Secretariat General** (Refer to Table 3.4.1-4) includes:
  - Buildings and Equipment Directorate
    - Studies and Planning Department
    - General Purchase Department
    - General Maintenance Department
  - Industrial Directorate
    - Plant Supply Department
    - Matn Department
    - Hadath Plant Department
  - Agricultural Research Directorate
    - Experiments and Agricultural Guidance Department
    - Agricultural Research Department
  - Tobacco and Tobacco Technology Directorate
    - Production Technology Department
    - Experts Development and Professional Training Department
    - Hadath Sorting Department
  - Bekaa Regional Directorate
    - Bekaa Department
    - Bekaa Agricultural and Purchase Department
  - North Regional Directorate
    - Batroun Department
    - Tripoli Department
    - North Agricultural and Purchase Department
  - South and Mount of Lebanon Regional Directorate
    - Nabatieh Department
    - Ghazieh Department
    - South and Mount Lebanon Agricultural and Purchase Department
- \* The **Financial Secretariat General** (Refer to Table 3.4.1-5) includes:
  - Finance Directorate
    - Budgeting Department
    - Accounting and Banking Department
  - Payroll and Social Security Directorate
    - Payroll Department
    - Social Welfare Department
  - E.D.P. Directorate
    - Programming Department
    - Operations Department

Fig (3.4.1-1)

REGIE CURRENT ORGNIZATIONAL STRUCTURE

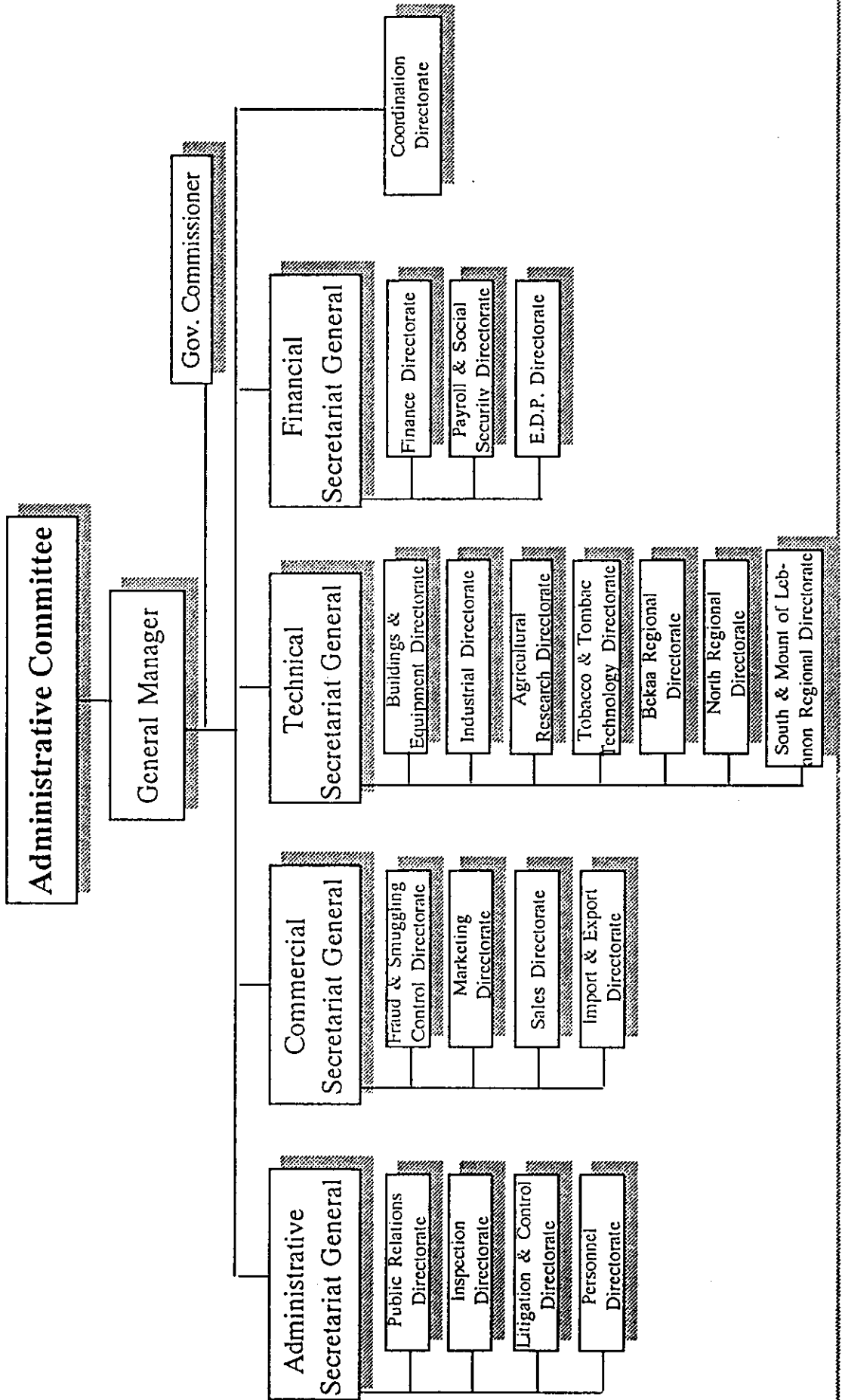


Fig (3.4.1-2)

ADMINISTRATIVE SECRETARIAT GENERAL ORGANIZATIONAL STRUCTURE

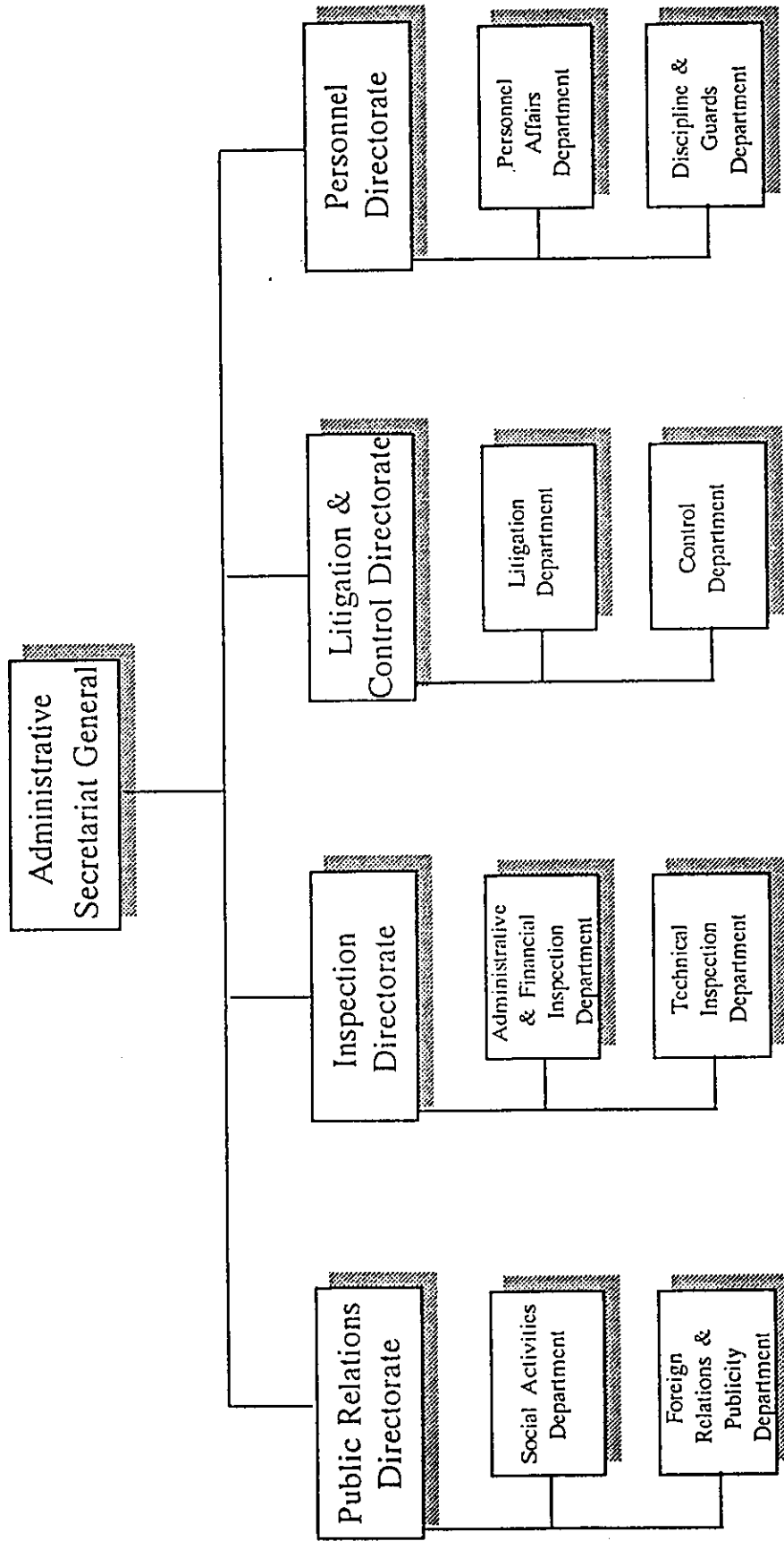


Fig (3.4.1-3)

COMMERCIAL SECRETARIAT GENERAL ORGANIZATIONAL STRUCTURE

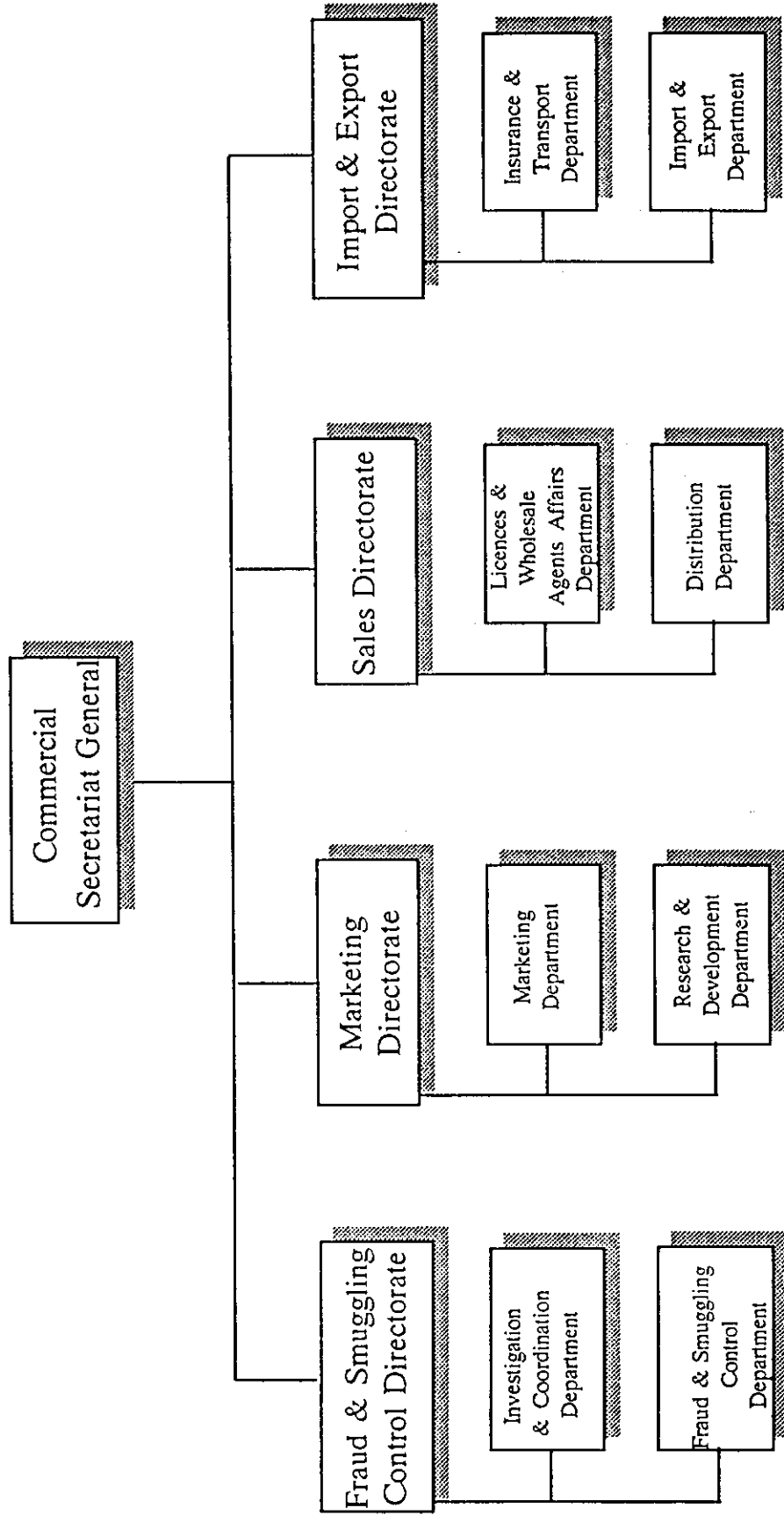


Fig (3.4.1-4)

*TECHNICAL SECRETARIAT GENERAL ORGANIZATIONAL STRUCTURE*

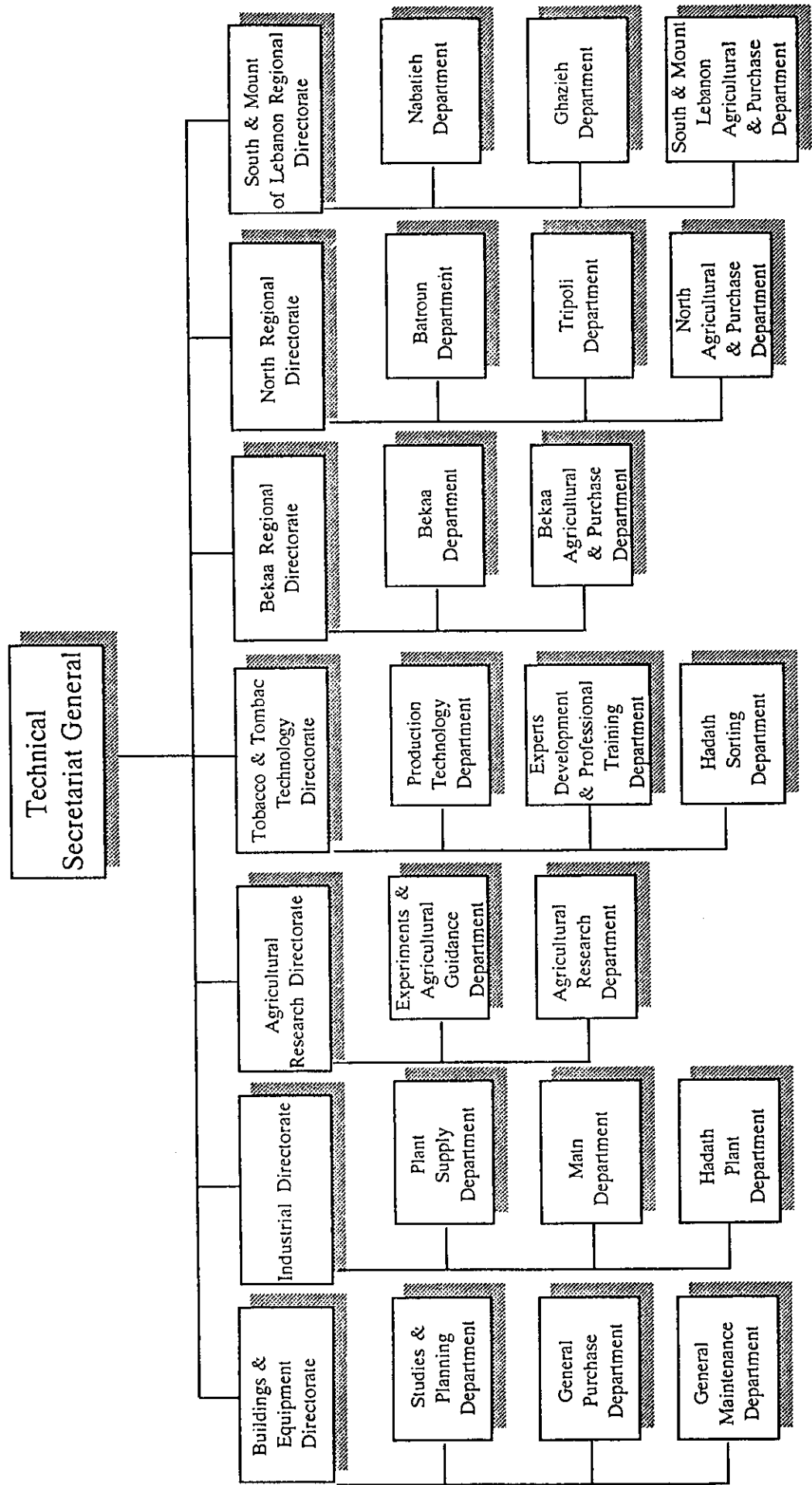
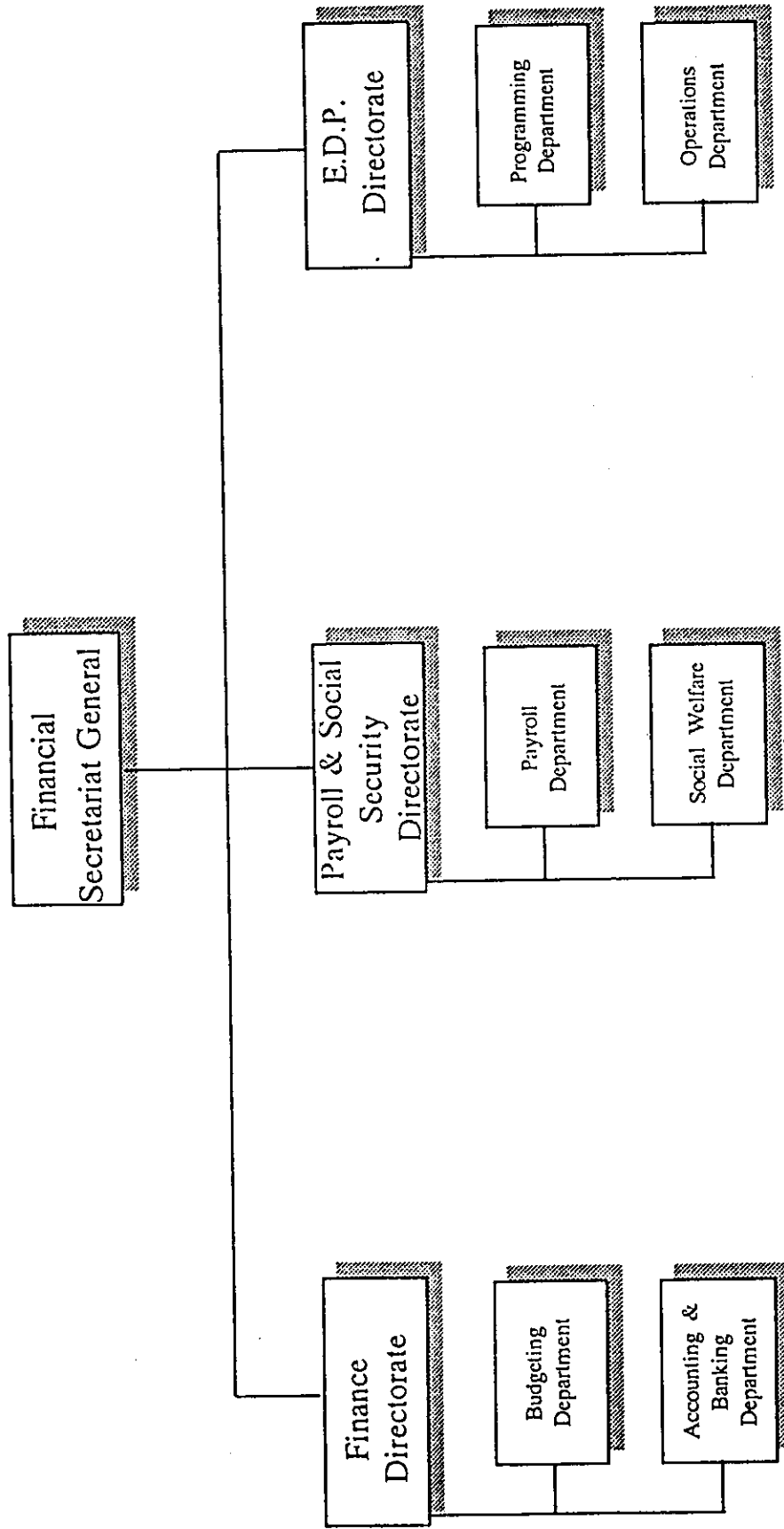


Fig (3.4.1-5)

*FINANCIAL SECRETARIAT GENERAL ORGNIZATIONAL STRUCTURE*



The Regie plants are managed regionally as follows:

- Hadath (Headquarter) manages the Hadath Plant
- North: Tripoli, Batroun, Kfarsaroun, and Bekfaya plants
- Bekaa (Aquisition Office)
- South: Saadiyat laboratory, Ghazieh and Nabatieh plants

Figure (3.4.1-6) shows the Geographical Distribution of Regie's Offices

It is worth noting that a consulting firm has prepared in 1968 job descriptions and organisational structure for the Regie. Eventually job descriptions served as a reference for job performance evaluation and subsequent upgrading or functional promotion.

Besides, such job descriptions were used as a tool to improve the management of the concession company at that time. However, most of the job description manuals have been stolen or neglected during the war and the remaining manuals are at the Regie Headquarters. These manuals are now obsolete and can not serve anymore the Regie management due to the changes in the number of employees, expertise and management styles and systems.

### 3.4.2 DESCRIPTION OF MANAGEMENT PROCEDURES AND SYSTEMS

Regie's management procedures and systems are not formally documented. The following information was concluded from Regie's internal notes and documents.

The main functions of the General Director and the Administrative Committee were defined by Decision No. 31/22 dated February 27, 1993, as follows:

The **General Director** has the authority to exercise all the functions defined for General Directors in the public sector.

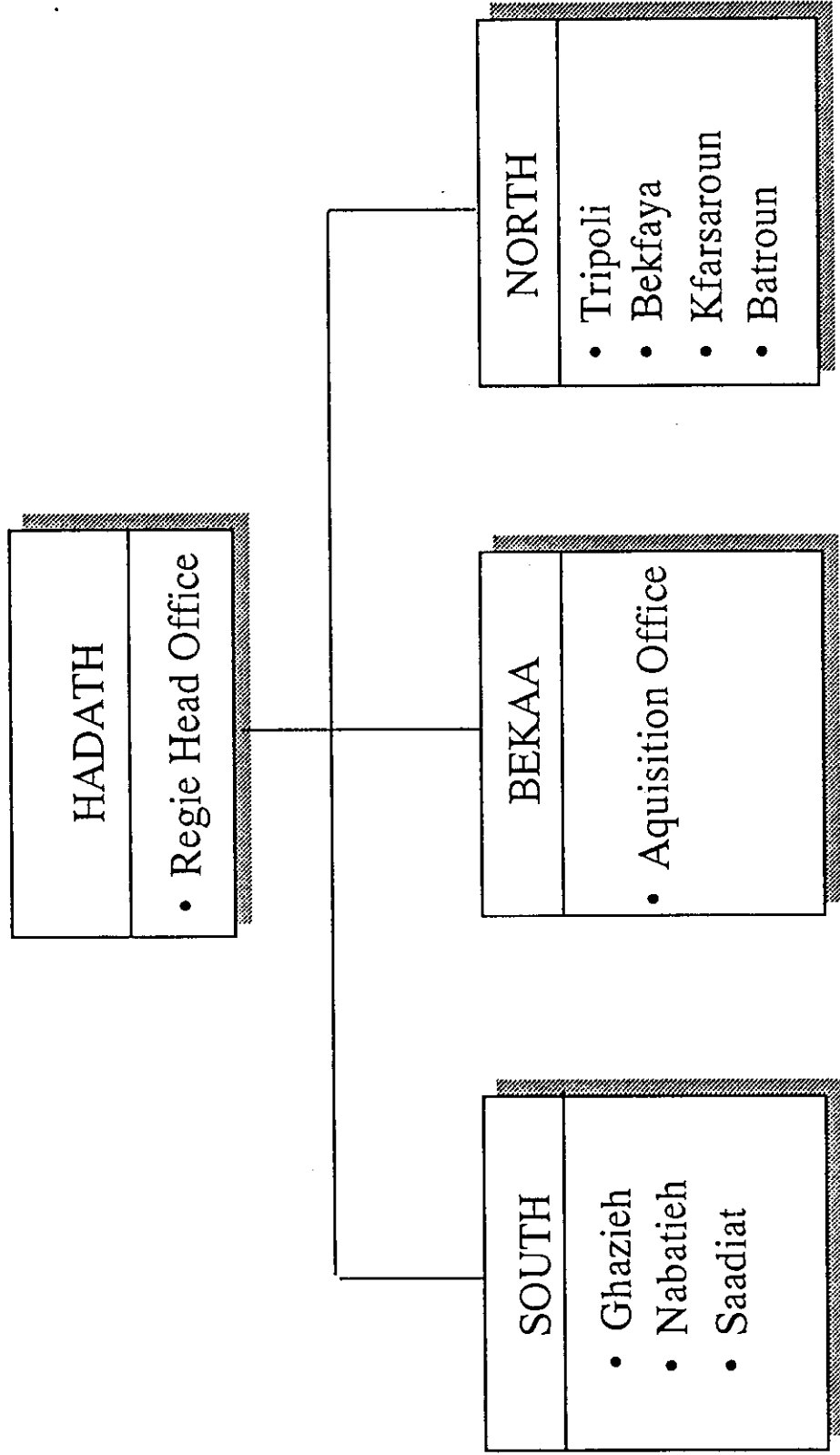
The **Administrative Committee**, composed of three temporary members, has the authority to exercise its functions according to the former stipulated laws and regulations, until a final law will be established.

The main functions of the **Administrative Secretariat General** comprise the following:

- Making new or amending existing procedure in the form of issuing informal written statements.
- Reviewing an existing procedure in the form of issuing an internal statement or notice.
- Following-up and enforcing legal decisions.
- Issuing administrative orders related to personnel.

Fig (3.4.1 - 6)

## GEOGRAPHICAL DISTRIBUTION OF THE REGIE OFFICES





The main functions of the **Commercial Secretariat General** comprise the following:

- Initiation and expedition of Letters of Guarantee and pertinent transfer of funds.
- Preparation of the export and import budget.
- Preparation of proposals for bidding prices and quantities.
- Follow-up on the movement of sales in order to forecast the market demand and supply.
- Coordination with warehouses to identify available quantities and the status of new shipments.
- Follow-up of wholesalers deals including issuance of licenses and collection of funds.

The main functions of the **Technical Secretariat General** comprise the following:

- Request for purchasing equipment and materials.
- Proposition of price lists of tobacco and tobac packs.
- Submission of daily and weekly production report.
- Schedule of transport orders.
- Monitor the weight of tobacco and tobac packs.
- Update stock inventory of tobacco production.
- Issuance of licenses for "laisser-passer".

The main functions of the **Financial Secretariat General** comprise the following:

- Maintenance of the accounting books.
- Generation of periodic financial statements.
- Preparation of Letters of Guarantee and pertinent vouchers.
- Auditing and matching transactions among various sections, such as sales, costs, overheads, and payments.
- Control of the movement of balance sheet items.
- Preparation of the annual budget for the Regie.
- Follow-up on demands for commitment of funds.

The Regie's flow of documents follows a hierarchical process starting with the employee level until it reaches the top management level, i.e., the Minister of Finance. Figure (3.4.2-1) illustrates this process. Any document generated by the employees is passed from one level to the other until it reaches the Director. Once the Director receives this document, three possibilities are presented:

- The Director can deal with the document at this level and reply back to a lower department.
- The Director forwards the document to the Central Inspection Office in case it requires investigation and clarification. In turn, such a document is reported through the director's office to the Government Commissioner, the General Manager, and if necessary to the Minister of Finance to get the final approval.
- The Director forwards the document to the Budget/Accounting Department in case it pertains to financial and accounting matters. Again, such a document is reported through the director's office to the Government Commissioner, the General Manager, and if necessary to the Minister of Finance to get the final approval.

The hierarchical system ensures a systematic flow of documents. Theoretically, any document, request, or complaint can be accounted for, passed onto the right office, and appropriately dealt with. However, the aging bureaucratic administration has rendered the system rigid and inefficient.

### 3.4.3 PLANS AND PROJECTS

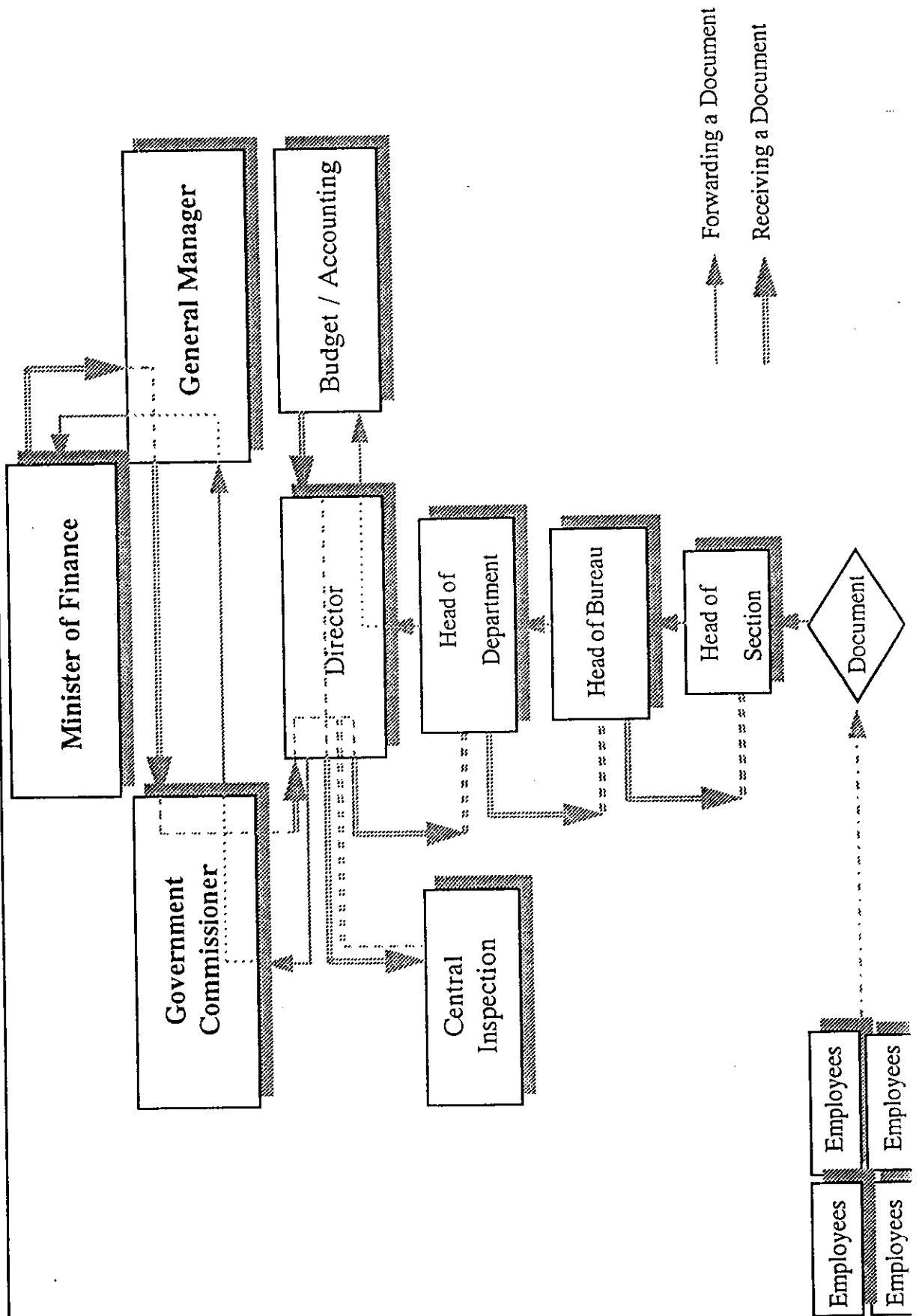
Regie's plans and projects are summarized as follows:

With respect to the **Administrative Secretariat General**, the following measures were implemented:

- Filling the vacant positions in grade B by promoting qualified employees from grade A (the lowest position in the Regie).
- A committee was formed to study the Regie's organisational structure taking into consideration the deteriorating condition of the manufacturing facilities and their output, and the need for reallocation of human resources. However, as a result of successive meetings, it was decided not to get involved in this task because it requires the proposition of a new organisational structure which is considered beyond the committee's scope.

Fig (3.4.2-1)

FLOW OF DOCUMENTS



- In order to increase productivity, specialists recommended the development of terms of reference relevant to process automation.
- There is an attempt to improve the administration in the Regie by means of permanent control and inspection.
- The centers that are no longer used by the Regie have been evacuated and appropriate propositions have been suggested regarding their future status.
- Exceptional compensations were paid to qualified employees who did not have the chance to be promoted to the next grade because of lack of vacant positions.
- Follow-up is being conducted between the Regie and the Social Security Fund on a continuous and weekly basis in order to provide all social security services for its employees.
- A group of employees who are in the process of a legal pursuit against the Regie, has formed a committee to reach a compromise with the Regie. They were put under probation according to the tutelage authority decision. The Ministry of Finance has stated that all those involved in the lawsuit should represent their case individually in the court.
- A proposal has been prepared to amend the agreement made with the Administration of Customs for smuggling issues. Subsequently, this proposal was submitted to the Administration of Customs for approval.
- The Regie has annually participated in the International Damascus Fair and the Eighth Southern Exhibition, in order to promote its products.

The proposals which were not implemented by the **Administrative Secretariat General** due to the disapproval of the tutelage authority are:

- Recruiting to fill the vacant positions in grades C and D.
- Filling the vacant positions for technicians and accountants.
- Contracting with a specialist to set the required automated rules for better efficiency and productivity.
- Organising training sessions to enhance employees skills.
- Proceeding with the employees lawsuit.

- Providing pagers and cellular phones for the inspectors.
- Equipping the Regie with computers and office equipment.
- Rehabilitating the conference and technical training rooms in the Hadath headquarters.
- Resolving administrative problems and finding the proper solutions relevant to the shortage of skilled personnel.

With respect to the **Commercial Secretariat General**, the following tasks were implemented:

- Total commitment in preparing and delivering Regie products to wholesalers taking into consideration the market estimated needs in terms of demand and supply.
- Monitoring the business relationship with dealers of foreign brands in light of demand and supply.
- Facilitating and speeding up the storage process of tobacco products.
- Reducing tobacco smuggling according to the request of the Minister of Finance.
- Following-up the completion of promotion campaign for "Maassal" product.
- Completing the terms of reference for general, internal and external transport, as well as freight insurance are concerned; and tendering as to schedule.
- Working in accordance to the national barter plan concerning exchanging local crops against new brand adopted on the market.
- Liquidating the merchandise of old stocks.
- Shipping the bartered tobacco crop to suppliers.
- Enforcing fraud control and preventing infraction, i.e., the import of foreign smuggled tobacco products.
- Automating the import and export activities as well as sales and customs affairs.

**Fig (3.4.4 - 1)**  
**PERFORMANCE EVALUATION REPORT**

EVALUATION ELEMENTS	1	2	3	4	5	GRADE
Quantity of Work Accomplished	Produces more than what is required	Average production	Below average production	Poor production	Very poor production	
Quality of work accomplished	Very satisfactory work	Satisfactory with minor mistakes	Satisfactory with occasional mistakes	Unsatisfactory with frequent mistakes	Work not satisfactory at all	
Work relationships	Very cooperative & communicates with all employees	Cooperates only with supervisors & colleagues	Cooperate only with supervisors	No cooperation with supervisors	Not in harmony with everyone	
Adherence to Office Hours	Full adherence to office hours	Most office hours are used properly	More than half office hours are used properly	Less than half office hours are used properly	Poor productivity during working hours	
Ingenuity & Judgment	Full control of assigned tasks without supervision	Requires some assistance and guidance	Requires assistance and guidance most of the time	Requires consistent assistance	Unreliable to perform assigned tasks alone	
Attendance	Full attendance and justified absence	Absenteeism or delay with acceptable excuse	Late justification of absenteeism or delays	Careless in justifying absences and delays	Always receives disciplinary actions for his absence	
<b>TOTAL</b>						

Supervisor:                      Head of Section                      Head of Bureau                      Head of Department                      Manager

Signature:

The tasks that were not implemented by the **Commercial Secretariat General** are:

- The purchase of a truck which will be defined by a feasibility study in process.
- The establishment of a communication network between sales centers located in Ghazieh, Tripoli, and Hadath headquarter in order to ensure the proper and quick delivery of tobacco products and to monitor the daily operations through direct control and supervision.
- The purchase of two vehicles to control smuggling, instead of six vehicles needed to cover the operations all over the Lebanese territories.
- The approval of a new hierarchical structure that would comprise guardians, president, and vice president for the smuggling control squad, knowing that these members were ranked in different categories before.

With respect to the **Technical Secretariat General**, the tasks that were implemented in various directorates and departments were specified in a separate report mentioning the reasons that prevented accomplishment of some of them. This report is not currently available.

With respect to the **Financial Secretariat General**, the following tasks were implemented:

- The completion of investment accounts for 1994.
- The adoption of a new accounting system in the Regie administration.
- The automation of the accounting operations for better control and accuracy.
- The provision of computers and office machinery to all directorates.
- The preparation of the 1996 annual budget.
- The provision of health insurance to all employees.
- The agreement over a contract between the Regie and certain hospitals regarding medical fees.
- The automation and centralization of personnel and social services operations.
- The transfer of 18.6 million dollars to the Ministry of Finance.
- The purchase of the 1994 tobacco and tobac crop for 30 million dollars.

### 3.4.4 PERFORMANCE MONITORING AND IMPROVEMENT

An evaluation system was set in 1979, to evaluate the performance of the Regie staff. This system defines the rating criteria as a guidance for division and subdivision heads. The relevant division heads evaluate the Regie employees using the Performance Evaluation Report (see Fig. 3.4.4-1). The head of division checks the ratings provided by the subdivision heads. If they agree with the rating, points are given as indicated on the Performance Evaluation Report.

If the division heads disagree with (one of) the ratings or the suggested development activities, they discuss the issue with the concerned subdivision heads. Then they decide to change the recommendations and/or ratings accordingly and make their comments on the form.

The completed evaluation forms will then be transferred to the Personnel Affairs Department in order to decide which staff member deserves promotion. The result of the promotions are declared annually in January.

No performance evaluation has been conducted since 1975, because of the lack of proper communication channels and the unavailability of adequate equipment that affect the performance of the Regie staff.

Performance appraisal grading system is described as follows:

- "Weak" ranging between 1 and 30 points
- "Below Average" ranging between 31 and 50 points
- "Average" ranging between 51 and 70 points
- "Good" ranging between 71 and 90 points
- "Excellent" ranging between 91 and 100 points

The performance appraisal system covers all the Regie personnel rating from A (lowest level) to H (highest level). The Regie personnel system is classified in two broad categories: staff and line.

The Regie performance appraisal system for the staff is divided into 4 rating levels: "Excellent", "Good", "Average", and "Below average".

For the line, it consists of 5 rating levels: "Excellent", "Good", "Average", "Below Average", and "Weak".

The Performance Appraisal Committee reviews letters of suggestions and complaints and levy comments to the General Director.



The performance appraisal procedure is meant to be introduced in the Regie for staff development and promotion between grades within the same category. This promotion is indispensable for the Regie staff since it encourages them to achieve better productivity and output. Although performance appraisal takes place twice a year, promotion to the next grade is effected after staying at least one year in the previous grade.

Article 7 of the Regie internal system states that the category of periodic level is identified according to the employee grade.

As far as the staff category is concerned:

- Level 1 begins from promoting the employee who had been classified as "Average".
- Level 2 begins from promoting the employee who had been classified as "Good".
- Level 3 begins from promoting the employee who had been classified as "Excellent".

As far as the line category is concerned:

- Level 1 begins from promoting the employee who had been classified as "Below Average".
- Level 2 begins from promoting the employee who had been classified as "Average".
- Level 3 begins from promoting the employee who had been classified as "Good".
- Level 4 begins from promoting the employee who had been classified as "excellent".
- Level 5 begins from promoting the employee who had been classified as "Excellent" and obtained more than 95 points.

Members of the Syndicate Council who are elected for syndicate work are appraised according to their precedent performance evaluation. Such members remain in their position as far as they are members in the Syndicate Council. The staff who are not part of this council are evaluated according to the Regie Performance Appraisal Report.

The employees who are continuously absent for a period ranging between one to three months, are not evaluated unless they present a medical report.

In addition, Article 8 states that during the past two years, if the employees have had a bad evaluation, ranging between "Below Average" and "Weak", the following steps will be followed:

- Delay their promotion for six months.
- After six months, if the performance is improved, a re-evaluation is carried out.

- If no improvement is noticed, the employees are transferred to the Appraisal Performance Committee for final review and re-evaluation. In this case, the committee either dismisses the employees or demotes them.
- If the employees do not show any improvement in their performance for two consecutive years, their service is terminated.
- The employees are not entitled to any promotions unless they have completed exactly two years and achieved an outstanding performance.

The following has to be mentioned with the Performance Appraisal Report:

- The performance appraisal date conducted by the division or subdivision heads.
- The identification of the category of periodic level as stated in Article 7.
- The exceptional compensation is not paid to any employee unless he has achieved a good or outstanding performance during the year.
- The employee is not promoted or assigned any responsibility unless he has completed a good work during the past two years.

Article 10 stipulates that promotions and compensations are annually allocated in January through a memo. This memo includes the names of all those whose promotion is delayed, and all those eligible for promotion, but did not meet the standard requirements.

Concerning complaints, Article 11 stipulates that the employee is entitled to appeal to the Performance Appraisal Committee within twenty-day notification period otherwise all his rights are disregarded.

The employee has the right to present his case to the Personnel Affairs Department when he is informed officially. This department then transfers his case to the appropriate committee after 20 days.

In order to accomplish its mission, the Performance Appraisal Committee reviews the whole file relevant to the employee's case and then takes its final decision within 2 months, subject to the General Director approval.

The committee should inform the Personnel Affairs Department of its decision in writing.

Article 12 stipulates that:

- As of 1983, the category of periodic grade is identified according to the average points of the Performance Appraisal Report, for the period from 1982 till the due date of this category.
- The category of periodic grade which has not been granted for the employee while implementing this regulation requires a retroactive measure for all periodic categories as from 1/1/79, and his monthly net salary should be corrected accordingly.

- The category of periodic grade is granted to all those who had retired at the end of 1982 in accordance with the average points for their performance appraisal that had preceded retirement date, and their salary corrected as stated in the above paragraph.

### 3.4.5 INSTITUTIONAL STATUS AND OBLIGATIONS

On June 12, 1959, Legislative Decree No. 151 was issued allowing the government to monitor the management of the monopoly in a clear and detailed manner. This defined the functions of the monitoring staff in the Ministry of Finance, from the Minister to the managerial auditors including the General Director and the Government Commissioner.

At a later stage, the Council of Ministers decided on November 28, 1991, to terminate the services of the managing company and to appoint a six-member committee to run the monopoly in accordance with the prevailing rules and regulations. In addition, the Council of Ministers decided on July 14, 1992, to replace the six-member committee with a three-member committee, all of them to be recruited from the employees of the monopoly.

In 1979, the Regie By-Laws specified employees rights concerning annual vacation, resignation, sick leave, maternity leave, public holidays, and union membership. In addition, the employee is entitled to status review, transfer for upgrading or promotion according to seniority and qualification.

# HUMAN RESOURCES AUDIT

## LIST OF HUMAN RESOURCES AUDIT TABLES & FIGURES

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Table (3.5-2)	ESTABLISHED AND OCCUPIED POSITIONS BY GRADE AS OF 1/1/1997
<b>3.5.1</b>	<b>WORK FORCE AGE PROFILE</b>
Table (3.5.1-1)	WORK FORCE AGE PROFILE AS OF 1/1/1997
Figure (3.5.1-1)	WORK FORCE AGE PROFILE
Figure (3.5.1-2)	DISTRIBUTION OF EMPLOYEES BY YEAR OF BIRTH
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<b>3.5.6</b>	<b>EARLY RETIREMENT INDEMNITIES PLAN</b>
Table (3.5.6-1)	EARLY RETIREMENT INDEMNITIES PLAN AS OF 10/10/1996

### 3.5 HUMAN RESOURCES AUDIT

In order to properly analyze and understand the Regie human resources situation, a database was prepared based on the different sources of information collected from the Regie Management. This database covers the most recent and up-to-date information pertinent to the Regie staff and workers, such as ~~the~~ I.D. number, grade, name, sex, date of birth, age, date of employment, type of employment (Administrative / Technical), place of work, current position, department, education, and basic salary.

This database could not be completed before mid-October 1996, due to reluctance from the Regie administration in disclosing confidential information. It was agreed for the purpose of this report, to compile the data without referring to any specific employee, post, or salary.

The Regie total established cadre is divided into three groups:

- Production Staff
- Middle Management
- Top Management

#### **Production Staff**

- Grade (A) includes the group of Workers.
- Grade (B) includes Skilled Labor, Machine Operators, Shift Leaders,
- Telephone Operators, Guards and Control, Office Boys.

#### **Middle Management Staff**

- Grade (C) includes Heads of Sections, Technicians, Experts, Agricultural Correspondents, and Office Employees.
- Grade (D) includes Heads of Bureaus.

#### **Top Management Staff**

- Grade (E) includes Heads of Departments.
- Grade (F) includes Managers.
- Grade (G) includes Secretariat Generals.
- Grade (H) includes General Managers.

✓ The actual established cadre of the Regie is 1,746 employees. The current occupied positions are 1,696 compared to 5,000 in 1975. An average of 100 staff members retire annually.

Table (3.5-1) shows the total established and occupied cadre for the Regie personnel as of 1-1-1997, distributed among the Directorate General, Government Commissioner, and four Secretariat Generals (Technical, Commercial, Administrative, and Financial).

Table (3.5-2) shows the established and occupied positions by grade as of 1-1-1997. In some cases, especially in the lower grades, the occupied positions are more than those established. This is due to the fact that no amendments were made to the cadre to adjust the figures for circumstantial changes. For example, poor conditions of all equipment necessitated the hiring of manual labor. This table also reflects that there are currently 10 contractuels and 298 daily workers. The number of daily workers varies throughout the year according to the Regie needs.

Table (3.5-2)  
**ESTABLISHED AND OCCUPIED POSITIONS BY GRADE  
 AS OF 1 / 1 / 1997**

GRADE	ESTABLISHED POSITIONS	TOTAL OCCUPIED	VACANT POSITIONS
Grade H	1	1	0
Grade G	4	4	0
Grade F	19	13	6
Grade E	42	35	7
Grade D	111	118	-7
Grade C	328	186	142
Grade B	488	664	-176
Grade A	753	675	78
<b>TOTAL (Cadre)</b>	<b>1746</b>	<b>1696</b>	<b>50</b>
<b>Contractuels</b>		10	
<b>Daily Workers</b>		298	

### 3.5.1 WORK FORCE AGE PROFILE

Table (3.5.1-1) represents the work force's age profile. Assuming that the average working age is between 15 and 65 years, and considering that a major part of the Regie work requires physical effort, the figure reflects that the majority of the work force, i.e. 86.09 %, is older than forty years. The work force younger than thirty years comprises only 0.35 % of the total Regie cadre. Refer to figure (3.5.1-1).

The average age of all the Regie employees is 56 years; this is a very high average suggesting the need to recruit a younger work force soon to have the opportunity to learn from the retiring staff. Figure (3.5.1-2) represents the distribution of employees by year of birth. It shows that only 20 employees (1.17%) fall in the range of 24 to 34, while 504 employees (29.71%) are between 35 and 49. The rest 1172 workers (69.12%) are older than fifty.

Table (3.5-1)

## TOTAL ESTABLISHED CADRE FOR REGIE PERSONNEL

AS OF 1 / 1 / 1997

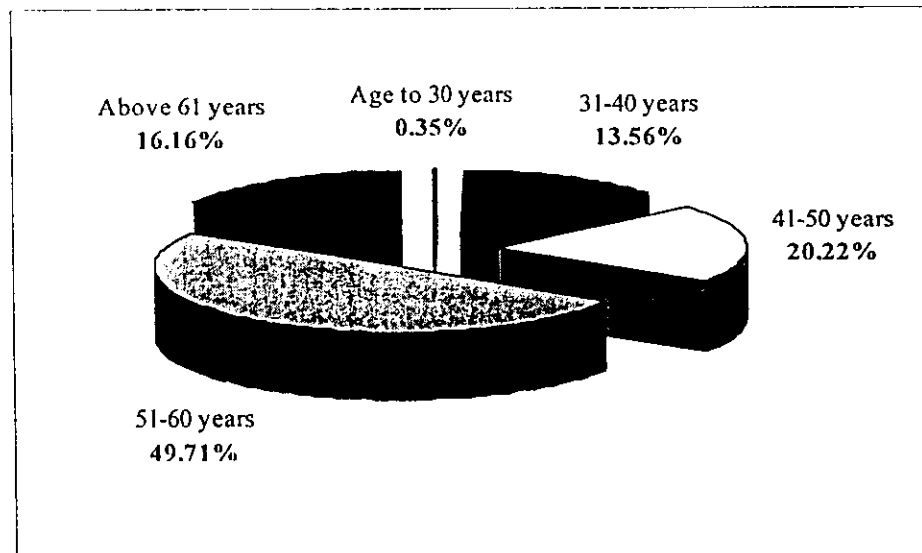
CADRE	GRADE	TITLE	DIRECTORATE GENERAL & GOVERNMENT COMMISSIONER		TECHNICAL SECRETARIAT GENERAL		COMMERCIAL SECRETARIAT GENERAL		ADMINISTRATIVE SECRETARIAT GENERAL		FINANCIAL SECRETARIAT GENERAL		TOTAL		%		
			E	O	E	O	E	O	E	O	E	O	E	O	E	O	
E = ESTABLISHED		O = OCCUPIED															
			H	1	1	0	0	0	0	0	0	0	0	1	1	0.06	0.06
			G	0	3	1	0	1	0	1	1	1	0	4	4	0.23	0.24
			F	1	1	7	4	4	2	4	3	3	3	19	13	1.09	0.77
			E	1	2	19	18	8	5	8	6	6	4	42	35	2.41	2.06
														66	53	3.7801	3.125
MIDDLE	D	HEAD OF BUREAU	5	7	55	50	22	22	17	25	12	14	111	118	6.36	6.96	
MNGMNT	C	HEAD OF SECTION	6	0	183	130	68	19	43	17	28	20	328	186	18.79	10.97	
																439	304
PRODUCT.	B	SKILLED LABOR	4	5	372	452	74	100	38	100	0	7	488	664	27.95	39.15	
STAFF	A	WORKERS	0	0	705	641	18	18	30	13	0	3	753	675	43.13	39.80	
																1241	1339
TOTAL			18	19	1342	1295	195	166	141	165	50	51	1746	1696	100	100	



Table (3.5.1-1)  
**WORK FORCE AGE PROFILE**  
AS OF 1/1/1997

Date of Birth		Age		Number Of Employees	Percentage %
From	To	From	To		
Above	1976	Below	20	0	0.00
1975	1966	21	30	6	0.35
1965	1956	31	40	230	13.56
1955	1946	41	50	343	20.22
1945	1936	51	60	843	49.71
1935	and Below	61	and above	274	16.16
<b>Total</b>				<b>1696</b>	<b>100.00</b>

Figure (3.5.1-1)  
**WORK FORCE AGE PROFILE**



### 3.5.2 LABOR RATES, OVERTIME, BONUS, & INCENTIVE SCHEMES

The Regie employee gets the following benefits:

- 1- Basic Salary
- 2- Family Indemnities
- 3- Medical Compensations
- 4- Transportation
- 5- Direct and Indirect Allowances
- 6- Schooling Allowances
- 7- 13th and 14th month salary
- 8- 15% Bonus

Figure (3.5.1-2)  
**DISTRIBUTION OF EMPLOYEES BY YEAR OF BIRTH**

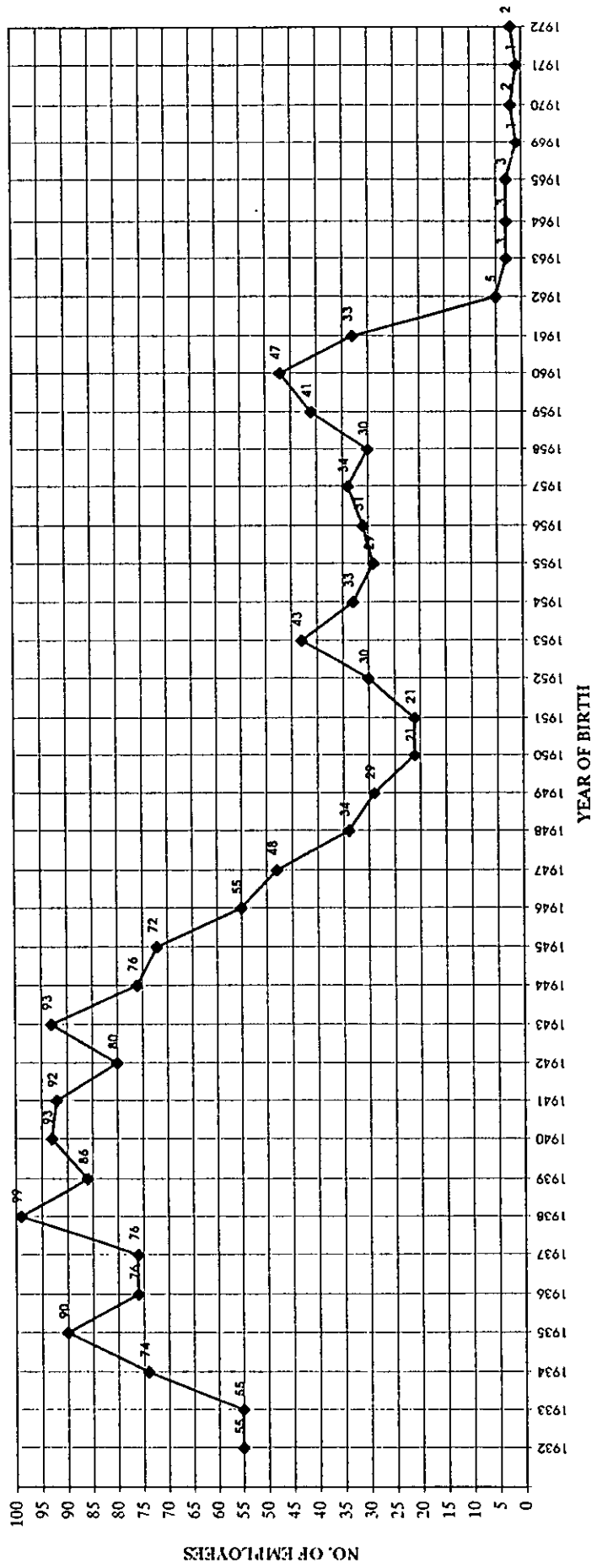


Figure (3.5.2-1)  
**REGIE PAYROLL ALLOCATIONS FOR 1993/94/95 (L.L.)**

YEAR	95		94		93	
	L.L.	%	L.L.	%	L.L.	%
STAFF CHARGES	8,133,587,073	29.79%	7,523,909,109	28.12%	5,259,615,375	29.49%
LABOR CHARGES	11,825,092,493	43.31%	11,735,036,488	43.87%	8,888,807,732	49.84%
PUBLIC OFFICERS CHARGES	67,988,601	0.25%	80,204,775	0.30%	69,680,246	0.39%
COMMON CHARGES	7,279,447,784	26.66%	7,412,971,140	27.71%	3,618,315,542	20.29%
<b>TOTAL</b>	<b>27,306,115,951</b>	<b>100.00%</b>	<b>26,752,121,512</b>	<b>100.00%</b>	<b>17,836,418,895</b>	<b>100.00%</b>

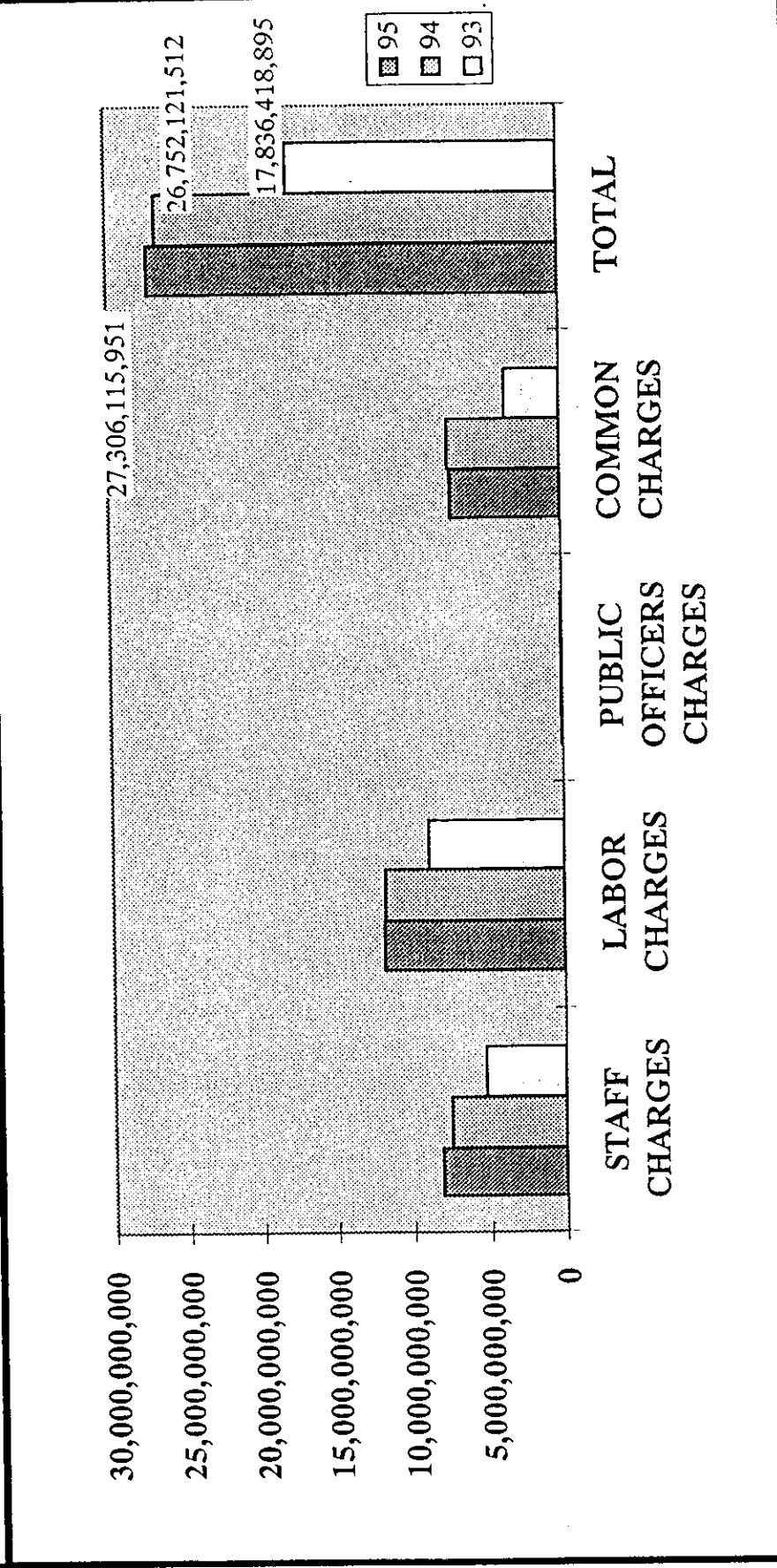


Table (3.5.2-1)

REGIE 93/94/95 PAYROLL & BENEFITS (COMPARATIVE)

DESCRIPTION	NO.	L.L. 95	%	L.L. 94	%	L.L. 93	%
STAFF SALARIES	1	3,358,700,320	12.30%	3,615,205,560	13.51%	3,061,344,870	17.16%
STAFF PRIZES	2	2,035,593,808	7.45%	864,475,637	3.23%	742,960,726	4.17%
STAFF BONUSES	3	126,400,000	0.46%	81,020,452	0.30%	10,969,746	0.06%
STAFF OVERTIME	4	42,785,845	0.16%	56,475,307	0.21%	93,676,160	0.53%
STAFF TRANSPORT	5	75,818,941	0.28%	0	0.00%	0	0.00%
STAFF FAMILY ALLOWANCES	6	235,605,311	0.86%	64,712,266	0.24%	49,452,291	0.28%
STAFF SOCIAL ALLOWANCES	7	2,018,440	0.01%	19,917,740	0.07%	16,551,382	0.09%
STAFF SUBSIDY ALLOWANCES	8	1,631,898,458	5.98%	2,172,326,547	8.12%	960,333,350	5.38%
STAFF SCHOOLING ALLOWANCES	9	624,765,950	2.29%	649,775,600	2.43%	324,326,850	1.82%
		<b>8,133,587,073</b>	<b>29.79%</b>	<b>7,523,909,109</b>	<b>28.12%</b>	<b>5,259,615,375</b>	<b>29.49%</b>
LABOR WAGES	10	5,221,001,832	19.12%	6,196,357,746	23.16%	5,343,250,688	29.96%
LABOR PRIZES	11	3,857,850,799	14.13%	1,847,126,147	6.90%	1,529,221,243	8.57%
LABOR BONUSES	12	1,000,000	0.00%	21,553,000	0.08%	2,954,867	0.02%
LABOR OVERTIME	13	16,016,880	0.06%	42,133,088	0.16%	301,046,990	1.69%
LABOR FAMILY ALLOWANCES	15	18,422,160	0.07%	105,115,722	0.39%	82,019,871	0.46%
LABOR SOCIAL ALLOWANCES	16	3,181,280	0.01%	31,970,023	0.12%	38,040,942	0.21%
LABOR SUBSIDY ALLOWANCES	17	1,911,425,017	7.00%	2,746,702,487	10.27%	1,184,225,056	6.64%
LABOR SCHOOLING ALLOWANCES	18	796,194,525	2.92%	744,078,275	2.78%	408,048,075	2.29%
		<b>11,825,092,493</b>	<b>43.31%</b>	<b>11,735,036,488</b>	<b>43.87%</b>	<b>8,888,807,732</b>	<b>49.84%</b>
PUBLIC OFFICERS SALARY	19	53,896,202	0.20%	N/A	0.00%	N/A	0.00%
PUBLIC OFFICERS CAR MAINTENANCE	20	6,908,883	0.03%	N/A	0.00%	N/A	0.00%
PUBLIC OFFICERS MISCELL.	21	7,183,516	0.03%	N/A	0.00%	N/A	0.00%
		<b>67,988,601</b>	<b>0.25%</b>	<b>80,204,775</b>	<b>0.30%</b>	<b>69,680,246</b>	<b>0.39%</b>
ALL-MISCELL.FRINGE BENEFITS	22	15,587,352	0.06%	7,775,627	0.03%	740,171,882	4.15%
ALL-DIX ALLOWANCES	23	2,715,491,840	9.94%	3,674,253,743	13.73%	447,672,183	2.51%
ALL-CNSS SICKNESS ALLOWANCES	24	1,585,895,730	5.81%	1,219,252,103	4.56%	617,772,183	3.46%
ALL-CNSS EOS ALLOWANCES	25	689,653,854	2.53%	624,763,996	2.34%	424,661,648	2.38%
ALL-CNSS FAMILY ALLOWANCES	26	2,266,350,993	8.30%	1,878,596,904	7.02%	1,258,157,380	7.05%
ALL-TAXES & DIRECT CHARGES	27	346,970	0.00%	1,672,322	0.01%	117,337,164	0.66%
ALL-MUNICIPALITY CHARGES	28	4,397,700	0.02%	4,308,478	0.02%	0	0.00%
ALL-REGISTRATION FEES	29	939,260	0.00%	1,046,854	0.00%	619,830	0.00%
ALL-MISCELL. FEES	30	784,085	0.00%	1,301,113	0.00%	11,923,272	0.07%
		<b>7,279,447,784</b>	<b>26.66%</b>	<b>7,412,971,140</b>	<b>27.71%</b>	<b>3,618,315,542</b>	<b>20.29%</b>
<b>T O T A L</b>		<b>27,306,115,951</b>	<b>100.00%</b>	<b>26,752,121,512</b>	<b>100.00%</b>	<b>17,836,418,895</b>	<b>100.00%</b>

Table (3.5.2-1) shows the 1993, 1994, and 1995 payroll and other benefits paid to the Regie employees. Figure (3.5.2-1) shows that the total payroll and benefits increased by around 50% from the year 1993 to 1994, and 2.5% from 1994 to 1995. The 2.5% does not include any increase in salaries. An increase in salaries by around 30% was approved by the government on the year 1994, but was not executed by the tutelage authority. This decision had a demotivating effect on the Regie staff, beside the fact that bonuses and incentives have dropped to less than 0.50% of the Regie expenses. No fixed overtime rate is paid to employees, instead the Regie Management recently decided to pay a certain lump sum to the technical and administrative staff for the production of extra boxes of cigarettes after working-hours.

### 3.5.3 PRODUCTIVITY AND DIRECT / INDIRECT LABOR ANALYSIS

The Regie employees are geographically distributed among the various sites as follows:

At the Hadath Headquarter and cigarette plant, there are 922 employees. This number represents 54.36% of the total Regie cadre, whereas in the South, there are 368 employees representing 22%, and 380 employees in the North representing 21.70%. Finally the Bekaa office has only 26 employees covering 1.53% of the total Regie cadre. Refer to Figure (3.5.3-1).

Figure (3.5.3-1)  
GEOGRAPHICAL DISTRIBUTION OF EMPLOYEES

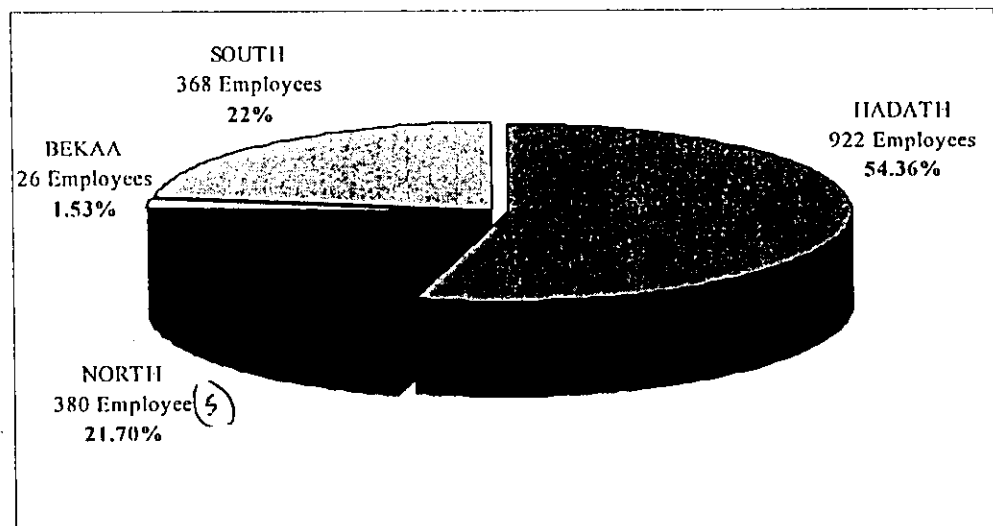
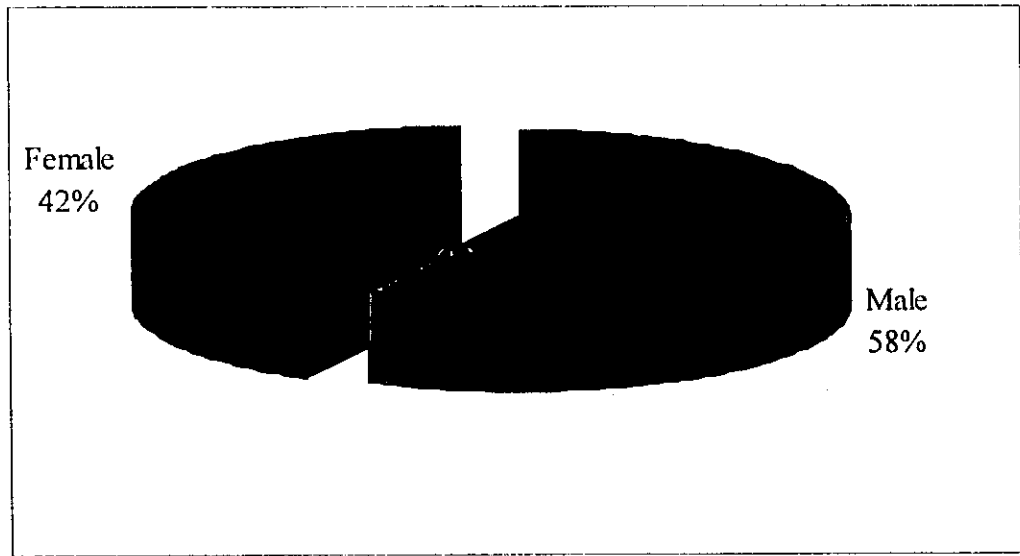


Figure (3.5.3-2) shows that 58% of the Regie employees are males, and the rest (42%) are females. This clearly denies any sex discrimination ~~policy~~ <sup>acting</sup> in regards of the nature of operations at Regie. ~~to the recruitment policy~~

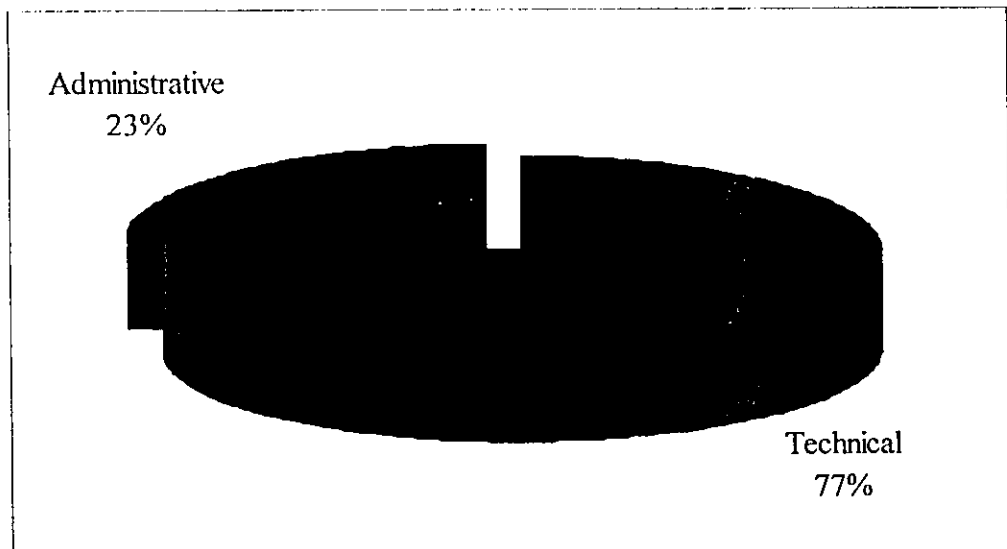
*to the company's recruitment policy.*

Figure (3.5.3-2)  
**DISTRIBUTION OF EMPLOYEES BY SEX**



The Regie staff is distributed into technical and administrative. The technical includes all employees concerned with agricultural and productive issues which represent the core of the business, and the administrative includes all employees concerned with financial, administrative, and commercial issues representing the remaining 23% of the total cadre. The latter, covering 396 employees, supports the Regie operations. The ratio of administrative to technical staff is approximately 1 to 3. See figure (3.5.3-3).

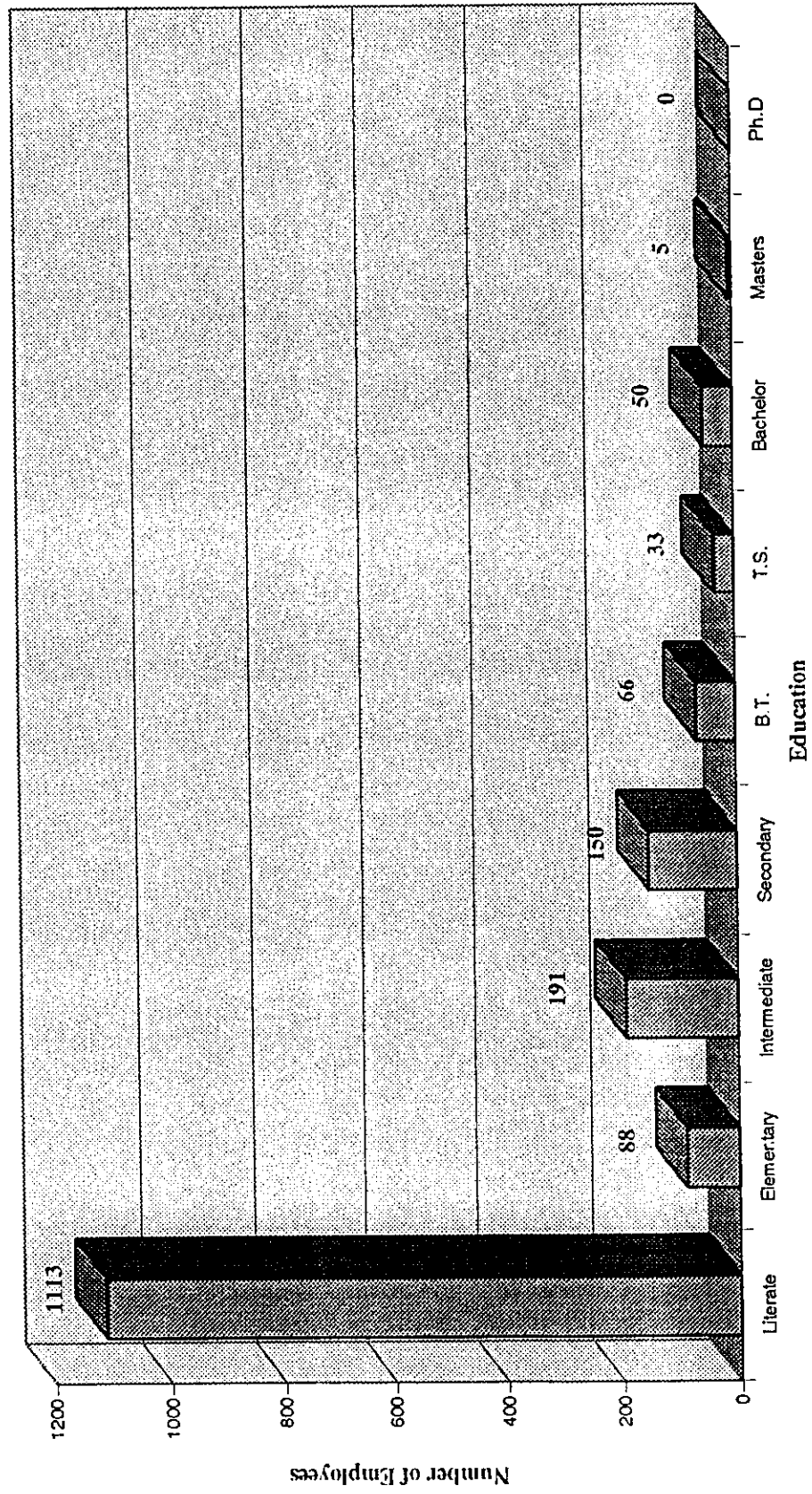
Figure (3.5.3-3)  
**DISTRIBUTION OF EMPLOYEES BY TYPE OF WORK**



In addition, figure (3.5.3-4) shows that the ratio of total yearly pay for administrative staff compared to technical is approximately 2 to 3, where the

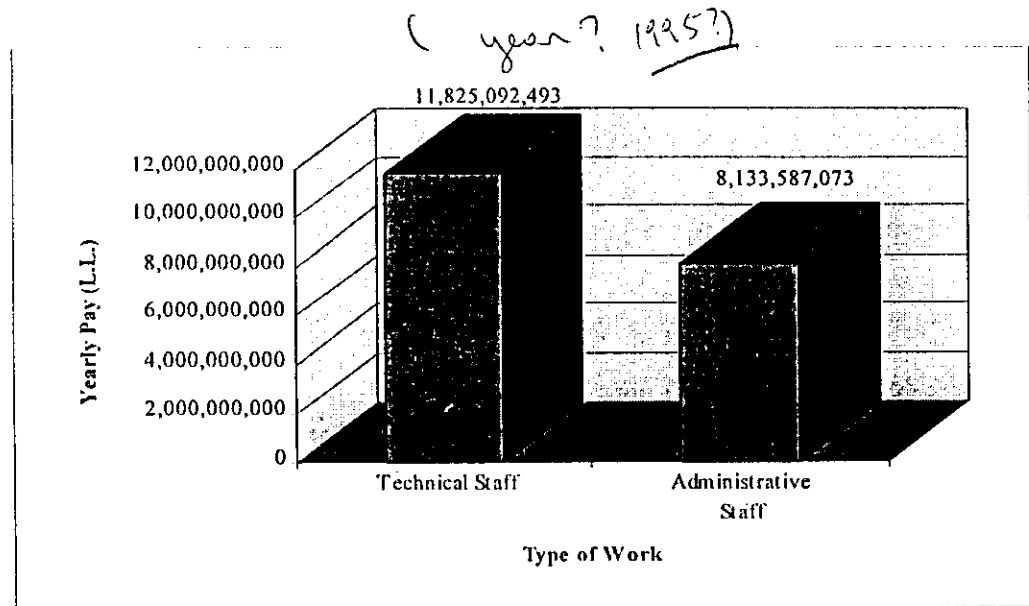
Figure (3.5.4-1)

### DISTRIBUTION OF EMPLOYEES BY LEVEL OF EDUCATION



yearly pay for administrative staff is around 8,133,587,073 L.L., and 11,825,092,493 L.L. for the technical staff.

Figure (3.5.3-4)  
**YEARLY PAY FOR TECHNICAL STAFF  
 COMPARED TO ADMINISTRATIVE**



It is interesting to note that the total sales of locally produced tobacco and tobac is 9 billion L.L. The salaries of the technical people (directly related to production) are 11,825,092,493 L.L. for the same year. The ratio of locally produced sales to the salaries of the technical people is 76.2%. This clearly shows that the productivity of the Regie does not justify the salaries of the production people. However, if total sales (465 billion L.L.) are compared to total salaries (27.3 billion L.L.), the ratio becomes 1,703%. This shows that the burden of salaries is carried by the sales of imported products and not by the sales of locally produced goods.

Upon improved production at the Regie and regaining previous market levels, the sales of finished goods produced are expected to increase about 4 times. This would improve the ratio of sales to salaries.

### 3.5.4 ATTITUDES, WORKING PRACTICES, SKILLS & EXPERTISE

Figure (3.5.4-1) reflects the level of education for the Regie employees. It shows that around 66% of the Regie cadre is below the elementary school level, 25% is between the elementary and secondary school levels, 6% have technical degrees (B.T. or T.S.), and the remaining 3% have a Bachelor or a Masters degree. Not a single person holding a doctorate degree.

The Regie has only one maintenance engineer with formal training. The rest of the maintenance crew has acquired its experience at the plant. This constitutes a major technical problem since he is the only on-site qualified



technician to deal with any mechanical issues/problems. Also, the Regie has an on-site medical unit that is constituted of two 75-year-old doctors working on a contractual agreement. In this respect, the administration has requested permission from the Ministry of Finance to replace them with younger doctors.

The Regie has five agricultural engineers whose main duty is to observe and improve the quality of the tobacco crop. This is done in collaboration with foreign agricultural consultants in order to evaluate the quality of the crop.

In addition, there are tobacco experts who supervise and assess the agricultural output in tobacco growing areas as well as control the licenses provided to farmers and traders.

### 3.5.5 RECRUITMENT & TRAINING PERFORMANCE

There is a lack of skilled personnel in the company which prevents carrying out the required tasks efficiently. In this respect, the Regie requested permission for additional recruitment from the Ministry of Finance, but the request was denied; however, permission was granted for recruitment of accountants only. Figure (3.5.5-1) reflects the distribution of employees by the year of recruitment. This figure shows that since the year 1981, only 39 employees were recruited. However the Regie Management was and is still in need of staff for the production, agricultural, and administrative operations.

Since 1975 the Regie staff (administrative and technical) did not attend any training program. This issue has negatively affected both the management and the employees. Only on-the-job training were conducted for the different staff levels.

### 3.5.6 EARLY RETIREMENT INDEMNITIES PLAN

A study has been prepared by the Regie Management taking into consideration the early retirement indemnities plan as of October 10, 1996. This study is based on encouraging the employees especially the older ones, to voluntarily quit their jobs <sup>by providing them</sup> through suggesting the following compensations:

1. An increase in the salary by granting two promotional levels within a grade to all employees.
2. Granting one month ~~additional~~ pay for each year, to employees who served from one to ten years, an extra half-month ~~will be paid~~ for each year, to those who served from eleven to thirty years, and an additional quarter-month for each year to those who served more than thirty years.
3. The maximum amount of the indemnity should not exceed the lump sum that should have been paid for the employee at the legal retirement age.

Table (3.5.6-1) represents the “Early Retirement Indemnities Plan” as of 10/10/1996. This table is summarized as follows:

- The total additional retirement cost, if Regie employees retired all together, is around 36.5 billion L.L. ~ \$23.4 million, and the basic dues for normal retirement is around 69.7 billion L.L. ~ \$44.8 million.
- The total amount that should be paid to employees for early retirement is approximately 106.2 billion L.L. ~ \$68.2 million.
- The average additional cost per individual is equal to 17,341,628 L.L. ~ \$11,138.
- The average total cost per individual is equal to 57,095,822 L.L. ~ \$36,670.

Table (3.5.6-2) represents the “Accelerated Retirement for the 5 Coming Years” as of 31/12/1996.

Table (3.5.6-1)  
**EARLY RETIREMENT INDEMNITIES PLAN**  
**AS OF 10/10/1996**

Seniority In Years	No. of Employees	Additional Cost In L.L.	Actual Cost In L.L.	Total Cost In L.L.	Average Additional Cost Per Individual	Average Total Cost Per Individual
49	2	61,430,000	153,038,000	214,468,000	30,715,000	107,234,000
47	8	217,702,000	527,162,000	744,864,000	27,212,750	93,108,000
46	3	88,478,000	211,843,000	300,321,000	29,492,667	100,107,000
45	14	450,733,000	1,059,509,000	1,510,242,000	32,195,214	107,874,429
44	18	583,102,000	1,351,214,000	1,934,316,000	32,394,556	107,462,000
43	17	600,867,000	1,370,551,000	1,971,418,000	35,345,118	115,965,765
42	26	658,007,000	1,476,843,000	2,134,850,000	25,307,962	82,109,615
41	45	1,360,040,000	2,989,778,000	4,349,818,000	30,223,111	96,662,622
40	40	1,184,287,000	2,559,147,000	3,743,434,000	29,607,175	93,585,850
39	84	2,407,349,000	5,093,831,000	7,501,180,000	28,658,917	89,299,762
38	98	2,609,491,000	5,419,723,000	8,029,214,000	26,627,459	81,930,755
37	81	1,978,844,000	4,023,079,000	6,001,923,000	24,430,173	74,097,815
36	22	710,409,000	1,411,092,000	2,121,501,000	32,291,318	96,431,864
35	24	485,705,000	944,380,000	1,430,085,000	20,237,708	59,586,875
34	158	4,766,311,000	9,010,454,000	13,776,765,000	30,166,525	87,194,715
33	96	2,876,294,000	5,312,773,000	8,189,067,000	29,961,396	85,302,781
32	182	5,006,747,000	8,995,798,000	14,002,545,000	27,509,599	76,937,060
31	91	2,468,443,000	4,311,760,000	6,780,203,000	27,125,747	74,507,725
30	16	87,603,000	596,002,000	683,605,000	5,475,188	42,725,313
29	5	22,821,000	164,235,000	187,056,000	4,564,200	37,411,200
28	1	4,010,000	30,924,000	34,934,000	4,010,000	34,934,000
27	2	7,179,000	60,365,000	67,544,000	3,589,500	33,772,000
26	34	93,133,000	873,495,000	966,628,000	2,739,206	28,430,235
25	59	123,115,000	1,313,671,000	1,436,786,000	2,086,695	24,352,305
24	10	17,491,000	220,211,000	237,702,000	1,749,100	23,770,200
23	20	39,232,000	620,507,000	659,739,000	1,961,600	32,986,950
22	7	6,345,000	141,520,000	147,865,000	906,429	21,123,571
21	11	5,361,000	223,037,000	228,398,000	487,364	20,763,455
20	46	613,604,000	792,220,000	1,405,824,000	13,339,217	30,561,391
19	46	647,569,000	820,723,000	1,468,292,000	14,077,587	31,919,391
18	164	2,107,599,000	2,622,723,000	4,730,322,000	12,851,213	28,843,427
17	299	3,922,289,000	4,768,431,000	8,690,720,000	13,118,023	29,065,953
16	1	9,690,000	11,542,000	21,232,000	9,690,000	21,232,000
14	12	127,035,000	142,832,000	269,867,000	10,586,250	22,488,917
11	4	35,096,000	35,579,000	70,675,000	8,774,000	17,668,750
5	1	4,391,000	4,271,000	8,662,000	4,391,000	8,662,000
4	1	22,196,000	21,691,000	43,887,000	22,196,000	43,887,000
3	17	49,077,000	46,880,000	95,957,000	2,886,882	5,644,529
<b>Total In L.L.</b>	<b>1,765</b>	<b>36,459,075,000</b>	<b>69,732,834,000</b>	<b>106,191,909,000</b>	<b>17,341,628</b>	<b>57,095,822</b>
<b>Total In \$</b>		<b>\$23,416,233</b>	<b>\$44,786,663</b>	<b>\$68,202,896</b>	<b>\$11,138</b>	<b>\$36,670</b>

Notes: 1- This study has been prepared by the Regie Management  
2- The Dollar rate against L.L. is equal to 1,557 as of 10/10/1996

الجمهورية اللبنانية  
مكتب وزير الدولة لشؤون التنمية الإدارية  
مركز مشاريع ودراسات القطاع العام

TABLE (3.5.6-2)

ACCELERATED RETIREMENT FOR THE 5 COMING YEARS

YEAR	TOTAL OCCUPIED	NATURAL RETIREMENT (1)	RETIREMENT PAYMENTS IN L.L.	RETIREMENT INDEMNITIES IN L.L.	TOTAL RETIREMENT PAYMENTS & INDEMNITIES IN L.L.
1996 - 1997	1,696	87	52,700,710	4,602,880,100	4,655,580,810
1997 - 1998	<1,609>	55	44,382,145	3,624,246,125	3,668,628,270
1998 - 1999	<1,554>	55	63,386,370	5,446,488,445	5,509,874,815
1999 - 2000	<1,499>	74	85,301,675	6,822,006,805	6,907,308,480
2000 - 2001	<1,425>	90	75,461,090	6,119,183,840	6,194,644,930
<b>GRAND TOTAL</b>	<b>1,335</b>	<b>361</b>	<b>321,231,990</b>	<b>26,614,805,315</b>	<b>26,936,037,305</b>

(1) This figure shows the natural retiring personnel based on their date of birth. The figure may be increased to 100 per year (or a total of 500 instead of 361) due to voluntary retirement (sickness, death, job transfers, etc.).

# FINANCIAL AUDIT

## LIST OF FINANCIAL & FISCAL AUDIT TABLES AND FIGURES

<b>3.6.1</b>	<b>FINANCIAL STATEMENTS (UNAUDITED)</b>
<b>3.6.1.1</b>	<b>BALANCE SHEETS</b>
3.6.1.1-1	REGIE COMPARATIVE BALANCE SHEETS AS AT 31/12 OF 1993/94/95 (L.L.)
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## 3.6 - FINANCIAL AND FISCAL AUDIT

### SCOPE OF THE FINANCIAL AUDIT

Financial audit was conducted on the Regie documentation that had been infrequently received. Eventually, many data tabulations were abortedly prepared upon reception, and then were either updated or outdated.

A substantial financial documentation could be considered as complementary information to the finance audit and it rather be classified as a "Market" one. However, there has been a thin line between "Market and Finance Audit" and both have intersected in many locations, namely in sale volumes, crop production, allocations and general trends.

The scope of audit is encountering the following topics:

- 3.6.1 Financial statements
  - 3.6.1.1 Balance sheets
  - 3.6.1.2 Income statements
  - 3.6.1.3 Sources and applications of funds statements
  - 3.6.1.4 Cashflow statements
- 3.6.2 Financial ratios
- 3.6.3 Highlighting major issues in/up to 1995

### GENERAL OPINION

The fact that all documentation were in Arabic and were stated in Lebanese Pounds, we translated the above said into English and converted figures into US Dollars by dividing the L.L. balances by the year end exchange rate. Eventually, we believe that Regie unaudited statements do not fairly reflect the actual financial positions, due to:

**a- Mis-statement of the Non-Monetary items.**

All Non-Monetary items (Fixed Assets, Long-term Liabilities and Equities) had been annually carried forward since 1975 without considering the severe devaluation of the local currency, matter of which had distorted the actual financial position which was evidently revealed in our late coming Financial Ratios, and accordingly the latters were deemed misleading.

It is suggested though, that Non-Monetary items should be subjected to consecutive periodical conversion of L.L. into US Dollars at dates of occurrences. As such, data tabulation formats of Fixed Assets are submitted to Regie Authorities to complete and are not yet ready.

It is worth noting that conversion of 1995 Equities (Capital and Retained Earnings/Losses) are prepared separately by ourselves (Ref Table 3.6.1.18) by using end of years \$ rates pertinent to historical occurrences, and results were found exorbitant, i.e., a loss difference of almost \$290 million between the presented balance sheet equities and what it actually should be.

To this effect, there are similar notes to be mentioned as losses setting-off accounts when considering the implicit gains generated from consecutive accruing of taxes dues to Government, and from the re-evaluation of historical values of the Regie Fixed Assets that were estimated almost at \$120 million (Ref. Table 3.6.3-23).

**b- A loose ICS (Internal Control System)**

According to the Auditors (Deloitte & Touche) reports of 1992 and 1993, the ICS has been proved lousy and unadequate especially in the fields of local tobacco purchasing, warehousing and issuing processes, malpractices and unclear and ambiguous disbursements.

Accordingly, we believe that substantial changes are apt to take place when audited statements are issued. Nevertheless, we did restructure and analyse what we had had in hand.

### 3.6.1 FINANCIAL STATEMENTS

#### 3.6.1.1 BALANCE SHEETS (REF. TABLES 3.6.1-1/2)

Comparative balance sheets for 1993/94/95 are prepared. Notes mentioned below are only for 1995 as it is available and most recent.

**a- Mis-statement of Non-Monetary items**

This topic has been discussed in section (a) under General Opinion.

**b- Accounts payable (Current and Long-term)**

70% of net payables are dues to the Lebanese Gov't. as shown below:

Description	\$ Millions	%
Taxes due to Gov't.	175	77 %
Receivables from Gov't.	<24>	<9> %
Dues to Social Security	5	2 %
	156	70 %
Provisions and Accruals	35	15 %
Trade Creditors	21	9 %
Others	14	6 %
<b>Total</b>	<b>226</b>	<b>100 %</b>



As previously mentioned, implicit gains here are tremendous, as Regie is accruing liabilities (Taxes) in L.L. and carrying the balances forward since a long time (information are not available to identify since when although accumulated Retained Losses in 1995 Balance Sheet starts with a balance in 1975) and thus is taking advantage of the severe devaluation of L.L. to decrease its long-term liabilities.

c- **Accounts Receivable (Current and Long-term)**

Except Refundables from Gov't. mentioned in payables above, other receivables of Regie (44%) are current, as shown below :

Description	\$ Millions	%
Trade Debtors	5.20	12 %
Others	13.80	32 %
	19	44 %
From Gov't.	24	56 %
<b>Total</b>	<b>43</b>	<b>100 %</b>

3.6.1.2 **INCOME STATEMENTS (REF. TABLES 3.6.1.2-1/5)**

As far as conversion rates are concerned, Income Statements were treated as Balance Sheets with a main difference that Income Statements are short term by their intrinsic nature( i.e., for one year). Therefore, they are more reliable in this sense, as they reflect the actual income and expenditures of the relevant periods irrespective of currency used.

1995 shows the following:

Activities	%	Revenues \$ Thousand	%	Relevant Expenditure	%	Relevant P/L
Sale of Imported goods	91	275,445	100	<244,163>	88.6	31,282
Sale of F/G Produced	1.9	5,663	100	<36,263>	640	<30,600>
Sale of Exports	3.5	10,643	100	<5,311>	50	5,332
Financial Inc./Exp	3.1	9,556	100	<10,391>	109	<835>
Other Income	0.5	1,100	100	0	0	1,100
Expenditures	0	0	0	<4,186>	<100>	<4,186>
<b>Total</b>	<b>100</b>	<b>302,407</b>	<b>100</b>	<b>300,314</b>	<b>99.31</b>	<b>2,093</b>

\* F/G stands for Finished Goods

It is importantly notable that 1995 is the first year since 1975, the Regie did attain profits. The reasons we believe are:

- a- Serious leaning towards a cost-free operational activity i.e., selling imported goods instead of relying on low quality production with inconsistent levels of output.
- b- Extending markets to neighboring regions.
- c- A tight control over smuggling.

**3.6.1.3 SOURCES & APPLICATIONS OF FUNDS 94/95  
(REF. TABLES 3.6.1.3-1/6)**

The methodology used in this statement, is simply by tracing the differences between end of year balances of 1994 and those of 1995, allocating then these differences to either source or application according to the following logic:

Decrease in Assets	= Source	= \$ 8.51	Million
Increase in Liabilities	= Source	= \$ 64.83	Million
		<b>\$ 73.34</b>	<b>Million</b>
Increase in Assets	= Application	= \$ 72.54	Million
Decrease in Liabilities	= Application	= \$ 0.80	Million
		<b>\$ 73.34</b>	<b>Million</b>

The 1994/95 statement shows that the biggest bulk of funds (84%) were sourced by increasing current liabilities. Other sources were 11% from reduction in cash holdings and 5% from other sources.

Above funds were applied to purchasing inventories (37%), increasing receivables (41%), purchasing Treasury Bonds (20%), and others (2%).

The following table illustrates:

Sources	\$ Thousands	%
Increase in Long-term debt	2,736	3.73 %
Increase in Retained Earnings	801	1.09 %
Non-Cash Depreciation outlay	81	0.11 %
Reduction in Cash holdings	8,436	11.5 %
Increase in other Liabilities	61,292	83.57 %
<b>Total</b>	<b>73,346</b>	<b>100 %</b>
<b>Applications</b>	<b>\$ Thousands</b>	<b>%</b>
Gross Fixed Assets Expansions	442	0.60 %
Inventory Investment	27,320	37.25 %
Increase in Receivables	30,136	41.06 %
Reduction in Accounts Payable	798	1.09 %
Purchase of Treasury Bonds	14,650	20 %
<b>Total</b>	<b>73,346</b>	<b>100 %</b>

Ninety five percent (95%) of funds sourced from Working Capital were applied to same, i.e., no long sources were applied to short liabilities or vice versa, matter of which has kept the Regie in good liquidity shape, as was revealed by its Liquidity Ratio which was almost 1 to 1.

### 3.6.1.4 CASH FLOWS (REF. TABLES 3.6.1.4-1/2)

This statement starts with the net generated income and then restores the non-cash deductions and the changes in the working capital, and finally deducts payments incurred after Gross Operating Surplus, such as interests and taxes.

Adding the opening balance of cash to the result of above process, will give the ending balance of cash carried forward to the next period.

The following table summarizes the above referenced tables:

Description	\$ Millions	%
<i>Ending Balance 1994</i>	83.28	
Cash-Outflowed from Operating activities	<4.03>	<48> %
Cash-Outflowed from Investing activities	<5.20>	<61> %
Cash-Inflowed from Financing activities	0.80	9 %
<i>Ending Balance 1995</i>	74.85	100 %

*Distributed as follows:*

Banks Saving Accounts	32.11	42.90 %
Banks Current Accounts and Imprests	42.74	57.10 %
<i>Total</i>	74.85	100 %

### 3.6.2 FINANCIAL RATIOS (REF. TABLE 3.6.2-1)

According to the previously discussed issue of "Non-Monetary items", the Ratios in particular those divisible by Total Assets or Networth, are deemed misleading. In an attempt to acquire reasonable ratios, Total Assets are added (off-record) by \$ 120 Million as estimated by the Regie Authorities (Ref. Table 3.6.3-23).

The following 1995 ratios were obtained in accordance:

a- Current Ratio	1 to 1
b- Acid-Test Ratio	0.6 to 1
c- Debt-to-Total Assets	75%
d- Times Interest Earned	1 time
e- Inventory Turnover	~ 4 times
f- Average Collection Period	Weekly
g- Fixed Assets Turnover	2.5 times
h- Total Assets Turnover	0.9 time
i- Profit Margin on Sales	0.70%
j- Return in Total Assets	3.75%
k- Return on Networth	5.6%

In the relevant table of Ratios, the latter are compared with a General Industry Average (not specifically Tobacco industry). Furthermore, each ratio is briefly defined to explain what does it mean.

### 3.6.3 HIGHLIGHTING MAJOR ISSUES IN /UP TO 1995

Most topics mentioned below are extracted from various conducted Audits due to the inter-related data which could be essential in building the required forecast modules. Data are presented in a summarized and rounded form in order to convey the essential issues.

The most relevant issues are listed hereunder :

#### a- Segmentation of market among major SUPPLIERS (REF.TABLE 3.6.3-24)

Supplier	%	Billions of Cigarettes
BAT	50%	8.00
PM	33%	5.28
RJR	9%	1.45
Others	6%	0.95
REGIE	2%	0.32

#### b- Segmentation of market among major BRANDS (REF.TABLE 3.6.3-25)

Brand	Supplier	Billions of Cigarettes	%
Marlboro Red	PM	4.2240	26.40
Pall Mall	BAT	3.6000	22.50
Viceroy Soft	BAT	2.0000	13.00
Winston	RJR	1.2800	8.00
Lucky Strike	BAT	1.2000	8.00
Viceroy Box	BAT	0.8000	5.00
Others	OTHERS	0.8000	5.00
Others	BAT	0.4000	3.00
L&M	PM	0.3168	1.98
Cedars	REGIE	0.2880	1.80
Chesterfield	PM	0.2640	1.70
Marlboro Light	PM	0.2640	1.70
Others	PM	0.2112	1.32
Vantage	RJR	0.1120	0.70
Others	RJR	0.0960	0.60
Winston Lights	RJR	0.0640	0.40
Camel	RJR	0.0480	0.30
Others	REGIE	0.0320	0.20
<b>TOTAL</b>		<b>16.000</b>	<b>100.00</b>

c- **Crop production and pricing policy**  
(REF.TABLES 3.6.3-3/14)

In respect to above, the following information is essential:

Cultivated areas	80,000 Dnms
Licenced to	23,000 Farmers
Yielded	8,000 Tons(100Kg/Dnm)
Oriental (Saadi 66) - 65%	5,200 Tons
Burley 15%	1,200 Tons
Tombac 20%	1,600 Tons
Its market value	23 Million \$
Was purchased at	53 Million \$
Subsidised with	30 Million \$
Purchasing prices were:	

TYPE	TOBACCO					TOMBAC		
	Ordinary Saadi 6	Ordinary Burley	Threaded Saadi 6	Threaded Saadi 2	Total Crop %	Domestic Nakha	Saadi 33 Ajami	Total Crop %
High	\$ 10.00	\$ 6.55	\$ 5.80	\$ 2.70	30%	\$ 5.37	\$ 10.00	25%
Medium	\$ 7.24	\$ 4.48	\$ 3.29	\$ 1.45	50%	\$ 4.15	\$ 7.24	35%
Poor	\$ 2.82	\$ 1.57	\$ 0.75	\$ 0.47	20%	\$ 1.57	\$ 2.82	40%

The following Pricing Formula is currently in use by the Regie

$$\text{Selling Price} = 1.49 P + 1.20 F + \$ 38$$

where:

**P** stands for Purchasing price (FOB) of one Box.

**F** stands for Freight charges for one box (it varies according to Country of Origin)

Other necessary information:

- A Box contains 50 packgross of 10 packs of 20 cigarettes each.
- Average weight of one box is 16 Kg. i.e., Ton is 62.5 boxes.
- 20 feet Container holds 450 boxes i.e., 7 Tons.

d- **Profitability per Category of Traded Goods.**  
(REF.TABLE 3.6.3-2)

Category	%
Imported Cigarettes	25%
Imported Tobacco	40%
National Cigarettes	22%
National Tobacco	50%
Others	23%

e- Contribution per Category to Profit:  
(REF.TABLE 3.6.3-2)

Type	%
Imported Cigarettes	96.00%
Imported Tobacco	1.50%
National Cigarettes	0.50%
National Tobacco	0.75%
Others	1.25%
<b>Total</b>	<b>100.00%</b>

f- Farmers and Cultivated Areas:  
(REF.TABLE 3.6.3-14)

s	Farmers	%	Dnms *Th	%	**MF%	***RFD%
South	12 Th	52%	55 Th	67%	34.85%	81%
North	6 Th	26%	22 Th	27%	7.00%	16%
Bckaa	5 Th	22%	5 Th	6%	1.32%	3%
<b>Total</b>	<b>23 Th</b>	<b>100%</b>	<b>82 Th</b>	<b>100%</b>	<b>43.17%</b>	<b>100%</b>

\*Th. stands for Thousands

\*\*MF % is a Multiplier Factor.

\*\*\* RFD% is a Region-Farmer-Donom Distribution Factor.

g- Local Production Trend:  
(REF.TABLES 3.6.3-15/16)

Trend	Year	*Th. of Cigarettes	Reasons
Highest	1987	1,936,750	A war breakthrough
Lowest	1984	4,570	A war breakout
Current	1995	273,800	Leaning towards imported Goods

\*Th. stands for Thousands

h- Payroll Structure  
(REF.TABLES 3.6.3-19/20)

Category	%	\$ Million
Staff	30%	5.14
Labor	45%	7.41
Benefits in Common	25%	4.56
<b>Total</b>	<b>100%</b>	<b>17.11</b>

**i- Farmers subsidies**  
**(REF.TABLES 3.6.3-22)**

The percentage tendency of farmers subsidies had been roughly based on a 35% of total value of crop production. In 1995, this rate has jumped to 56% due to:

- Constraints over farmers growing was virtually nil.
- Political push to accept all crops in sympathy with defying Southern farmers.
- A complementary step to encourage quitting illicit crops.

**J- End of sevice voluntary plan**

At early October/96, the Regie has conducted a study and prepared a fair compensating and attractive scheme in this respect .Outcomes were as follows:

-Total number of employee:	1765
-Todate actual cost of indemnities	44.8 Million \$
-Additional cost for proposed plan	23.4 Million \$
-Total payable cost	68.2 Million \$
<u>-Average payable indemnity cost per employee</u>	<u>36.7 Thousand \$</u>

**Note:** Details of the proposed plan is embedded in the Human Resources Audit.

Table (3.6.1.1-1)  
REGIE

COMPARATIVE BALANCE SHEETS AS OF 31/12 OF 1993/94/95

DESCRIPTION	1995		1994		1993	
	LL	LL	LL	LL	LL	LL
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash		18,506,325.81			20,074,214.52	45,483,821.06
Banks & Financial Institutions		119,433,032,178.00			137,391,975,782.33	77,213,510,306.90
Short Term Marketable Securities		23,391,910,000.00				
Inventory & Work in Process		135,609,991,937.00			84,782,113,507.00	80,972,223,654.00
Accounts Receivable		68,641,810,053.98			21,239,813,306.96	10,205,023,459.57
Accounts Receivable-Operational				9,659,844,298.14		
- Tobacco Growers						
- Clients	8,138,284,624.70		4,299,630,442.70			11,309,810.70
- Notes Receivable & Miscell. Advances	16,841,079,401.65					2,546,996,864.20
- Advance payments against purchases	19,199,032.50		46,870,404.60			
- Advances to Employees	919,605,709.08		1,480,861,206.31			1,415,236,024.55
- Advances to Social Security						
- Other Accounts Receivable	1,423,592,696.61		3,912,482,244.53			4,047,862,061.30
Accounts Receivable-Non-Operational		41,290,048,589.42		11,579,969,008.82		
- State & Public Sector	37,836,416,736.11					
- Other Accounts Receivable	3,453,631,863.31		34,454,786.21			2,123,032,035.61
Prepayments		1,335,885,220.00			1,171,866,171.00	30,146,663.21
<b>TOTAL CURRENT ASSETS</b>		338,421,135,914.77		11,579,969,008.82	244,005,842,981.81	169,271,378,910.53
<b>NON-CURRENT ASSETS</b>						
Intangible Assets-At Cost	503,269.40			500,000.00		
Intangible Assets-Amortization	(268,209.70)			(251,634.05)		
Financial Assets-At Cost	1,587,184.50			1,282,234.50		
<b>TOTAL NON-CURRENT ASSETS</b>		1,822,044.20		1,530,600.45		1,590,645.50
<b>FIXED ASSETS</b>						
Tangible Assets-At Cost	1,160,443,944.92		679,737,147.02			
Tangible Assets-Depreciation	(374,346,835.25)		(552,407,031.80)			
<b>TOTAL FIXED ASSETS</b>		786,097,109.67		427,330,115.22		312,883,456.54
<b>TOTAL ASSETS</b>		339,209,054,968.64		245,034,706,963.88		169,585,813,406.57



Table (3.6.1.1-1(Cont'))  
REGIE

REGIE COMPARATIVE BALANCE SHEETS AS OF 31/12 OF 1993/94/95

DESCRIPTION	1995			1994			1993		
	LL	LL	LL	LL	LL	LL	LL	LL	
<b>EQUITIES &amp; LIABILITIES</b>									
<b>CURRENT LIABILITIES</b>									
Banks & Financial Institutions			35,598,121.00			1,454,199,993.18			
Accounts Payable			343,278,916,184.63			253,709,372,927.38		184,595,584,335.54	
Accounts Payable-Operational									
-Suppliers & Short-term Notes Payable			33,776,408,115.90						
-Advance receipts against sale orders									
-Accrued Salaries & Wages			2,269,827.20						
-Accruals to Social Security			8,271,118,065.54						
-Taxes Due									
-Other Accounts Payable			730,791.82						
- Payable on security investment									
Accounts Payable-Non-Operational									
-Suppliers & Short-term Notes Payable			147,518,355.37						
-Taxes Due			279,366,976,826.95						
-State & Public Sector									
-Other Accounts Payable			20,474,479,646.35						
-Income received in advance			1,194,614,569.50						
<b>TOTAL CURRENT LIABILITIES</b>			343,264,514,309.63			255,063,572,920.56		184,595,584,335.54	
<b>NON-CURRENT LIABILITIES</b>									
Long & Medium term Loans						184,400.00		184,400.00	
Prov. for contingencies & charges			55,601,107,699.30			52,967,958,148.30		43,390,407,938.55	
<b>TOTAL NON-CURRENT LIABILITIES</b>			55,601,107,699.30			52,968,142,548.30		43,390,407,938.55	
<b>PRIVATE FUNDS / EQUITIES</b>									
Paid in -Capital			629,887.50			629,887.50		629,887.50	
Retained Earnings			(62,997,638,392.48)			(58,990,767,155.02)		(42,427,387,746.50)	
Current Year Net Result			3,340,411,474.69			(4,706,871,237.46)		(15,163,479,388.42)	
<b>TOTAL EQUITIES</b>			(59,656,867,030.29)			(62,997,008,504.98)		(58,290,137,267.52)	
<b>TOTAL LIABILITIES &amp; EQUITIES</b>			339,209,054,968.64			245,034,706,963.88		169,585,813,406.57	

Table (3.6.1.1-2)  
REGIE  
COMPARATIVE BALANCE SHEETS AS OF 31/12 OF 1993 / 94 / 95

DESCRIPTION	1993			1994			1995		
	\$	\$	\$	\$	\$	\$	\$	\$	
<b>ASSETS</b>									
<b>CURRENT ASSETS</b>									
Cash			\$11,595.50			\$12,166.19		\$26,552.14	
Banks & Financial Institutions			\$74,832,726.93			\$83,267,864.11		\$45,075,020.66	
Short Term Marketable Securities			\$14,650,319.55						
Inventory & Work in Process			\$78,701,002.47			\$51,383,099.10		\$47,269,249.07	
Accounts Receivable			\$43,008,652.92			\$12,872,614.13		\$5,957,748.66	
Accounts Receivable-Operational			\$17,137,695.15			\$5,854,451.09		\$4,700,790.87	
- Tobacco Growers							\$7,186.11		
- Clients		\$5,105,441.49					\$1,486,863.32		
- Notes Receivable & Miscell-Advances		\$10,552,054.76							
- Advance payments against purchases		\$12,029.17			\$28,406.21				
- Advances to Employees		\$576,194.05			\$849,006.79				
- Advances to Social Security		\$891,975.37			\$2,371,201.56				
- Other Accounts Receivable						\$7,018,163.04		\$1,256,957.79	
Accounts Receivable-Non-Operational			\$25,870,957.76						
- State & Public Sector		\$23,707,028.02			\$6,997,281.35				
- Other Accounts Receivable		\$2,163,929.74			\$20,681,699		\$17,598.75		
Prepayments			\$837,020.81			\$710,221.92		\$487,178.98	
<b>TOTAL CURRENT ASSETS</b>			\$212,043,318.18			\$148,245,965.44		\$98,815,749.51	
<b>NON-CURRENT ASSETS</b>									
Intangible Assets-A1 Cost			\$115.33			\$103.02			
Intangible Assets-Amortization			(\$168.18)			(\$152.51)			
Financial Assets-A1 Cost			\$994.48			\$777.11		\$905.22	
<b>TOTAL NON-CURRENT ASSETS</b>			\$1,141.63			\$929.62			
<b>FIXED ASSETS</b>									
Tangible Assets-A1 Cost			\$727,095.20			\$411,961.91			
Tangible Assets-Depreciation			(\$234,553.15)			(\$152,973.96)			
<b>TOTAL FIXED ASSETS</b>			\$492,542.05			\$258,987.95		\$182,652.57	
<b>TOTAL ASSETS</b>			\$213,537,001.86			\$148,505,883.01		\$98,999,407.10	

Table (3.6.1.1-2Cont')  
REGIE

COMPARATIVE BALANCE SHEETS AS OF 31/12 OF 1993 / 94 / 95

DESCRIPTION	1993			1994			1995		
	\$	\$	\$	\$	\$	\$	\$	\$	
<b>EQUITIES &amp; LIABILITIES</b>									
<b>CURRENT LIABILITIES</b>									
Banks & Financial Institutions									
Accounts Payable		\$22,004.59							
Accounts Payable-Operational		\$215,055,711.90		\$33,388,046.98				\$107,761,446.78	
-Suppliers & Short-term Notes Payable	\$21,163,162.98			\$30,042,054.15				\$32,304,557.30	
-Advance receipts against sale orders				\$80,348.57				\$40,024.10	
-Accrued Salaries & Wages	\$1,422.20								
-Accruals to Social Security	\$5,182,404.80			\$3,090,414.49				\$1,461,627.11	
-Taxes Due				\$166,229.77				\$4,290.19	
-Other Accounts Payable	\$457.88							\$9,314.76	
- Payable on security investment									
Accounts Payable-Non-Operational								\$73,941,633.33	
-Suppliers & Short-term Notes Payable	\$89,171.90								
-Taxes Due	\$175,041,965.43			\$120,375,209.24					
-State & Public Sector									
-Other Accounts Payable	\$12,828,621.33			\$118,437,657.23				\$72,498,079.40	
-Income received in advance	\$748,505.37			\$7,065.11				\$2,799.47	
<b>TOTAL CURRENT LIABILITIES</b>		\$215,078,016.38		\$193,048,701				\$1,440,754.46	
<b>NON-CURRENT LIABILITIES</b>									
Long & Medium term Loans									
Prov. for contingencies & charge									
<b>TOTAL NON-CURRENT LIABILITIES</b>									
<b>PRIVATE FUNDS / EQUITIES</b>									
Paid in -Capital		\$394.67							
Retained Earnings		(539,472,204.51)							
Current Year Net Result		\$2,093,008.44							
<b>TOTAL EQUITIES</b>		(537,378,801.40)							
<b>TOTAL LIABILITIES &amp; EQUITIES</b>		\$212,537,001.86		\$148,505,883.01				\$98,999,307.20	

Table (3.6.1.2-1)

## REGIE

## COMPARATIVE RESULT STATEMENTS FOR THE YEARS 1993, 94 &amp; 95

DESCRIPTION	1 9 9 5		1 9 9 4		1 9 9 3	
	L.L.	%	L.L.	%	L.L.	%
<b>NET SALES &amp; OTHER INCOME</b>						
SALE OF IMPORTED GOODS	439,610,675,228.87	91.08%	373,683,850,495.15	98.12%	307,023,755,618.31	94.57%
SALE OF FINISHED GOODS PRODUCED	9,039,702,166.14	1.87%	13,369,983,436.20	3.51%	9,146,332,646.34	2.82%
SALE OF TOBACCO LEAVES (EXPORT)	16,986,864,334.00	3.52%	4,766,122,386.00	1.25%	6,984,267,890.75	2.15%
SALE OF SCRAP	1,613,174.80	0.00%	0.00	0.00%	4,213,635.55	0.00%
OTHER OPERATING INCOME	18,642,107.95	0.00%	519,778,317.66	0.14%	768,317,713.64	0.24%
FINANCIAL INCOME	15,252,148,746.28	3.16%	3,492,775,942.28	0.92%	2,045,026,981.33	0.63%
NON-OPERATING INCOME	190,606,800.00	0.04%	0.00	0.00%	0.00	0.00%
PRIOR YEAR ADJUSTMENTS	1,540,665,819.69	0.32%	(14,971,481,073.16)	-3.93%	(1,317,330,787.51)	-0.41%
	<b>482,640,918,377.73</b>	<b>100.00%</b>	<b>380,861,029,504.13</b>	<b>100.00%</b>	<b>324,654,583,698.41</b>	<b>100.00%</b>
<b>COSTS &amp; OTHER CHARGES</b>						
COST OF IMPORTED GOODS SOLD	(389,683,598,642.93)	-80.74%	(315,643,634,288.67)	-82.88%	(276,582,339,822.95)	-85.19%
COST OF FINISHED GOODS SOLD	(66,368,642,014.71)	-13.75%	(46,630,039,955.15)	-12.24%	(55,741,714,844.41)	-17.17%
DEPRECIATION	(121,956,576.11)	-0.03%	(70,487,974.16)	-0.02%	(50,467,695.61)	-0.02%
PROVISIONAL EXPENSES	(6,530,141,910.00)	-1.35%	(13,299,156,443.30)	-3.49%	(1,109,001,588.65)	-0.34%
FINANCIAL CHARGES	(16,583,578,675.29)	-3.44%	(9,656,625,576.73)	-2.54%	(7,026,749,692.31)	-2.16%
NON-OPERATING CHARGES	(12,559,084.00)	0.00%	(267,956,503.58)	-0.07%	(7,789,443.00)	0.00%
	<b>(479,300,476,903.04)</b>	<b>-99.31%</b>	<b>(385,567,900,741.59)</b>	<b>-101.24%</b>	<b>(340,518,063,086.93)</b>	<b>-104.89%</b>
<b>CURRENT PERIOD RESULT</b>	<b>3,340,441,474.69</b>	<b>0.69%</b>	<b>(4,706,871,237.46)</b>	<b>-1.24%</b>	<b>(15,863,479,388.52)</b>	<b>-4.89%</b>

Table (3.6.1.2-2)  
 REGIE  
 GRAPHICAL COMPARATIVE RESULTS FOR THE YEARS 1993, 94 & 95

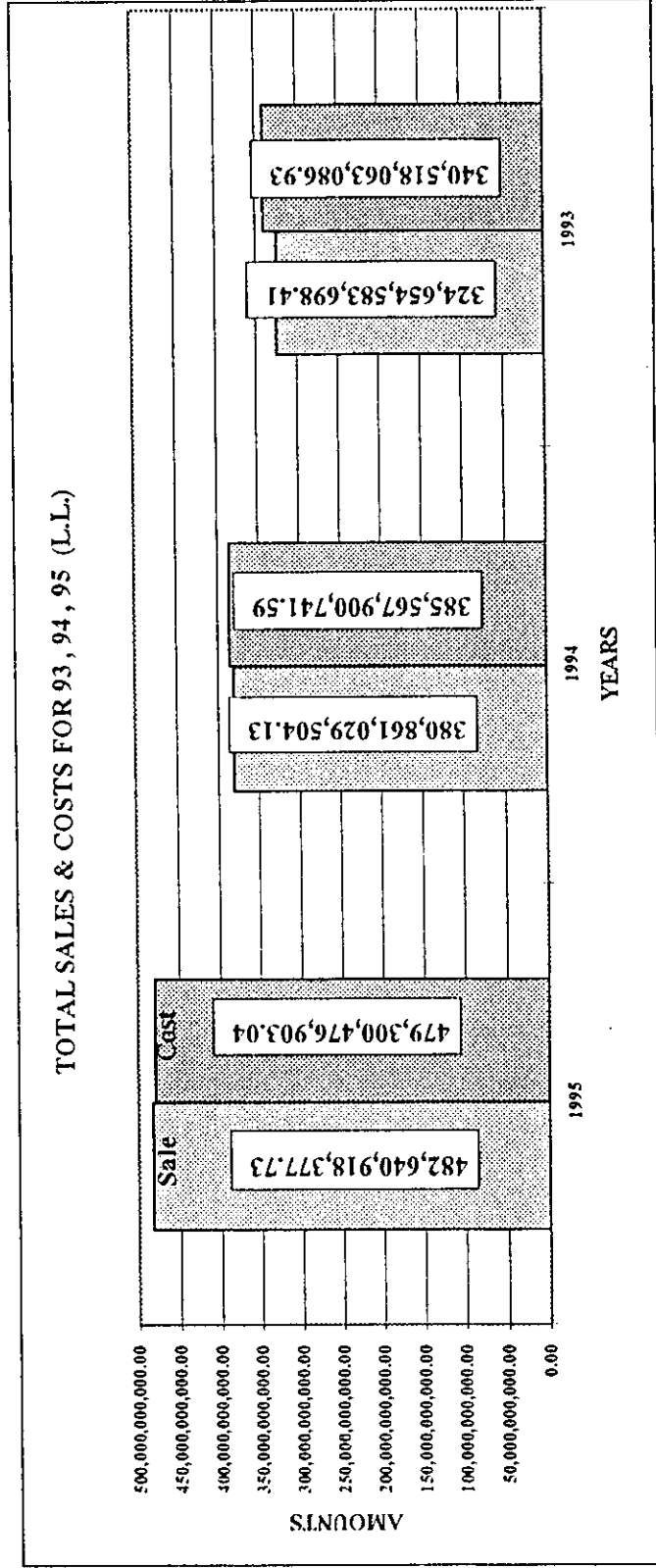


Table (3.6.1.2-3)

## REGIE

## COMPARATIVE RESULT STATEMENTS FOR THE YEARS 1993, 94 &amp; 95

DESCRIPTION	1995		1994		1993	
	\$	%	\$	%	\$	%
<b>NET SALES &amp; OTHER INCOME</b>						
SALE OF IMPORTED GOODS	\$275,445,285.23	91.08%	\$226,475,060.91	98.12%	\$179,231,614.49	94.57%
SALE OF FINISHED GOODS PRODUCED	\$5,663,973.79	1.87%	\$8,103,020.26	3.51%	\$5,339,365.23	2.82%
SALE OF TOBACCO LEAVES (EXPORT)	\$10,643,398.71	3.52%	\$2,888,559.02	1.25%	\$4,077,214.18	2.15%
SALE OF SCRAP	\$1,010.76	0.00%	\$0.00	0.00%	\$2,459.80	0.00%
OTHER OPERATING INCOME	\$11,680.52	0.00%	\$315,017.16	0.14%	\$448,521.72	0.24%
FINANCIAL INCOME	\$9,556,484.18	3.16%	\$2,116,833.90	0.92%	\$1,193,827.78	0.63%
NON-OPERATING INCOME	\$119,427.82	0.04%	\$0.00	0.00%	\$0.00	0.00%
PRIOR YEAR ADJUSTMENTS	\$965,329.46	0.32%	(\$9,073,624.89)	-3.93%	(\$769,019.72)	-0.41%
	<b>\$302,406,590.46</b>	<b>100.00%</b>	<b>\$230,824,866.37</b>	<b>100.00%</b>	<b>\$189,523,983.48</b>	<b>100.00%</b>
<b>COSTS &amp; OTHER CHARGES</b>						
COST OF IMPORTED GOODS SOLD	(\$244,162,655.79)	-80.74%	(\$191,299,172.30)	-82.88%	(\$161,460,793.83)	-85.19%
COST OF FINISHED GOODS SOLD	(\$41,584,362.16)	-13.75%	(\$28,260,630.28)	-12.24%	(\$32,540,405.63)	-17.17%
DEPRECIATION	(\$76,413.89)	-0.03%	(\$42,719.98)	-0.02%	(\$29,461.59)	-0.02%
PROVISIONAL EXPENSES	(\$4,091,567.61)	-1.35%	(\$8,060,094.81)	-3.49%	(\$647,403.15)	-0.34%
FINANCIAL CHARGES	(\$10,390,713.46)	-3.44%	(\$5,852,500.35)	-2.54%	(\$4,102,013.83)	-2.16%
NON-OPERATING CHARGES	(\$7,869.10)	0.00%	(\$162,397.88)	-0.07%	(\$4,547.25)	0.00%
	<b>(\$300,313,582.02)</b>	<b>-99.31%</b>	<b>(\$233,677,515.60)</b>	<b>-101.24%</b>	<b>(\$198,784,625.27)</b>	<b>-104.89%</b>
<b>CURRENT PERIOD RESULT</b>	<b>\$2,093,008.44</b>	<b>0.69%</b>	<b>(\$2,852,649.23)</b>	<b>-1.24%</b>	<b>(\$9,260,641.79)</b>	<b>-4.89%</b>

NOTE : USD is equivalent to L.L. 1713, 1650, 1596 for 1993,1994,1995 respectively

Table (3.6.1.2-4)

## REGIE

## UNAUDITED RESULTS FOR THE YEARS 93, 94 &amp; 95

	1993	1994	1995
	L.L.	L.L.	L.L.
SALES			
SALE OF IMPORTED GOODS (I/G)	307,028,237,185.79	374,047,244,886.89	477,087,917,486.18
SALE DISCOUNTS ON I/G	(4,481,567.48)	(363,394,391.74)	(37,477,242,257.31)
COST OF I/G SALE			
I/G PURCHASES	280,638,424,599.35	288,227,645,584.49	349,285,648,224.14
I/G PURCHASES RELATED EXPENSES	19,684,219,780.60	24,293,715,170.18	65,283,549,967.79
I/G STOCK VARIATION	(23,740,304,537.00)	3,122,273,534.00	(24,885,599,549.00)
GROSS TRADING MARGIN	30,441,415,795.36	58,040,216,206.48	49,927,076,585.94
SALE OF FINISHED GOODS PRODUCED (FGP)	9,811,911,635.01	14,419,274,621.06	9,809,567,982.38
SALE DISCOUNTS ON FGP	(665,578,988.67)	(1,049,291,184.86)	(769,865,816.24)
SALE OF TOBACCO LEAVES (EXPORT)	6,984,267,890.75	4,766,122,386.00	16,986,864,334.00
SALE OF SCRAP	4,213,635.55	0.00	1,613,174.80
OTHER OPERATING INCOME	756,155,804.70	519,580,549.56	0.00
	16,890,969,977.34	18,655,686,371.76	26,038,179,674.94
COST OF FGP SOLD			
PURCHASES OF RAW T&T	34,517,207,311.80	22,754,949,908.00	47,400,103,375.00
STOCK VARIATION OF RAW T&T	(2,923,925,875.00)	(6,932,163,387.00)	(14,451,468,414.00)
PURCHASES OF CONSUMABLES & SUPPLIES	4,027,717,542.67	1,438,246,886.09	1,537,566,332.66
OTHER EXTERNAL CHARGES (O/H)	2,284,296,969.65	2,616,885,036.06	6,067,135,237.15
STOCK VARIATION OF FGP	0.00	0.00	(1,490,810,467.00)
	(37,905,295,949.12)	(19,877,918,443.15)	(39,062,526,063.81)
ADDED VALUE	8,670,934,078.88	56,298,403,585.53	36,892,730,197.07
WAGES & SALARIES & RELATED BENEFITS	(17,836,418,895.29)	(26,752,121,512.00)	(27,306,115,950.90)
COST OF FGP SOLD	(55,741,714,844.41)	(46,630,039,955.15)	(66,368,642,014.71)
GROSS OPERATING SURPLUS	(8,409,329,071.71)	30,065,862,623.09	9,586,614,246.17
DEPRECIATION	(50,467,695.61)	(70,487,974.16)	(121,956,576.11)
PROVISION FOR END OF SERVICES INDEMNITIES	(1,109,001,588.65)	(13,299,156,443.30)	(6,530,141,910.00)
MISCELLANEOUS INCOME	12,161,908.94	197,768.10	18,642,107.95
RESULT PRIOR TO FINANCIAL INCOME & CHARGES	(9,556,636,447.03)	16,696,415,973.73	2,953,157,868.01
FINANCIAL INCOME	2,045,026,981.33	3,492,775,942.28	15,252,148,746.28
FINANCIAL CHARGES	(7,026,749,692.31)	(9,656,625,576.73)	(16,583,578,675.29)
OPERATING RESULT PRIOR TO TAXATION	(14,538,359,158.01)	10,532,566,339.28	1,621,727,939.00
NON-OPERATING INCOME	0.00	0.00	190,606,800.00
NON-OPERATING EXPENSE	(7,789,443.00)	(267,956,503.58)	(12,559,084.00)
PRIOR YEAR ADJUSTMENTS	(1,317,330,787.51)	(14,971,481,073.16)	1,540,665,819.69
CURRENT PERIOD RESULT	(15,863,479,388.52)	(4,706,871,237.46)	3,340,441,474.69

Table (3.6.1.2-5)

## REGIE

## UNAUDITED RESULTS FOR THE YEARS 93, 94 &amp; 95

	1995	1994	1993
	\$	\$	\$
SALES			
SALE OF IMPORTED GOODS (I/G)	\$298,927,266.60	\$226,695,299.93	\$179,234,230.70
SALE DISCOUNTS ON I/G	(\$23,481,981.36)	(\$220,239.03)	(\$2,616.21)
COST OF I/G SALE	\$0.00	\$0.00	\$0.00
I/G PURCHASES	\$218,850,656.78	\$174,683,421.57	\$163,828,619.15
I/G PURCHASES RELATED EXPENSES	\$40,904,479.93	\$14,723,463.74	\$11,491,079.85
I/G STOCK VARIATION	(\$15,592,480.92)	\$1,892,286.99	(\$13,858,905.17)
GROSS TRADING MARGIN	\$31,282,629.44	\$35,175,888.61	\$17,770,820.66
SALE OF FINISHED GOODS PRODUCED (FGP)	\$6,146,345.85	\$8,738,954.32	\$5,727,911.05
SALE DISCOUNTS ON FGP	(\$482,372.07)	(\$635,934.05)	(\$388,545.82)
SALE OF TOBACCO LEAVES (EXPORT)	\$10,643,398.71	\$2,888,559.02	\$4,077,214.18
SALE OF SCRAP	\$1,010.76	\$0.00	\$2,459.80
OTHER OPERATING INCOME	\$0.00	\$314,897.30	\$441,421.95
	\$16,308,383.25	\$11,306,476.59	\$9,860,461.17
COST OF FGP SOLD	\$0.00	\$0.00	\$0.00
PURCHASES OF RAW T&T	\$29,699,312.89	\$13,790,878.73	\$20,150,150.21
STOCK VARIATION OF RAW T&T	(\$9,054,804.77)	(\$4,201,311.14)	(\$1,706,903.60)
PURCHASES OF CONSUMABLES & SUPPLIES	\$963,387.43	\$871,664.78	\$2,351,265.35
OTHER EXTERNAL CHARGES (O/H)	\$3,801,463.18	\$1,585,990.93	\$1,333,506.70
STOCK VARIATION OF FGP	(\$934,091.77)	\$0.00	\$0.00
	(\$24,475,266.96)	(\$12,047,223.30)	(\$22,128,018.65)
ADDED VALUE	\$23,115,745.74	\$34,120,244.60	\$5,061,841.23
WAGES & SALARIES & RELATED BENEFITS	(\$17,109,095.21)	(\$16,213,406.98)	(\$10,412,386.98)
COST OF FGP SOLD	(\$41,584,362.16)	(\$28,260,630.28)	(\$32,540,405.63)
GROSS OPERATING SURPLUS	\$6,006,650.53	\$18,221,734.92	(\$4,909,123.80)
DEPRECIATION	(\$76,413.89)	(\$42,719.98)	(\$29,461.59)
PROVISION FOR END OF SERVICES INDEMNITIES	(\$4,091,567.61)	(\$8,060,094.81)	(\$647,403.15)
MISCELLANEOUS INCOME	\$11,680.52	\$119.86	\$7,099.77
RESULT PRIOR TO FINANCIAL INCOME & CHARGES	\$1,850,349.54	\$10,119,039.98	(\$5,578,888.76)
FINANCIAL INCOME	\$9,556,484.18	\$2,116,833.90	\$1,193,827.78
FINANCIAL CHARGES	(\$10,390,713.46)	(\$5,852,500.35)	(\$4,102,013.83)
NET OPERATING RESULT	\$1,016,120.26	\$6,383,373.54	(\$8,487,074.81)
NON-OPERATING INCOME	\$119,427.82	\$0.00	\$0.00
NON-OPERATING EXPENSE	(\$7,869.10)	(\$162,397.88)	(\$4,547.25)
PRIOR YEAR ADJUSTMENTS	\$965,329.46	(\$9,073,624.89)	(\$769,019.72)
CURRENT PERIOD RESULT	\$2,093,008.44	(\$2,852,649.23)	(\$9,260,641.79)

NOTE: USD is equivalent to L.L. 1713, 1650, 1596 for 1993, 1994, 1995 respectively



Table (3.6.1.3-1)

REGIE

COMPARATIVE STATEMENT OF SOURCES & APPLICATIONS OF FUNDS

DESCRIPTION	93		94		SRC		APL		94		95		SRC		APL	
	LL	LL	LL	LL	LL	LL	LL	LL	LL	LL	LL	LL	LL	LL	LL	LL
<b>ASSETS</b>																
<b>CURRENT ASSETS</b>																
Cash	45.48	20.07	20.07		(25.41)				20.07		18.51			(1.56)		
Banks & Financial Institutions	77,213.51	137,391.98	137,391.98			60,178.47			137,391.98		119,433.03			(17,958.95)		
Short Term Marketable Securities	0.00	0.00	0.00						0.00		23,381.91					23,381.91
Inventory & Work in Process	80,972.22	84,782.11	84,782.11			3,809.89			84,782.11		125,609.99					40,827.88
Accounts Receivable	10,205.62	21,239.81	21,239.81			11,034.19			21,239.81		68,641.81					47,402.00
Prepayments	834.54	1,171.87	1,171.87			337.33			1,171.87		1,335.89					164.02
<b>TOTAL CURRENT ASSETS</b>	<b>169,271.37</b>	<b>244,605.84</b>	<b>244,605.84</b>		<b>(25.41)</b>	<b>75,359.88</b>			<b>244,605.84</b>		<b>338,421.14</b>			<b>(17,960.51)</b>		<b>111,775.81</b>
<b>NON-CURRENT ASSETS</b>																
Intangible Assets (Net)	0.27	0.25	0.25		(0.02)				0.25		0.23			(0.02)		
Financial Assets (Net)	1.28	1.28	1.28						1.28		1.59					0.31
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1.55</b>	<b>1.53</b>	<b>1.53</b>		<b>(0.02)</b>	<b>0.00</b>			<b>1.53</b>		<b>1.82</b>			<b>(0.02)</b>		<b>0.31</b>
<b>FIXED ASSETS (Tangible Assets)</b>	<b>312.88</b>	<b>427.33</b>	<b>427.33</b>			<b>114.45</b>			<b>427.33</b>		<b>786.10</b>					<b>358.77</b>
<b>TOTAL ASSETS</b>	<b>169,585.40</b>	<b>245,034.70</b>	<b>245,034.70</b>		<b>25.43</b>	<b>75,474.33</b>			<b>245,034.70</b>		<b>339,209.06</b>			<b>17,960.53</b>		<b>112,134.89</b>
<b>EQUITIES &amp; LIABILITIES</b>																
<b>CURRENT LIABILITIES</b>																
Banks & Financial Institutions	0.00	1,354.20	1,354.20						1,354.20		35.60					(1,318.60)
Accounts Payable	184,595.36	253,709.37	253,709.37			69,114.01			253,709.37		343,228.92					89,519.55
<b>TOTAL CURRENT LIABILITIES</b>	<b>184,595.36</b>	<b>255,063.57</b>	<b>255,063.57</b>			<b>70,468.21</b>		<b>0.00</b>	<b>255,063.57</b>		<b>343,264.52</b>					<b>(1,318.60)</b>
<b>NON-CURRENT LIABILITIES</b>																
Long & Medium term Loans	0.18	0.18	0.18						0.18		0.00					(0.18)
Prov. for contingencies & charge	43,280.41	52,967.96	52,967.96			9,687.55			52,967.96		55,601.11					2,633.15
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>43,280.59</b>	<b>52,968.14</b>	<b>52,968.14</b>			<b>9,687.55</b>		<b>0.00</b>	<b>52,968.14</b>		<b>55,601.11</b>					<b>(0.18)</b>
<b>PRIVATE FUNDS / EQUITIES</b>																
Paid in -Capital	0.63	0.63	0.63						0.63		0.63					
Retained Earnings	(42,427.29)	(58,290.77)	(58,290.77)			(15,863.48)			(58,290.77)		(62,997.64)					(4,706.87)
Current Year Net Result	(15,863.48)	(4,706.87)	(4,706.87)			11,156.61			(4,706.87)		3,340.44					8,047.31
<b>TOTAL EQUITIES</b>	<b>(58,290.14)</b>	<b>(62,997.01)</b>	<b>(62,997.01)</b>			<b>11,156.61</b>		<b>(15,863.48)</b>	<b>(62,997.01)</b>		<b>(59,656.57)</b>					<b>(4,706.87)</b>
<b>TOTAL LIABILITIES &amp; EQUITIES</b>	<b>169,585.81</b>	<b>245,034.70</b>	<b>245,034.70</b>			<b>91,312.37</b>		<b>15,863.48</b>	<b>245,034.70</b>		<b>339,209.06</b>			<b>160,200.01</b>		<b>6,025.65</b>
<b>TOTAL FUNDS</b>						<b>91,337.80</b>		<b>91,337.81</b>						<b>118,160.54</b>		<b>118,160.54</b>

Table (3.6.1.3-2)

REGIE

SOURCES & APPLICATIONS OF FUNDS

DESCRIPTION	1993 / 1994			1994 / 1995		
	SRC.	APL.	TOTAL	SRC.	APL.	TOTAL
	\$	\$	\$	\$	\$	\$
CURRENT ASSETS	\$0.0144	\$49,4446	(\$49,4302)	\$8,4357	\$72,2331	(\$63,7974)
NON-CURRENT ASSETS	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0002	(\$0.0002)
FIXED ASSETS (Tangible Assets)	\$0.0000	\$0.0763	(\$0.0763)	\$0.0000	\$0.2336	(\$0.2336)
<b>TOTAL ASSETS</b>	<b>\$0.0144</b>	<b>\$49,5209</b>	<b>(\$49,5065)</b>	<b>\$8,4357</b>	<b>\$72,4668</b>	<b>(\$64,0372)</b>
CURRENT LIABILITIES	\$46,8225	\$0.0000	\$46,8225	\$61,2925	\$0.8031	\$60,4895
NON-CURRENT LIABILITIES	\$6,8359	\$0.0000	\$6,8359	\$2,7360	\$0.0000	\$2,7360
PRIVATE FUNDS / EQUITIES	\$6,4080	\$10,5599	(\$4,1519)	\$4,9457	\$4,1400	\$0,8057
<b>TOTAL LIABILITIES &amp; EQUITIES</b>	<b>\$60,0664</b>	<b>\$10,5599</b>	<b>\$49,5065</b>	<b>\$68,9742</b>	<b>\$4,9431</b>	<b>\$64,0372</b>
<b>TOTAL FUNDS</b>	<b>\$60,0808</b>	<b>\$60,0808</b>		<b>\$77,4099</b>	<b>\$77,4099</b>	

Note: In Millions US Dollars

Table (3.6.1.3-3)  
REGIE  
SOURCES & APPLICATIONS OF FUNDS (PERCENTAGE)

DESCRIPTION	1993 / 1994				1994 / 1995			
	SRC.		APL.		SRC.		APL.	
	\$	%	\$	%	\$	%	\$	%
CURRENT ASSETS	\$0.0144	0.03%	\$49,4446	82.50%	\$8,4357	15.20%	\$72,2330	94.60%
NON-CURRENT ASSETS	\$0.0000	0.00%	\$0.0000	0.00%	\$0.0000	0.00%	\$0.0002	0.00%
FIXED ASSETS (Tangible Assets)	\$0.0000	0.00%	\$0.0763	0.13%	\$0.0000	0.00%	\$0,2336	0.30%
<b>TOTAL ASSETS</b>	<b>\$0.0144</b>	<b>0.03%</b>	<b>\$49,5209</b>	<b>82.63%</b>	<b>\$8,4357</b>	<b>15.20%</b>	<b>\$72,4668</b>	<b>94.90%</b>
CURRENT LIABILITIES	\$46,8225	77.15%	\$0.0000	0.00%	\$61,2925	75.76%	\$0,8030	1.12%
NON-CURRENT LIABILITIES	\$6,8359	10.61%	\$0.0000	0.00%	\$2,7360	2.23%	\$0.0000	0.00%
PRIVATE FUNDS / EQUITIES	\$6,4080	12.21%	\$10,5599	17.37%	\$4,9456	6.81%	\$4,1400	3.98%
<b>TOTAL LIABILITIES &amp; EQUITIES</b>	<b>\$60,0664</b>	<b>99.97%</b>	<b>\$10,5599</b>	<b>17.37%</b>	<b>\$68,9741</b>	<b>84.80%</b>	<b>\$4,9430</b>	<b>5.10%</b>
<b>TOTAL FUNDS</b>	<b>\$60,0808</b>	<b>100.00%</b>	<b>\$60,0808</b>	<b>100.00%</b>	<b>\$77,4098</b>	<b>100.00%</b>	<b>\$77,4098</b>	<b>100.00%</b>

Note : In Millions of US Dollars

Table (3.6.1.3-4)  
 REGIE  
 SOURCES AND APPLICATIONS OF FUNDS FOR THE PERIOD 1993 / 1994

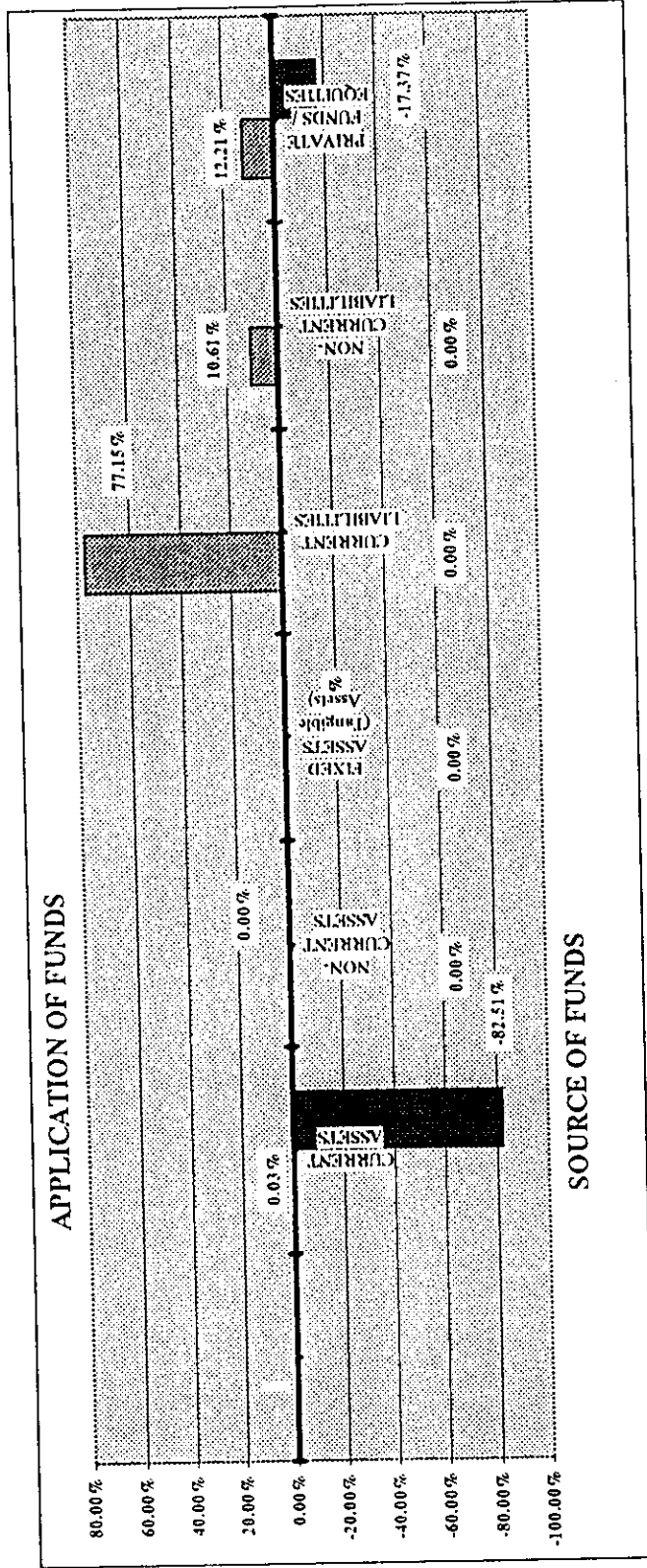


Table (3.6.1.3-5)  
 REGIE  
 SOURCES AND APPLICATIONS OF FUNDS FOR THE PERIOD 1994 / 1995

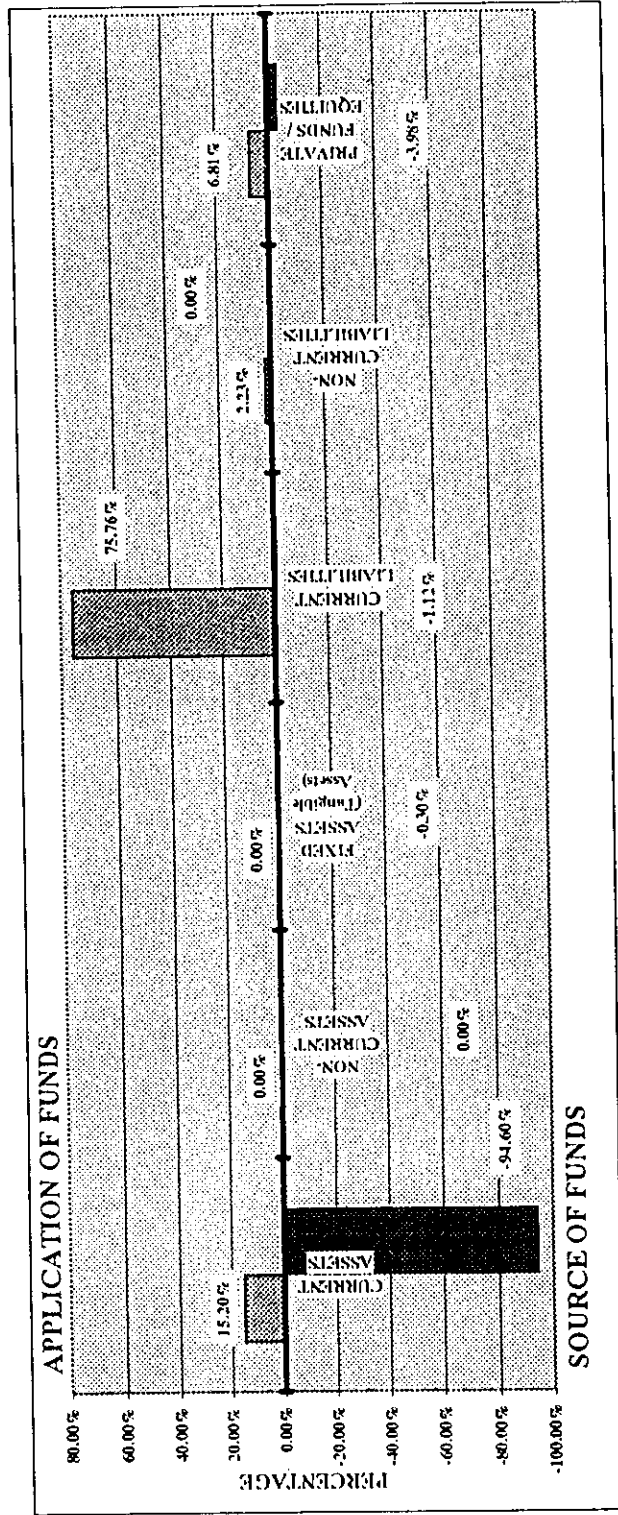


Table (3.6.1.3-6)  
REGIE  
COMPARATIVE STATEMENT OF SOURCES & APPLICATIONS OF FUNDS FOR 93/94 & 94/95

DESCRIPTION	93	94	94	95	SRC	APL	94	95	SRC	APL
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>										
<b>CURRENT ASSETS</b>										
Cash	\$26,552.14	\$12,166.19		\$11,595.50						
Banks & Financial Institutions	\$45,075,020.66	\$83,267,864.11		\$74,832,726.93						
Short Term Marketable Securities	\$0.00									\$14,650,319.55
Inventory & Work in Process	\$47,269,249.07	\$51,383,099.10		\$78,703,002.47						\$27,319,903.37
Accounts Receivable	\$5,957,748.66	\$12,872,614.13		\$43,008,652.92						\$30,136,038.79
Prepayments	\$487,178.98	\$710,221.92		\$837,020.81						\$126,798.89
<b>TOTAL CURRENT ASSETS</b>	<b>\$98,815,749.51</b>	<b>\$148,245,965.45</b>		<b>\$212,043,318.18</b>						
<b>NON-CURRENT ASSETS</b>										
Intangible Assets (Net)										
Financial Assets (Net)	\$905.22	\$929.62		\$1,141.63						\$212.01
<b>TOTAL NON-CURRENT ASSETS</b>	<b>\$182,653.57</b>	<b>\$258,987.95</b>		<b>\$492,542.05</b>						<b>\$233,554.10</b>
<b>FIXED ASSETS (Tangible Assets)</b>										
<b>TOTAL ASSETS</b>	<b>\$98,999,307.30</b>	<b>\$148,505,883.02</b>		<b>\$212,537,007.86</b>						<b>\$72,466,826.71</b>
<b>EQUITIES &amp; LIABILITIES</b>										
<b>CURRENT LIABILITIES</b>										
Banks & Financial Institutions	\$0.00	\$820,727.27		\$22,304.59						
Accounts Payable	\$107,761,446.78	\$153,763,256.32		\$215,055,711.90						
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$107,761,446.78</b>	<b>\$154,583,983.59</b>		<b>\$215,078,016.49</b>						
<b>NON-CURRENT LIABILITIES</b>										
Long & Medium term Loans	\$107.65	\$111.76		\$0.00						
Prov. for contingencies & charge	\$25,265,854.02	\$32,101,792.82		\$34,837,786.77						
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>\$25,265,961.67</b>	<b>\$32,101,904.58</b>		<b>\$34,837,786.77</b>						
<b>PRIVATE FUNDS / EQUITIES</b>										
Paid in -Capital	\$367.71	\$381.75		\$394.67						
Retained Earnings	(\$24,767,827.07)	(\$35,327,737.67)		(\$39,472,204.51)						
Current Year Net Result	(\$9,260,641.79)	(\$2,852,649.23)		\$2,093,008.44						
<b>TOTAL EQUITIES</b>	<b>(\$34,028,101.15)</b>	<b>(\$38,180,005.15)</b>		<b>(\$37,378,801.40)</b>						
<b>TOTAL LIABILITIES &amp; EQUITIES</b>	<b>\$98,999,307.30</b>	<b>\$148,505,883.02</b>		<b>\$212,537,007.86</b>						<b>(\$4,943,001.28)</b>
<b>TOTAL FUNDS</b>	<b>\$60,080,872.27</b>	<b>\$60,080,872.27</b>		<b>\$77,409,827.99</b>						<b>\$77,409,827.99</b>

NOTE: USD is equivalent to L.L. 1713, 1650, 1596, for 1993, 1994, 1995 respectively

Table (3.6.1.4-1)  
REGIE

CASH FLOW FOR THE YEARS 1994 & 1995 (Direct)

	1993/1994	1994/1995
<b>OPENING BALANCE OF CASH</b>	<b>\$26,552.14</b>	<b>\$12,166</b>
CAO&CLO Banks & Financial Institutions	(\$37,372,115.80)	\$7,636,714
CAO Advance from clients	\$40,324.00	(\$80,349)
CAO Accruals to Social Security	\$1,637,787.00	\$2,082,990
CAO Miscellaneous Pymt.-Oper.	\$161,940.00	(\$165,772)
CAO Accruals (Salaries & Wages)	\$0.00	\$1,424
CANO Accruals (Taxes)	\$45,939,578.00	\$56,604,208
CLNO State & Public sector	\$4,266.00	(\$7,065)
CLNO Miscellaneous Pymt.-Non-Oper.	\$489,733.00	\$10,898,134
CLNO Trade Creditors	\$0.00	\$89,172
CLNO Deferred Income	\$0.00	\$748,505
NCL Provisions for Contingencies	\$6,835,941.41	\$2,735,882
CAO Tobacco Growers	\$7,186.00	\$0
CLO Trade Creditors	(\$2,262,503.00)	(\$8,878,891)
CLO Security Investments	(\$9,215.00)	\$0
CAO Trade Debtors	(\$1,118,973.00)	(\$13,051,660)
CAO Advance against purchases	(\$28,406.00)	\$16,377
CAO Advances to employees	(\$5,290.00)	\$22,813
CAO Miscellaneous Recv.-Opr.	(\$8,176.00)	\$1,479,226
CANO State & Public sector	(\$5,757,923.00)	(\$16,709,747)
CANO Miscellaneous Recv.-Non-Opr.	(\$3,383.00)	(\$2,143,048)
EQ Profits & Retained Earnings	(\$4,151,904.00)	\$801,204
CAO Inventory & WIP	(\$4,113,850.03)	(\$27,319,903)
CAO Marketable Securities	-	(\$14,650,320)
FA Deposits against Utilities	(\$223,042.94)	(\$126,799)
FA Fixed Assets	(\$76,359.78)	(\$233,766)
<b>ENDING BALANCE OF CASH</b>	<b>\$12,166.00</b>	<b>\$11,595</b>

NOTE:

SOURCE Increase in Liability  
SOURCE Decrease in Asset  
APPLICATION Decrease in Liability  
APPLICATION Increase in Asset

CA CURRENT ASSET  
CL CURRENT LIABILITY  
NCA NON-CURRENT ASSET  
NCL NON-CURRENT LIABILITY  
FA FIXED ASSET  
EQ EQUITY  
O OPERATIONAL  
N NON

Table (3.6.1.4-2)

REGIE

## CASH FLOW FOR THE YEARS 1994 &amp; 1995 (Indirect)

	1995	1994
NET PROFIT BEFORE TAXATION	\$2,093,008	(\$2,852,649)
ADJUST FOR		
DEPRECIATION	\$76,414	\$42,720
EXTRAORDINARY ITEMS (PRIOR YEAR ADJUSTMENTS)	(\$965,329)	\$9,073,625
MISCELLANEOUS INCOME	(\$123,239)	(\$152,619)
INTEREST EXPENSE	\$10,390,713	\$5,852,500
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	\$11,471,567	\$11,963,577
(INCREASE) IN TRADE RECEIVABLES	(\$13,051,660)	(\$1,111,787)
(INCREASE) IN OTHER RECEIVABLES	(\$17,084,379)	(\$5,803,078)
(INCREASE) IN INVENTORIES	(\$27,319,903)	(\$4,113,850)
(DECREASE) IN TRADE PAYABLES	(\$8,870,068)	(\$2,262,503)
INCREASE IN OTHER PAYABLES	\$70,162,524	\$48,264,313
CASH GENERATED FROM OPERATIONS	\$15,308,081	\$46,936,672
INTEREST PAID	(\$10,106,500)	(\$5,811,696)
OTHER PAYMENTS (DECREASE IN BANKS A/Cs.)	(\$9,234,131)	(\$835,113)
<u>NET CASH FROM OPERATING ACTIVITIES</u>	(\$4,032,550)	\$40,289,862
ACQUISITION OF MARKETABLE SECURITIES	(\$14,650,320)	\$0
PURCHASE OF FIXED ASSETS	(\$233,766)	(\$76,335)
INTEREST RECEIVED	\$9,679,723	\$2,116,834
<u>NET CASH FROM INVESTING ACTIVITIES</u>	(\$5,204,363)	\$2,040,499
<u>NET CASH FROM FINANCING ACTIVITIES (EQUITIES)</u>	\$801,204	(\$4,151,904)
NET CHANGE IN CASH & CASH EQUIVALENTS	(\$8,435,709)	\$38,178,457
ADD BEGINNING OF PERIOD - CASH	\$12,166	\$26,552
ADD BEGINNING OF PERIOD - CASH EQUIVALENTS	\$83,267,864	\$45,075,021
CASH & CASH EQUIVALENT AT END OF PERIOD	<u>\$74,844,322</u>	<u>\$83,280,030</u>
DIVIDED AS SUCH :		
END OF PERIOD - CASH	11595.5	12166.19
END OF PERIOD - CASH EQUIVALENTS	\$74,832,727	\$83,267,864
	<u>\$74,844,322</u>	<u>\$83,280,030</u>



Table (3.6.2-1)  
REGIE  
RATIO ANALYSIS FOR THE YEARS 1993 / 1994 & 1995

NO.	TYPE	NAME	FORMULA	REGIE			INDUSTRY AVERAGE	REMARKS
				1993	1994	1995		
1)	LIQUIDITY	1-1 CURRENT	= $\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.92	0.96	0.99	2.5 times	Poor
				0.48	0.63	0.62	1 time	Poor
2)	LEVERAGE	1-2 QUICK/ACID TEST	= $\frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$	63.37%	70.81%	75.37%	33%	Due to Non-Revaluation of Historical costs (*)
				134.33%	125.71%	117.59%	33%	
3)	ACTIVITY	3-1 DEBT TO TOTAL ASSETS	= $\frac{\text{Total Debt}}{\text{Total Assets}}$	(1.07)	2.09	1.10	8 times	Poor
				3-2 TIMES INTEREST EARNED	= $\frac{\text{Earnings before Taxes \& Interest}}{\text{Interest Charges}}$	3.99	4.62	3.71
3)	ACTIVITY	3-1 INVENTORY TURNOVER	= $\frac{\text{Sales}}{\text{Inventory}}$	2.88	4.01	6.39	20 days	It looks like Cash Basis As Estimate. It is poor
				1.70	2.06	2.45	5 times	
3)	ACTIVITY	3-2 AVG. COLLECTION PERIOD	= $\frac{\text{Trade Receivables}}{\text{Sales per Day}}$	1.032.85	916.90	592.34	5 times	Due to Non-Revaluation of Historical costs (*)
				0.61	0.90	0.88	2 times	
3)	ACTIVITY	3-3 FIXED ASSETS TURNOVER	= $\frac{\text{Sales}}{\text{Fixed Assets}}$	0.95	1.60	1.37	2 times	Due to Non-Revaluation of Historical costs (*)
				0.95	1.60	1.37	2 times	
4)	PROFITABILITY	4-1 PROFIT MARGIN ON SALES	= $\frac{\text{Net Income}}{\text{Sales}}$	-4.89%	-1.24%	0.69%	5.00%	Poor
				-2.46%	1.34%	3.76%	11.40%	Due to Non-Revaluation of Historical costs (*)
4)	PROFITABILITY	4-2 RETURN ON TOTAL ASSETS	= $\frac{\text{Net Income} + \text{Interest}}{\text{Total Assets}}$	-5.21%	2.02%	5.67%	11.40%	Due to Non-Revaluation of Historical costs (*)
				-27.21%	-7.47%	5.60%	15.00%	
4)	PROFITABILITY	4-3 RETURN ON NET WORTH	= $\frac{\text{Net Income}}{\text{Net Worth}}$	-27.21%	-7.47%	5.60%	15.00%	Poor
				-27.21%	-7.47%	5.60%	15.00%	

NOTES (\*) Upper cells ( Italic) are extracted by adding 190 billion L.L., The estimated market value of the Un-revaluated Historical costs of Regie Real Estate assets.

- 1-1 It is a short term solvency measure. It roughly indicates the ability to meet the Current Liabilities.
- 1-2 It indicates the REGIE's ability to pay off short-term obligations without relying on the sale of inventories.
- 2-1 It measures the percentage of total funds provided by creditors.
- 2-2 It measures the extent to which earnings can decline without affecting the REGIE's ability to meet its annual interest costs.
- 3-1 It reveals excessiveness of stocks and thus unproductive or slow moving investment with a low or zero rate of return.
- 3-2 It measures the trade receivables turnover.
- 3-3 It measures the turnover of plants and equipments. It indicates how adequate the REGIE is utilizing its fixed assets.
- 3-4 It measures the extent of which the REGIE is generating a sufficient volume of business for the size of its asset investment.
- 4-1 It indicates the profit per dollar of sales. If low, it reveals bad pricing or high costs and/or both.
- 4-2 It measures the effectiveness with which the REGIE has employed its total resources.
- 4-3 It measures the rate of return on the owners' investment.

Table (3.6.3-1)

REGIE

BOXES SOLD & AVG.\$SALE & \$COST PER UNIT FOR THE PERIOD 1/95 UP TO 11/95

Description	BOXES Sold	(At W/H) \$Cost/Unit	\$Price Per Unit	\$Profit/Unit	% \$Profitability	TOTAL \$ COST	TOTAL \$ SALE	TOTAL \$ PROFIT	% to Contribution
Imported Cigarettes	1,026,853	\$191.55	\$258.95	\$67.39	26.03%	\$196,697,961	\$265,899,865	\$69,201,904	95.81%
National Cigarettes	22,449	\$74.02	\$94.64	\$20.63	21.79%	\$1,661,617	\$2,124,680	\$463,063	0.64%
Imported Tobacco	31,232	\$51.05	\$84.71	\$33.66	39.74%	\$1,594,351	\$2,645,712	\$1,051,361	1.46%
National Tobacco	19,190	\$28.76	\$57.10	\$28.34	49.63%	\$551,895	\$1,095,750	\$543,855	0.75%
Cuban Cigar	1,530,415	\$1.09	\$1.43	\$0.33	23.44%	\$1,673,846	\$2,186,443	\$512,597	0.71%
Other Cigar	4,518,476	\$0.26	\$0.34	\$0.08	23.36%	\$1,172,831	\$1,530,297	\$357,466	0.49%
Pipe Tobacco	323,721	\$1.01	\$1.32	\$0.31	23.28%	\$328,556	\$428,231	\$99,675	0.14%
<b>T O T A L</b>			<b>\$348</b>	<b>\$151</b>	<b>30.24%</b>	<b>\$203,681,057</b>	<b>\$275,910,978</b>	<b>\$72,229,921</b>	<b>100.00%</b>

PROFITABILITY PER ITEM & ITS CONTRIBUTION TO TOTAL PROFIT

BOXES SOLD FROM 1/1/95 UP TO 30/11/95

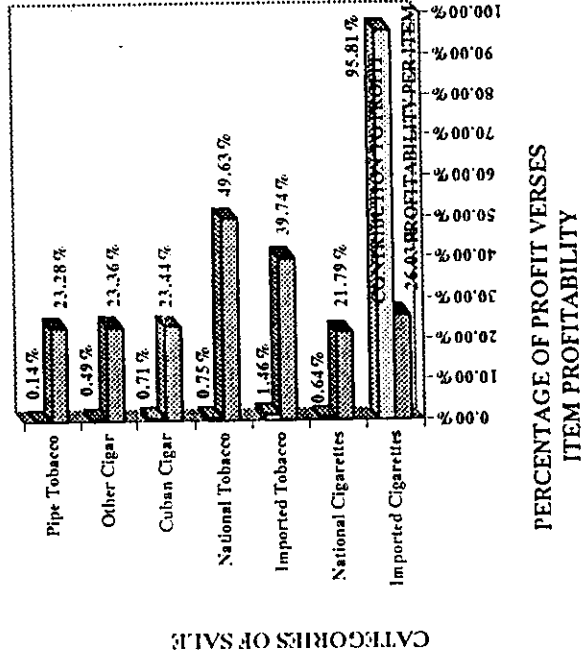
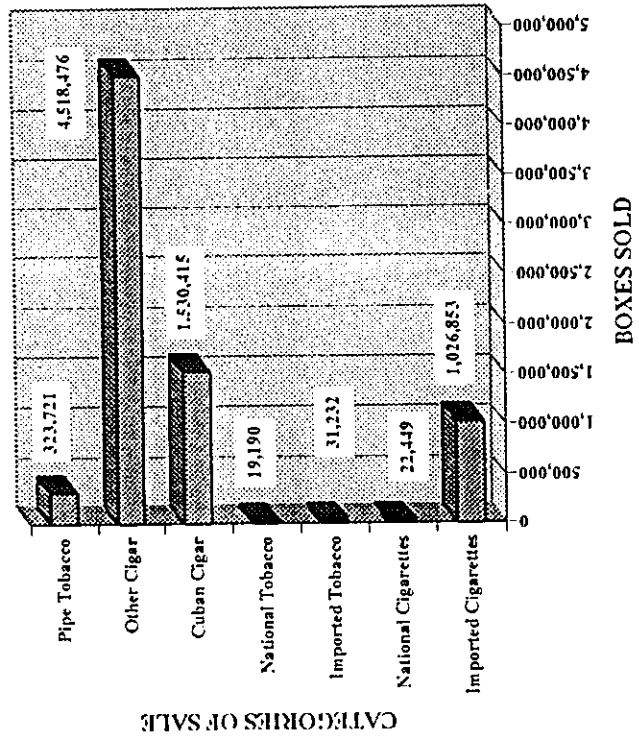
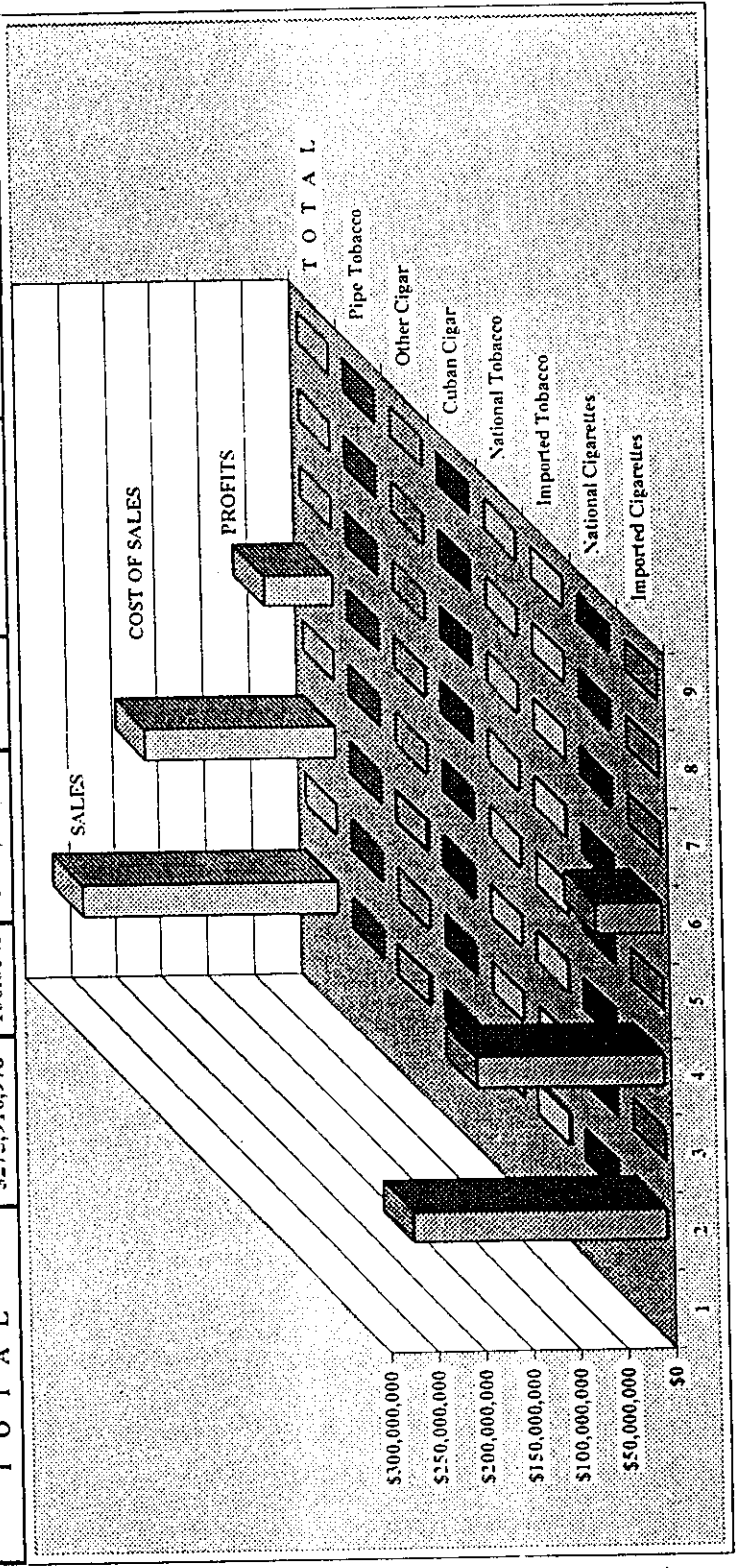


Table (3.6.3-2)

REGIE

GROSS TRADING MARGIN FOR THE PERIOD 1/1/95 UP TO 30/11/95

Description	Sale	%	Cost of Sale	%	Profit	%	Profitability %	% Contribution
(1)	(2)	(3)	(4)	(5)	(6) = (2)-(4)	(7)	(8) = (6) / (2)	(9) = (8) * (3)
Imported Cigarettes	\$265,899,865	96.37%	\$196,697,961	96.57%	\$69,201,904	95.81%	26.03%	25.08%
National Cigarettes	\$2,124,680	0.77%	\$1,661,617	0.82%	\$463,063	0.64%	21.79%	0.17%
Imported Tobacco	\$2,645,712	0.96%	\$1,594,351	0.78%	\$1,051,361	1.46%	39.74%	0.38%
National Tobacco	\$1,095,750	0.40%	\$551,895	0.27%	\$543,855	0.73%	49.63%	0.20%
Cuban Cigar	\$2,186,443	0.79%	\$1,673,846	0.82%	\$512,597	0.71%	23.44%	0.19%
Other Cigar	\$1,530,297	0.55%	\$1,172,831	0.58%	\$357,466	0.49%	23.36%	0.13%
Pipe Tobacco	\$428,231	0.16%	\$328,556	0.16%	\$99,675	0.14%	23.28%	0.04%
<b>T O T A L</b>	<b>\$275,910,978</b>	<b>100.00%</b>	<b>\$203,681,057</b>	<b>100.00%</b>	<b>\$72,229,921</b>	<b>100.00%</b>	<b>26.18%</b>	<b>26.18%</b>



TOBACCO CROP PRODUCTION IN VARIOUS REGIONS FOR THE YEAR 1993

	BURLEY TOBACCO						SA'ADY 6 TOBACCO									
	BEKAA		NORTH		SOUTH		SUB TOTAL		BEKAA		NORTH		SOUTH		SUB TOTAL	
	Kg.	%	Kg.	%	Kg.	%	Kg.	%	Kg.	%	Kg.	%	Kg.	%	Kg.	%
Good	?	?	?	?	?	?	43,560	37.25%	?	?	?	?	?	?	548,536	27.91%
Medium	?	?	?	?	?	?	56,684	48.47%	?	?	?	?	?	?	1,081,718	55.04%
Low	?	?	?	?	?	?	12,068	10.32%	?	?	?	?	?	?	242,301	12.33%
Useless	?	?	?	?	?	?	4,637	3.96%	?	?	?	?	?	?	92,735	4.72%
Threaded	?	?	?	?	?	?	0	0.00%	?	?	?	?	?	0	0.00%	
<b>TOTAL</b>	?	?	?	?	?	?	116,949	100.00%	?	?	?	?	?	?	1,965,290	100.00%

TOBACCO CROP PRODUCTION IN 1993

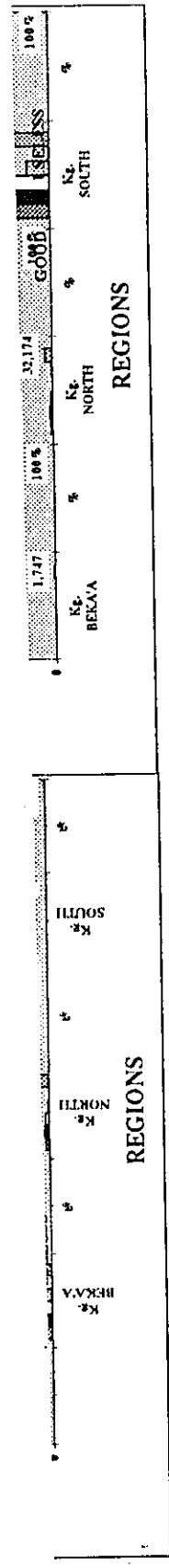
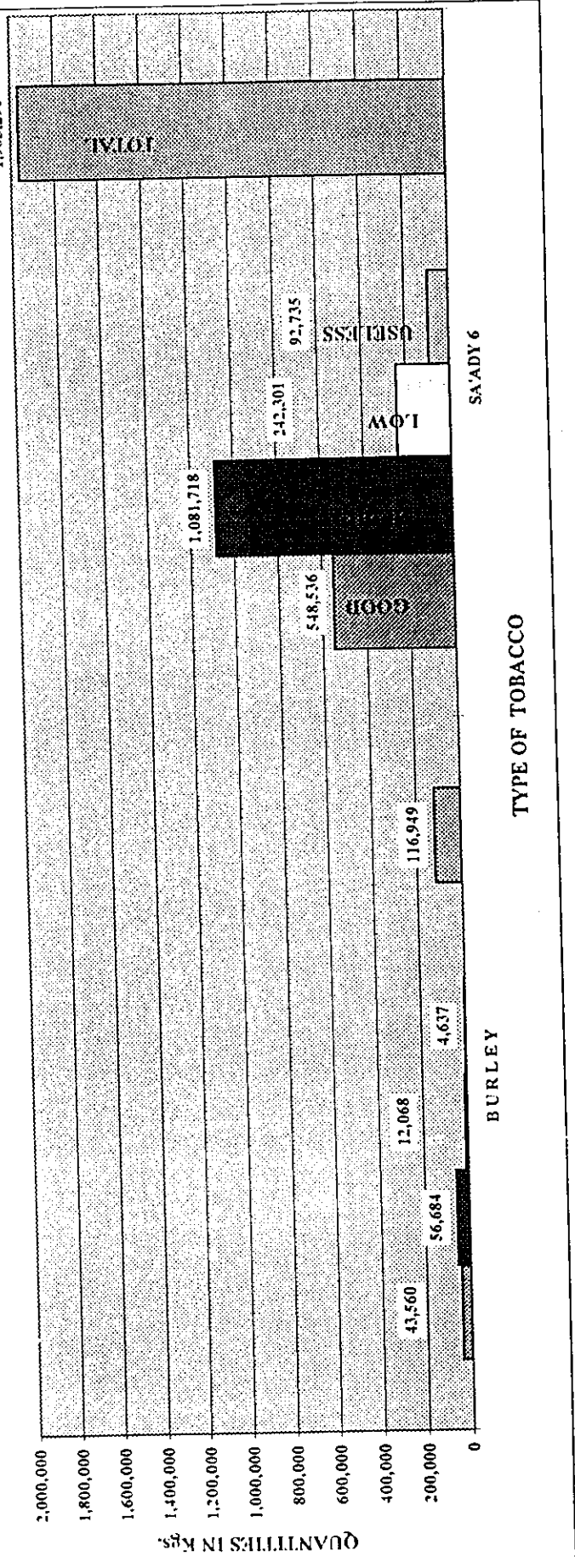
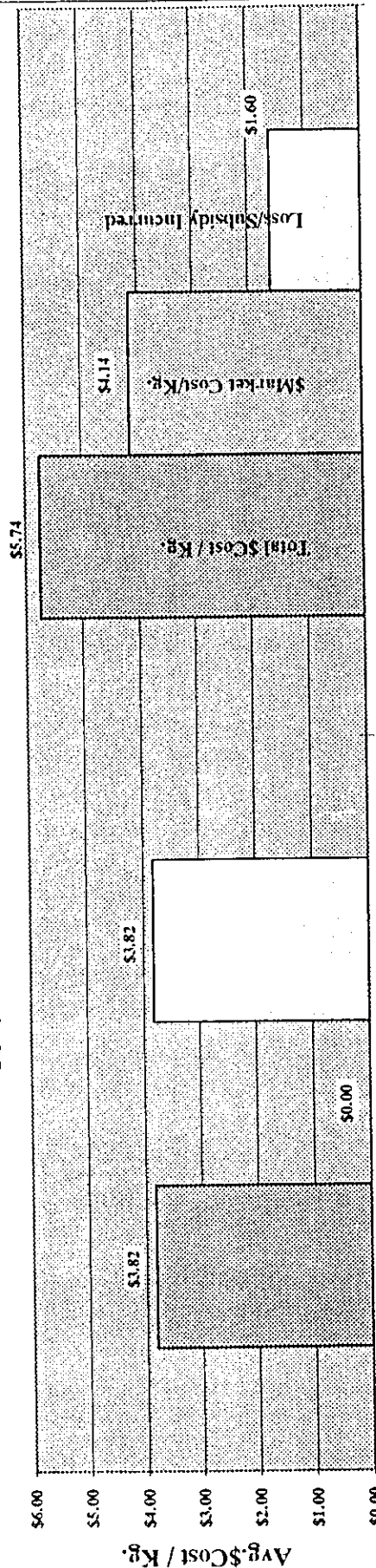


Table (3.6.3-5)  
REGIE

TOBACCO CROP PRICING FOR THE YEAR 1993

	BURLEY TOBACCO						SA'ADY 6 TOBACCO									
	BEKA'A		NORTH		SOUTH		TOTAL		BEKA'A		NORTH		SOUTH		TOTAL	
	Avg.\$/Kg.	%	Avg.\$/Kg.	%	Avg.\$/Kg.	%	Avg.\$/Kg.	%	Avg.\$/Kg.	%	Avg.\$/Kg.	%	Avg.\$/Kg.	%	Avg.\$/Kg.	%
Good	?	?	?	?	?	?	\$5.00		?	?	?	?	?	?	\$7.65	
Medium	?	?	?	?	?	?	\$3.06		?	?	?	?	?	?	\$5.88	
Low	?	?	?	?	?	?	\$1.47		?	?	?	?	?	?	\$2.35	
Useless	?	?	?	?	?	?	\$0.00		?	?	?	?	?	?	\$0.00	
Threaded	?	?	?	?	?	?	\$0.00		?	?	?	?	?	?	\$0.00	
Avg. Weighted Cost	?	?	?	?	?	?	\$3.75	98.17%	?	?	?	?	?	?	\$5.66	98.61%
Expenses/Kg	?	?	?	?	?	?	\$0.07	1.83%	?	?	?	?	?	?	\$0.08	1.39%
Total \$Cost/Kg.	?	?	?	?	?	?	\$3.82	100.00%	?	?	?	?	?	?	\$5.74	100.00%
\$Market Cost/Kg	?	?	?	?	?	?	\$0.00	0.00%	?	?	?	?	?	?	\$4.14	72.13%
Loss/Subsidy Incurred	?	?	?	?	?	?	\$3.82	100.00%	?	?	?	?	?	?	\$1.60	27.87%

TOBACCO CROP PRICING FOR THE YEAR 1993



BURLEY SA'ADY 6

TYPES OF TOBACCO

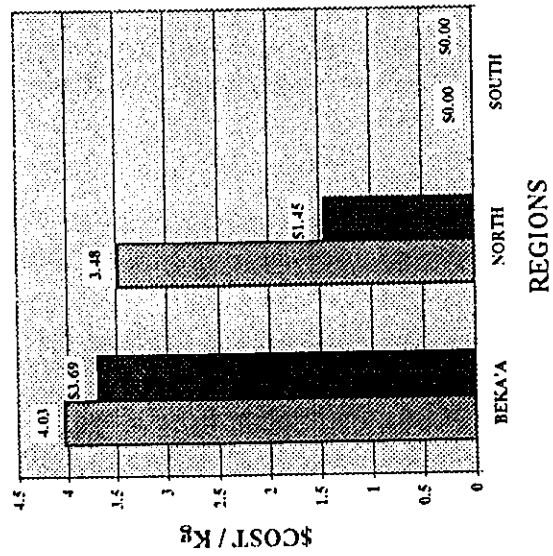
Table (3.6.3-6)

REGIE

TOBACCO CROP PRICING IN VARIOUS REGIONS FOR THE YEAR 1994

	BURLEY TOBACCO				SA'ADY 6 TOBACCO							
	BEKA'A		NORTH		SOUTH		BEKA'A		NORTH		SOUTH	
	Avg.\$Cost/Kg.	%	Avg.\$Cost/Kg.	%	Avg.\$Cost/Kg.	%	Avg.\$Cost/Kg.	%	Avg.\$Cost/Kg.	%	Avg.\$Cost/Kg.	%
Good	\$5.79		\$5.99	0			\$8.84		\$8.84		\$8.84	
Medium	\$4.15		\$3.59	0			\$6.71		\$6.71		\$6.71	
Low	\$1.52		\$1.58	0			\$2.74		\$2.74		\$0.00	
Useless	\$0.00		\$0.00	0			\$0.00		\$0.00		\$0.00	
Threaded	\$0.00		\$0.00	0			\$1.89		\$2.41		\$3.21	
Avg. Weighted Cost	\$3.96	98.45%	\$3.46	99.42%	0	0.00%	\$4.10	98.56%	\$6.08	99.67%	\$6.53	99.33%
Expenses/Kg	\$0.06	1.55%	\$0.02	0.58%	0	0.00%	\$0.06	1.44%	\$0.02	0.33%	\$0.04	0.61%
Total \$Cost/Kg.	\$4.03	100.00%	\$3.48	100.00%	0	100.00%	\$4.16	100.00%	\$6.10	100.00%	\$6.57	100.00%
\$Market Cost/Kg	\$0.14	8.32%	\$2.03	58.35%	0	0.00%	\$0.00	0.00%	\$6.10	100.00%	\$5.41	82.27%
Loss/Subsidy Incurred	\$3.69	91.68%	\$1.45	41.65%	0	0.00%	\$4.16	100.00%	\$0.00	0.00%	\$1.17	17.73%

1994 BURLEY PURCHASING COST AND PERTINENT SUBSIDIES



1994 SA'ADY 6 PURCHASING COST AND PERTINENT SUBSIDIES

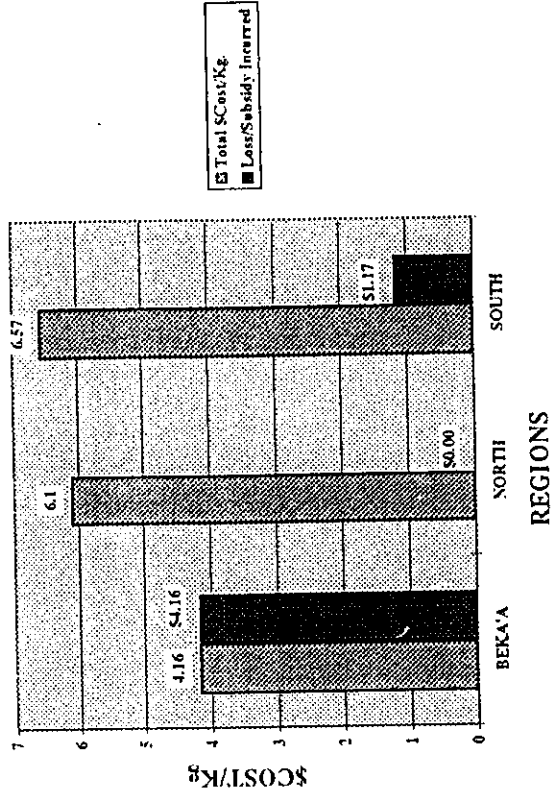


Table (3.6.3-7)

REGIE  
TOMBAC CROP PRODUCTION FOR THE YEAR 1993

	North(Normal)		North & South (Sa'adi 33)		TOTAL	
	Kg.	%	Kg.	%	Kg.	%
Good	141,801	95.08%	7,339	4.92%	149,140	30.61%
Medium	173,453	94.63%	9,852	5.37%	183,305	37.62%
Low	139,477	93.88%	9,093	6.12%	148,570	30.49%
Useless	5,478	88.33%	724	11.67%	6,202	1.27%
TOTAL	460,209	94.46%	27,008	5.54%	487,217	100.00%

TOMBAC CROP PRODUCTION FOR THE YEAR 1993

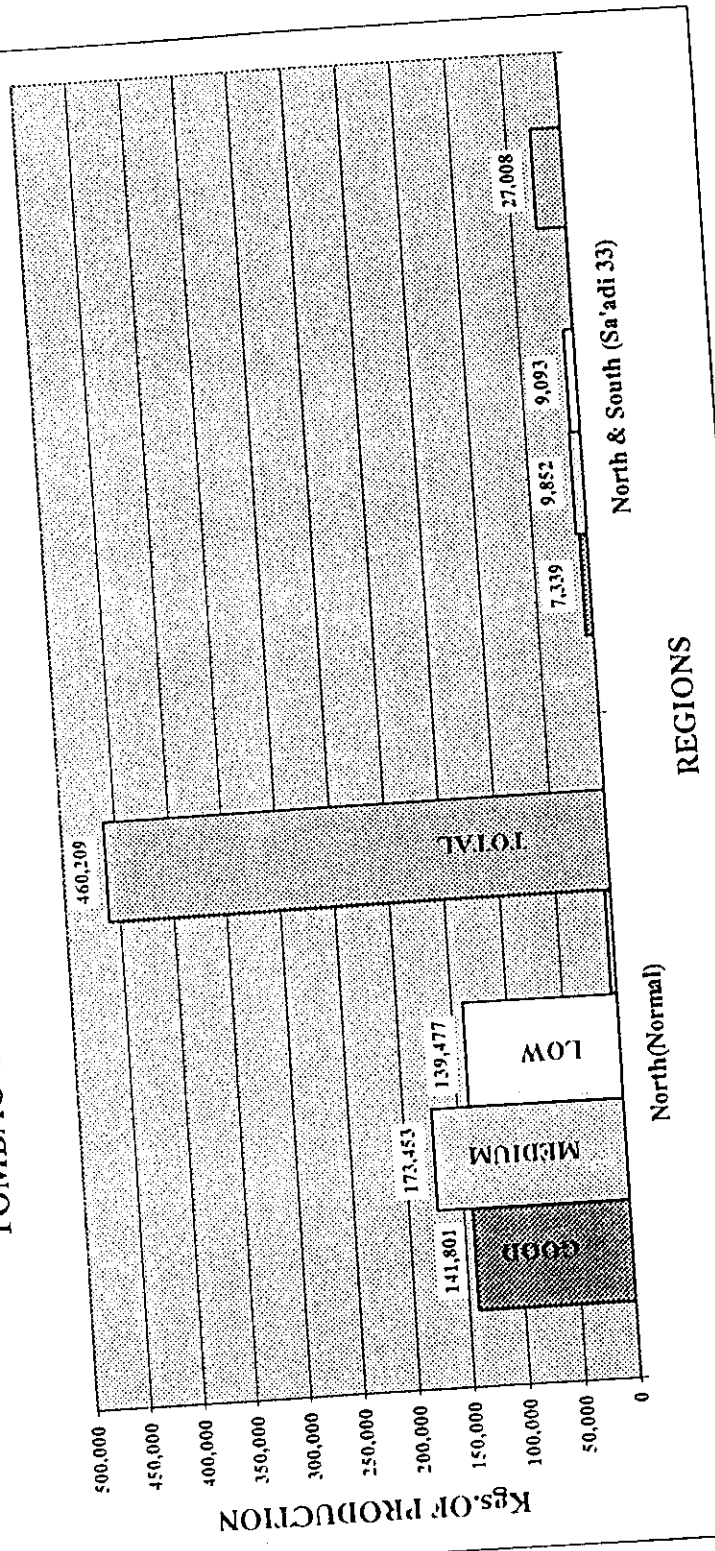


Table (3.6.3-8)

REGIE

TOMBAC CROP PRODUCTION IN VARIOUS REGIONS FOR THE YEAR 1994

	North(Normal)		North(Sa'adi 33)		South(Sa'adi 33)		TOTAL	
	Kg.	%	Kg.	%	Kg.	%	Kg.	%
Good	146,279	61.13%	91,562	38.26%	1,465	0.61%	239,306	23.25%
Medium	210,391	56.38%	161,980	43.41%	784	0.21%	373,155	36.26%
Low	191,387	48.60%	202,174	51.34%	202	0.05%	393,763	38.26%
Useless	11,180	48.94%	11,588	50.73%	75	0.33%	22,843	2.22%
<b>TOTAL</b>	<b>559,237</b>	<b>54.34%</b>	<b>467,304</b>	<b>45.41%</b>	<b>2,526</b>	<b>0.25%</b>	<b>1,029,067</b>	<b>100.00%</b>

1994 TOMBAC CROP PRODUCTION IN VARIOUS REGIONS

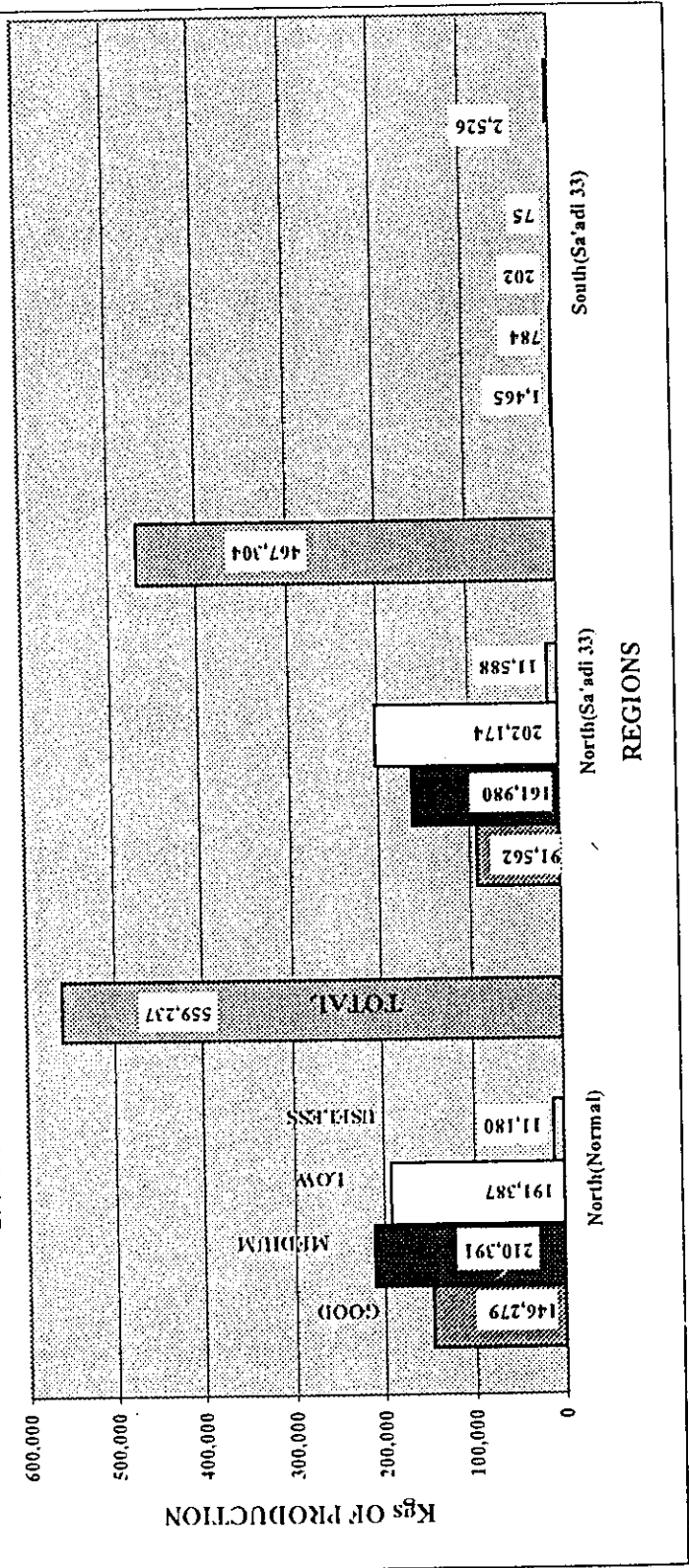




Table (3.6.3-9)

REGIE

TOMBAC CROP PRICING IN VARIOUS REGIONS FOR THE YEAR 1993

	North(Normal)		North & South (Sa'adi 33)	
	Avg.\$Cost/Kg.	%	Avg.\$Cost/Kg.	%
Good	\$4.12		\$7.65	
Medium	\$3.38		\$5.88	
Low	\$1.47		\$2.35	
Useless	\$0.00		\$0.00	
Avg. Weighted Cost	\$3.99	98.76%	\$5.02	99.01%
Expenses/Kg	\$0.05	1.24%	\$0.05	0.99%
Total Avg. \$Cost/Kg.	\$4.04	100.00%	\$5.07	100.00%
\$Market Cost/Kg	\$3.89	96.29%	\$4.35	85.80%
Loss/Subsidy Incurred	0.15	3.71%	\$0.72	14.20%

TOMBAC CROP PRICING FOR THE YEAR 1993

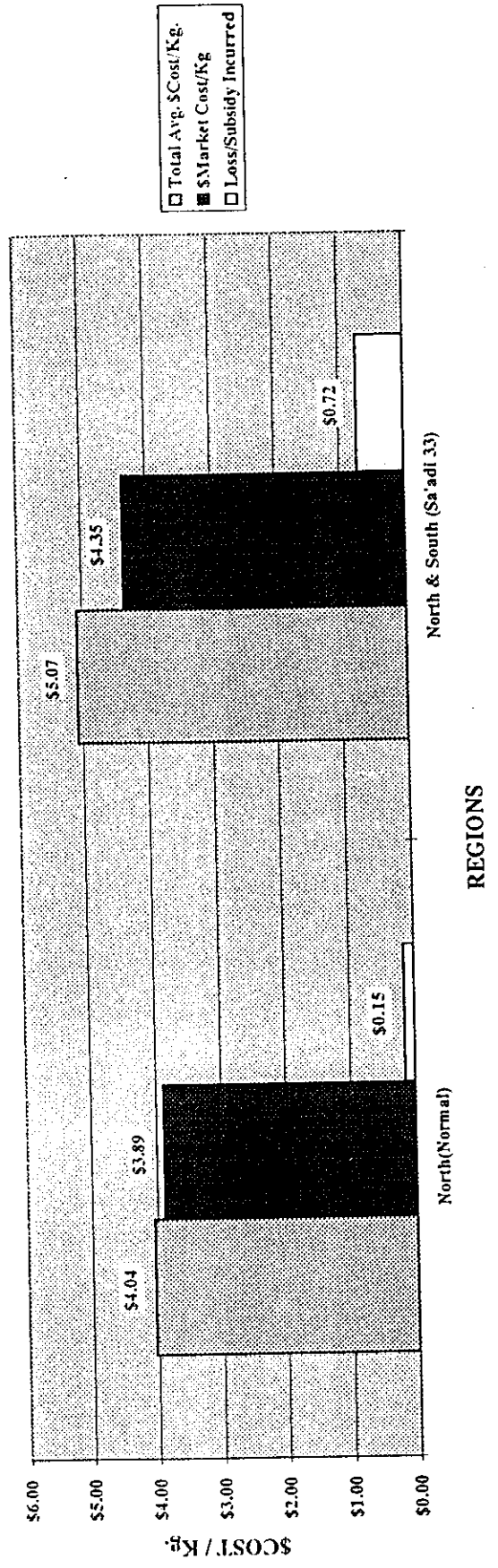


Table (3.6.3-10)

REGIE

TOMBAC CROP PRICING IN VARIOUS REGIONS FOR THE YEAR 1994

	North(Normal)		North(Sa'adi 33)		South(Sa'adi 33)	
	Avg.\$Cost/Kg.	%	Avg.\$Cost/Kg.	%	Avg.\$Cost/Kg.	%
Good	\$4.76		\$8.84		\$8.84	
Medium	\$3.84		\$6.71		\$6.71	
Low	\$1.52		\$2.74		\$2.74	
Useless	\$0.00		\$0.00		\$0.00	
Avg. Weighted Cost	\$3.21	99.07%	\$5.24	99.43%	\$7.43	99.33%
Expenses/Kg	\$0.03	0.93%	\$0.03	0.57%	\$0.05	0.67%
Total \$Cost/Kg.	\$3.24	100.00%	\$5.27	100.00%	\$7.48	100.00%
\$Market Cost/Kg.	\$3.23	99.69%	\$5.25	99.62%	\$7.46	99.73%
Loss/Subsidy Incurred	0.01	0.31%	\$0.02	0.38%	\$0.02	0.27%

1994 TOMBAC CROP PURCHASING COST AND PERTINENT SUBSIDIES

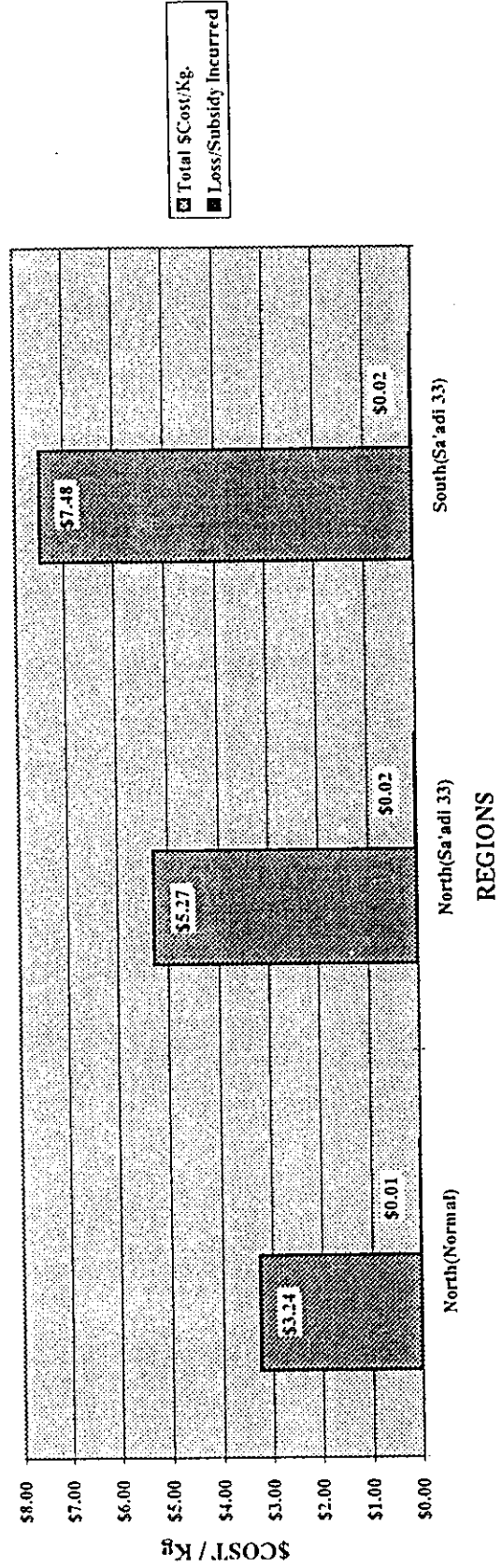




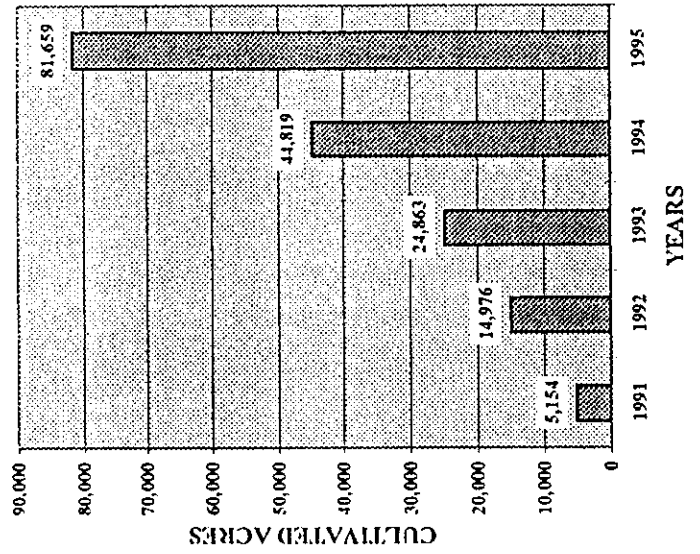
Table (3.6.3-12)

REGIE

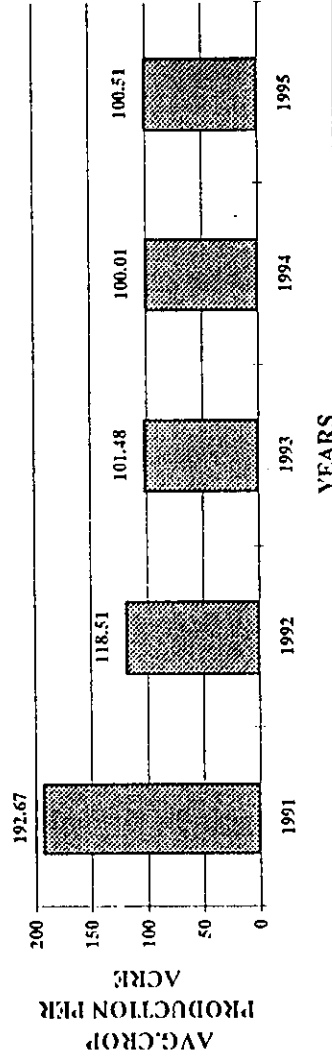
CROP PRODUCTION TREND & RELEVANT FACTS

YEAR	ACRES CULTIVATED	ASCENDING TREND %	KG.OF CROP RECEIVED	AVERAGE PRODUCTION PER ACRE	DESCENDING TREND %	AVERAGE \$ PURCHASE PER KG.	ASCENDING TREND %
1991	5,154	100.00%	992,817	Kg. 192.67	100.00%	\$3.60	100.00%
1992	14,976	290.57%	1,351,034	Kg. 118.51	61.51%	\$5.31	147.50%
1993	24,863	482.40%	2,569,456	Kg. 101.48	52.67%	\$5.08	141.11%
1994	44,819	869.60%	4,482,971	Kg. 100.01	51.91%	\$5.58	155.00%
1995	81,659	1584.38%	8,207,174	Kg. 100.51	52.17%	\$6.30	175.00%

ASCENDING TREND OF CULTIVATED ACRES SINCE 1991



DESCENDING TREND OF AVERAGE PRODUCTION PER ACRE



ASCENDING SPURCHASE COST OF PRODUCTION PER Kg.

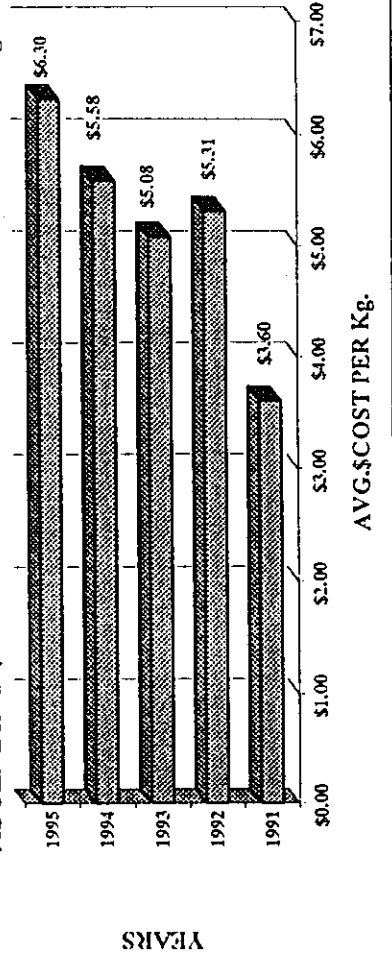


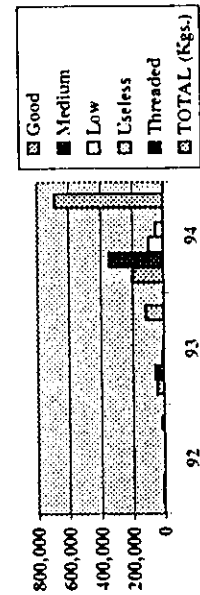
Table (3.6.3-13)

REGIE

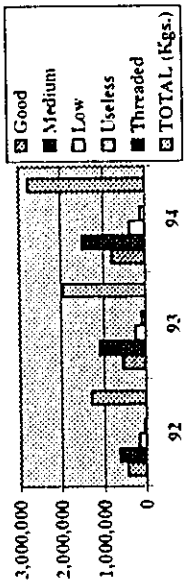
COMPARATIVE TRENDS OF CROP PRODUCTION IN QUANTITIES & PRICES FOR 1992,93,94

	TOBACCO						TOMBAC			TOTAL CROP		
	BURLEY			SA'ADI 6			NORMAL & SA'ADI 33					
	92	93	94	92	93	94	92	93	94	92	93	94
Good	6,623	43,560	198,757	449,194	548,536	787,202	14,894	149,140	239,306	470,711	741,236	1,225,265
Medium	7,730	56,684	344,709	629,595	1,081,718	1,495,553	14,080	183,305	373,155	651,405	1,321,707	2,213,417
Low	1,828	12,068	96,750	165,530	242,301	370,687	7,093	148,570	393,763	174,451	402,939	861,200
Useless	886	4,637	49,234	52,987	92,735	105,399	526	6,202	22,843	54,399	103,574	177,476
Threaded	0	0	0	68	0	5,613	0	0	0	68	0	5,613
<b>TOTAL (Kgs.)</b>	<b>17,067</b>	<b>116,949</b>	<b>689,450</b>	<b>1,297,374</b>	<b>1,965,290</b>	<b>2,764,454</b>	<b>36,593</b>	<b>487,217</b>	<b>1,029,067</b>	<b>1,351,034</b>	<b>2,569,456</b>	<b>4,482,971</b>
Avg. Weighted Cost	\$3.44	\$3.75	\$3.95	\$5.45	\$5.66	\$6.52	\$1.36	\$4.10	\$4.14	\$5.31	\$5.08	\$5.58
Expenses/Kg	\$0.09	\$0.07	\$0.06	\$0.04	\$0.08	\$0.05	\$0.16	\$0.06	\$0.03	\$0.04	\$0.07	\$0.05
Total \$Cost/Kg.	\$3.53	\$3.82	\$4.01	\$5.49	\$5.74	\$6.57	\$1.52	\$4.16	\$4.17	\$5.35	\$5.15	\$5.63
\$Market Cost/Kg	\$0.00	\$0.00	\$0.36	\$3.37	\$4.14	\$5.41	\$0.00	\$3.97	\$4.15	\$3.20	\$3.64	\$3.64
Loss/Subsidy Incurred	\$3.53	\$3.82	\$3.65	\$2.12	\$1.60	\$1.15	\$1.52	\$0.18	\$0.02	\$2.15	\$1.51	\$1.99

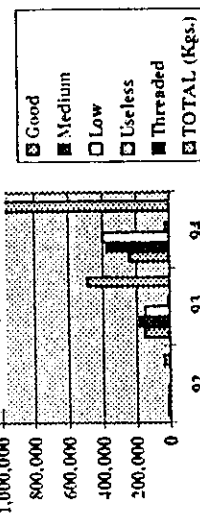
TREND OF BURLEY IN QUANTITIES



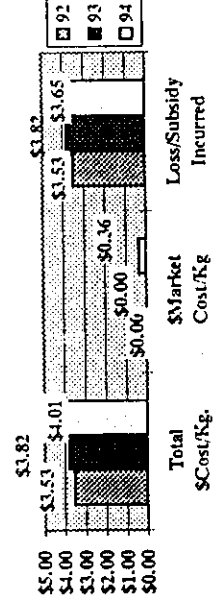
TREND OF SA'ADI 6 IN QUANTITIES



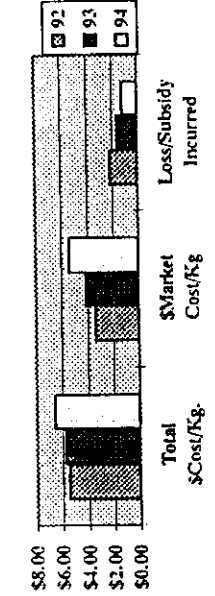
TREND OF TOMBAC IN QUANTITIES



TREND OF BURLEY IN PRICES



TREND OF SA'ADI 6 IN PRICES



TREND OF TOMBAC IN PRICES

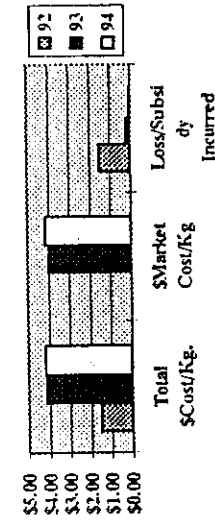


Table (3.6.3-14)

REGIE

PRESENT REGIONAL DISTRIBUTION OF T&T FARMERS & DONOMS IN LEBANON

REGION	NO. OF FARMERS		%		DONOMS				
	FARMERS	%	LICENSED	%	EXPERIMENT	%	TOTAL	%	
SOUTH	11564	50.92%	55749	95.36%	2,710	4.64%	58,459	71.59%	
NORTH	6227	27.42%	20173	92.11%	1,727	7.89%	21,900	26.82%	
BEKA'A	4917	21.65%	1300	100.00%	0	0.00%	1,300	1.59%	
	22708	100.00%	77222	94.57%	4,437	5.43%	81,659	100.00%	

NOTE : The upper limit of granted Tobacco Growing Licenses is 43,389

REGIONAL DISTRIBUTION OF T&T FARMERS & DONOMS IN LEBANON

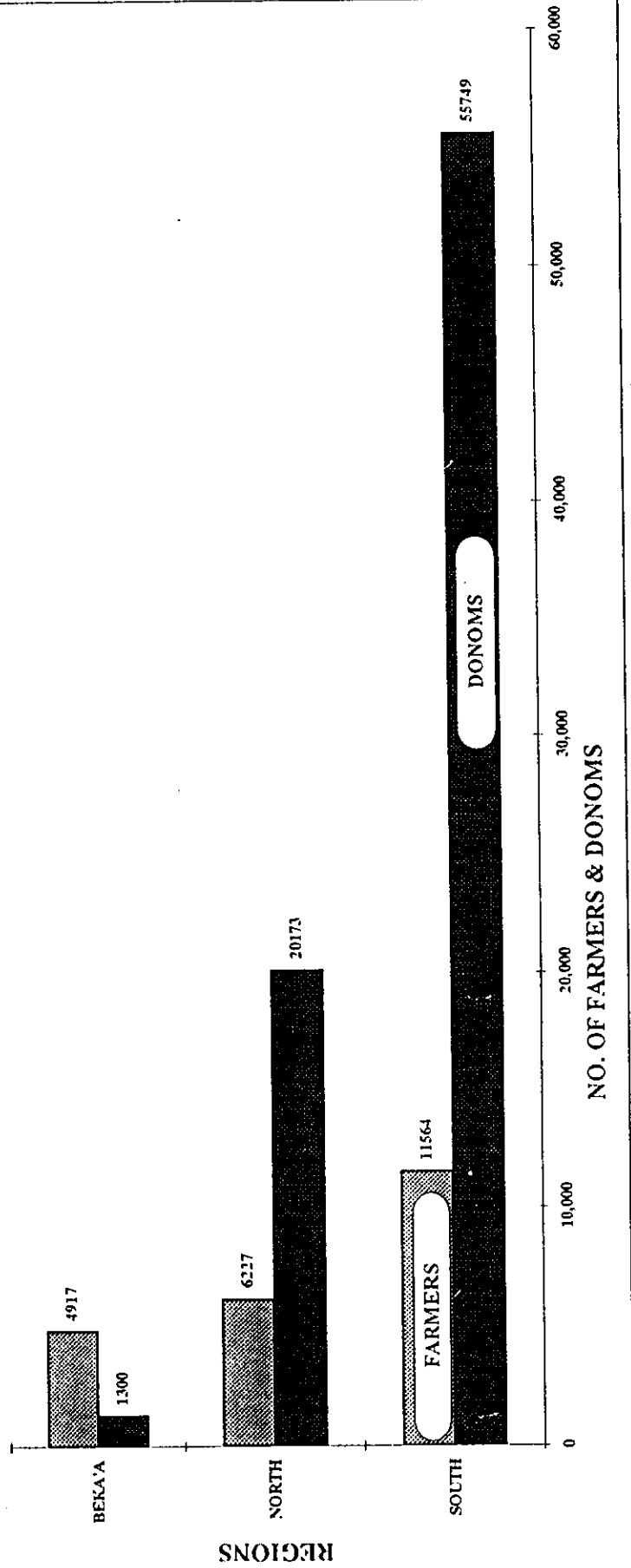


Table (3.6.3-15)

REGIE

VIEW OF PRODUCTION TREND FROM 1968 UP TO 1995

YEAR	PRODUCTION BOXES
1968	107,000
1969	113,000
1970	90,000
1971	77,000
1972	65,000
1973	60,000
1974	78,000
1975	103,000
1976	2,000
1977	5,000
1978	8,000
1979	4,000
1980	20,000
1981	23,000
1982	19,000
1983	23,000
1984	457
1985	88,858
1986	114,969
1987	193,675
1988	192,885
1989	165,321
1990	126,944
1991	162,985
1992	127,968
1993	35,163
1994	22,370
1995	27,380

PRODUCTION TREND FROM 1968 UP TO 1995

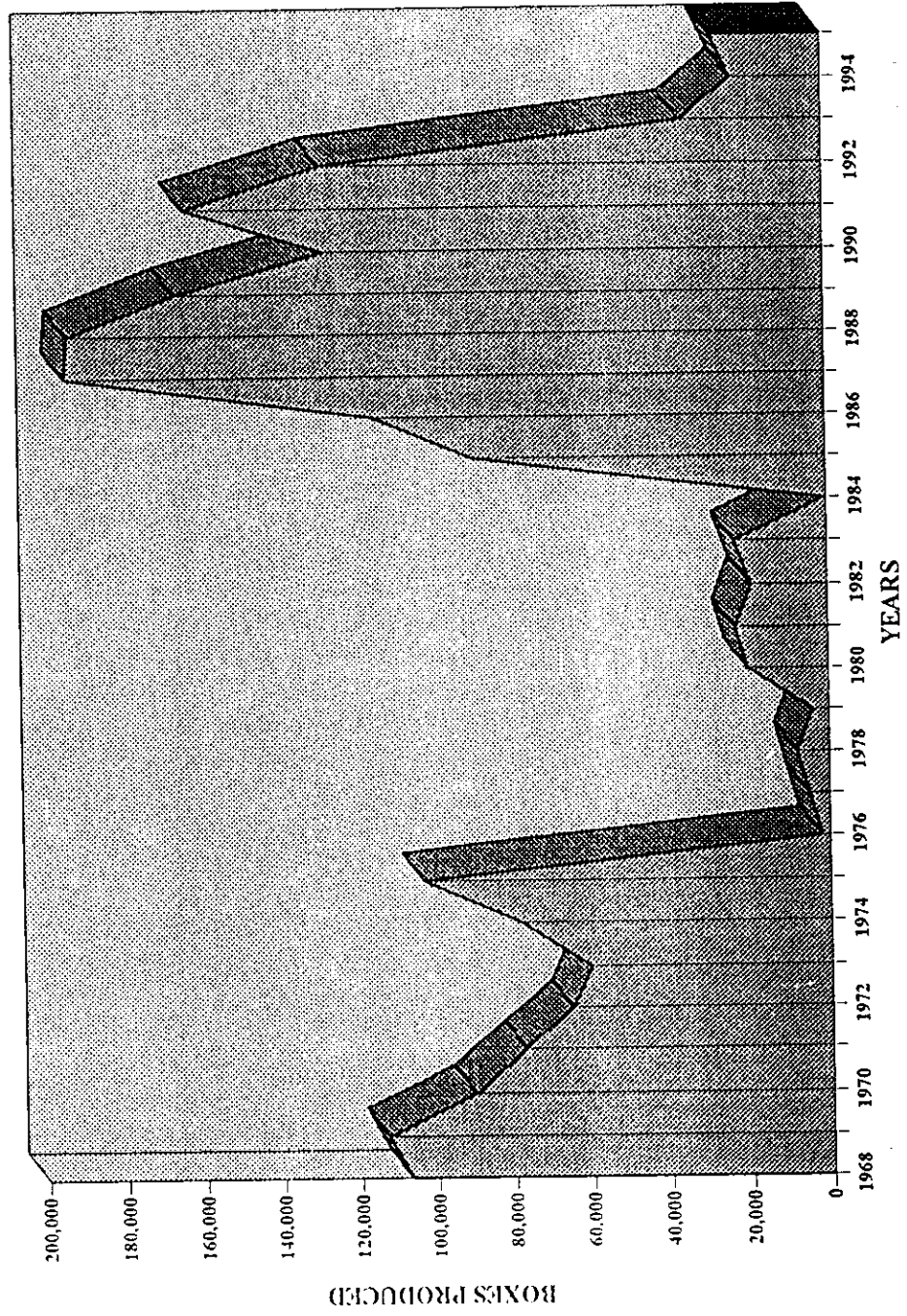


Table (3.6.3-16)  
REGIE

TOMBAC MANUFACTURING TREND SINCE 1990

Y E A R	MANUFACTURED AMOUNTS IN KGS.	ANNUAL MONTHLY AVERAGE
1 9 9 0	142,486	11,874
1 9 9 1	178,305	14,859
1 9 9 2	145,593	12,133
1 9 9 3	131,548	10,962
1 9 9 4	260,130	21,678
1 9 9 5	191,069	15,922
2 5 / 6 / 9 6	103,470	8,623

TOMBAC MANUFACTURING TREND SINCE 1990

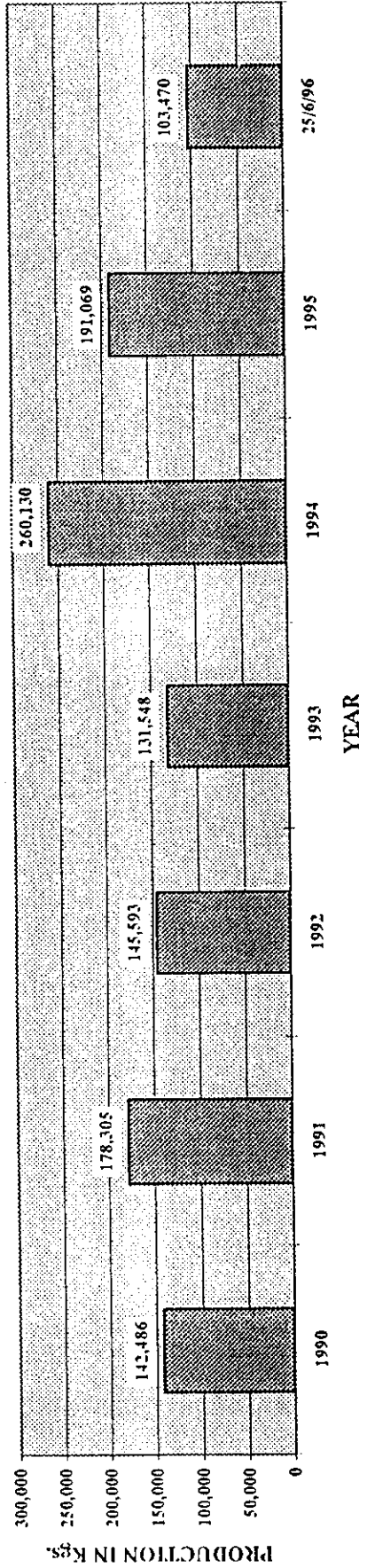




Table (3.6.3-17)

REGIE

MONTHLY VARIATIONS & GROWTH TRENDS IN 1995

1995 MONTHES	\$CASH & BANKS	\$VALUE OF FINISHED GOODS	\$VALUE OF RAW MATERIALS	\$TOTAL	\$VALUE OF GROWTH	%
Jan-95	\$57,337,176	\$19,006,480	\$26,654,675	\$102,998,331	\$0	
Feb-95	\$50,559,704	\$22,213,704	\$32,884,407	\$105,657,815	\$2,659,484	2.58%
Mar-95	\$42,049,624	\$18,843,333	\$39,838,458	\$100,731,415	(\$4,926,400)	-4.66%
Apr-95	\$49,457,293	\$14,147,099	\$42,037,977	\$105,642,369	\$4,910,954	4.88%
May-95	\$56,881,464	\$12,594,555	\$42,116,039	\$111,592,058	\$5,949,689	5.63%
Jun-95	\$53,831,867	\$18,207,103	\$41,320,344	\$113,359,314	\$1,767,256	1.58%
Jul-95	\$55,680,222	\$26,242,036	\$40,630,890	\$122,553,148	\$9,193,834	8.11%
Aug-95	\$57,700,498	\$29,173,440	\$39,811,684	\$126,685,622	\$4,132,474	3.37%
Sep-95	\$61,578,203	\$29,524,997	\$39,102,741	\$130,205,941	\$3,520,319	2.78%
Oct-95	\$66,951,894	\$30,233,918	\$38,243,522	\$135,429,334	\$5,223,393	4.01%
Nov-95	\$67,946,325	\$34,292,261	\$33,258,438	\$135,497,024	\$67,690	0.05%
Dec-95						

MONTHLY VARIATIONS & GROWTH TRENDS IN 1995

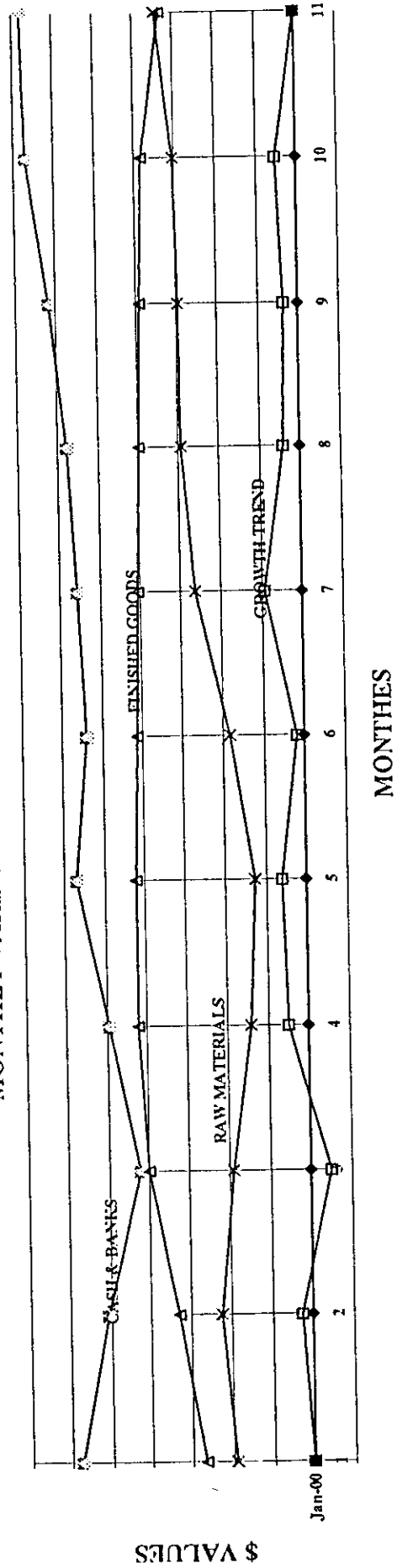


Table (3.6.3-18)

REGIE  
STANDARD COSTING OF FINISHED PRODUCTS VERSUS ACTUAL

YEAR	\$MATERIAL (TOBACCO)	\$FACTORY SUPPLIES	\$LABOR		ACTUAL DIRECT COST OF FINISHED GOODS	STANDARD COSTING OF FINISHED GOODS	OVER / UNDER APPLIED FACTORY OVERHEADS	%
			FIXED	VARIABLE				
1985	\$3,635,672	\$2,178,425	\$583,946	\$443,565	\$6,841,608	\$8,716,753	\$1,875,145	27.41%
1986	\$3,322,040	\$2,090,173	\$416,722	\$547,878	\$6,376,813	\$7,252,587	\$875,774	13.73%
1987	\$4,882,153	\$3,540,000	\$320,960	\$363,694	\$9,106,807	\$12,956,982	\$3,850,175	42.28%
1988	\$3,383,386	\$3,552,000	\$304,169	\$545,232	\$7,784,787	\$9,639,005	\$1,494,520	18.35%
1989	\$3,775,760	\$3,260,000	\$397,032	\$711,693	\$8,144,485	\$10,135,285	\$2,927,619	40.62%
1990	\$3,378,074	\$2,866,000	\$555,604	\$407,988	\$7,207,666	\$10,983,601	\$1,269,901	13.07%
1991	\$4,064,253	\$3,625,355	\$1,089,064	\$935,028	\$9,713,700	\$10,970,487	\$2,871,823	35.46%
1992	\$3,596,083	\$2,799,569	\$1,195,012	\$508,000	\$8,098,664	\$2,777,877	(\$1,194,172)	-30.06%
1993	\$1,156,229	\$1,082,217	\$1,683,603	\$50,000	\$3,972,049	\$2,237,000	(\$2,474,390)	-52.52%
1994	\$1,248,715	\$646,696	\$2,790,979	\$25,000	\$4,711,390	\$86,127,916	\$14,169,947	19.69%
<b>TOTAL</b>	<b>\$32,442,365</b>	<b>\$25,640,435</b>	<b>\$9,337,091</b>	<b>\$4,538,078</b>	<b>\$71,957,969</b>	<b>\$86,127,916</b>		

STANDARD COSTING VERSES ACTUAL

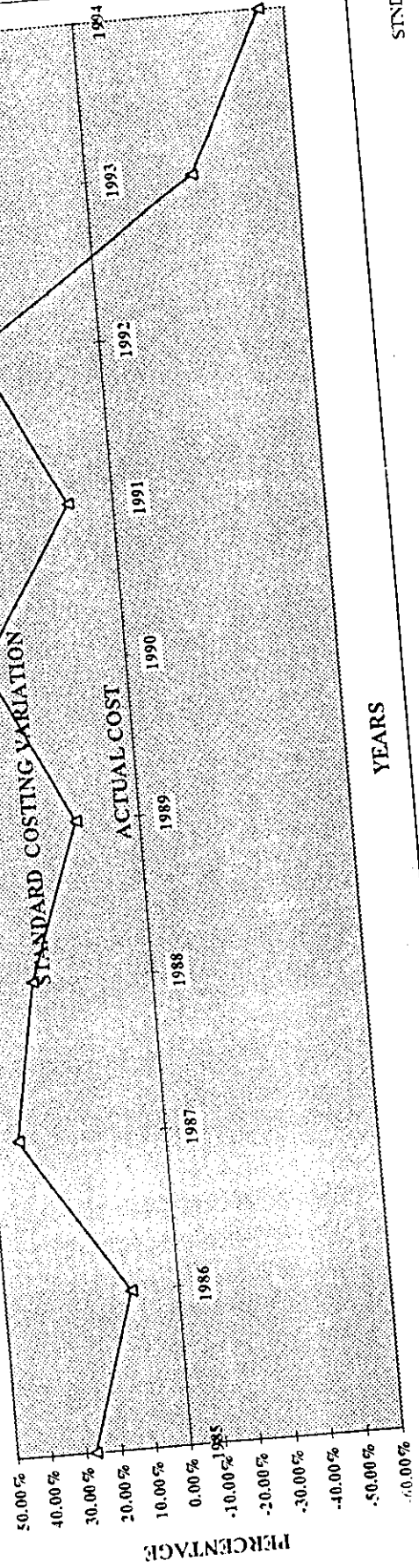


Table (3.6.3-19)

REGIE

## 93/94/95 PAYROLL &amp; BENEFITS (COMPARATIVE)

DESCRIPTION	NO.	L.L. 95	%	L.L. 94	%	L.L. 93	%
STAFF SALARIES	1	3,358,700,320	12.30%	3,615,205,560	13.51%	3,061,344,870	17.16%
STAFF PRIZES	2	2,033,593,808	7.45%	864,475,637	3.23%	742,960,726	4.17%
STAFF BONUSES	3	126,400,000	0.46%	81,020,452	0.30%	10,969,746	0.06%
STAFF OVERTIME	4	42,785,845	0.16%	56,475,307	0.21%	93,676,160	0.53%
STAFF TRANSPORT	5	75,818,941	0.28%	0	0.00%	0	0.00%
STAFF FAMILY ALLOWANCES	6	235,605,311	0.86%	64,712,266	0.24%	49,452,291	0.28%
STAFF SOCIAL ALLOWANCES	7	2,018,440	0.01%	19,917,740	0.07%	16,551,382	0.09%
STAFF SUBSIDY ALLOWANCES	8	1,631,898,458	5.98%	2,172,326,547	8.12%	960,333,350	5.38%
STAFF SCHOOLING ALLOWANCES	9	624,765,950	2.29%	649,775,600	2.43%	324,326,850	1.82%
		8,133,587,073	29.79%	7,523,909,109	28.12%	5,259,615,375	29.49%
LABOR WAGES	10	5,221,001,832	19.12%	6,190,357,746	23.16%	5,343,230,688	29.96%
LABOR PRIZES	11	3,857,850,799	14.13%	1,847,326,147	6.90%	1,529,221,243	8.57%
LABOR BONUSES	12	1,000,000	0.00%	21,553,000	0.08%	2,934,867	0.02%
LABOR OVERTIME	13	16,016,880	0.06%	42,133,088	0.16%	301,046,990	1.69%
LABOR FAMILY ALLOWANCES	15	18,422,160	0.07%	105,115,722	0.39%	82,019,871	0.46%
LABOR SOCIAL ALLOWANCES	16	3,181,280	0.01%	31,970,023	0.12%	38,040,942	0.21%
LABOR SUBSIDY ALLOWANCES	17	1,911,425,017	7.00%	2,746,702,487	10.27%	1,184,225,056	6.64%
LABOR SCHOOLING ALLOWANCES	18	796,194,525	2.93%	744,078,275	2.78%	408,048,075	2.29%
		11,825,092,493	43.31%	11,735,036,488	43.87%	8,888,807,732	49.84%
PUBLIC OFFICERS SALARY	19	53,896,202	0.20%	N/A	0.00%	N/A	0.00%
PUBLIC OFFICERS CAR MAINTENANCE	20	6,908,883	0.03%	N/A	0.00%	N/A	0.00%
PUBLIC OFFICERS MISCELL	21	7,183,516	0.03%	N/A	0.00%	N/A	0.00%
		67,988,601	0.25%	80,204,775	0.30%	69,680,246	0.39%
ALL-MISCELL-FRINGE BENEFITS	22	15,587,352	0.06%	7,775,627	0.03%	740,171,882	4.15%
ALL-DIX ALLOWANCES	23	2,715,491,840	9.94%	3,674,253,743	13.73%	447,672,183	2.51%
ALL-CNSS SICKNESS ALLOWANCES	24	1,565,895,730	5.81%	1,219,252,103	4.56%	617,772,183	3.46%
ALL-CNSS EOS ALLOWANCES	25	689,653,854	2.53%	624,763,996	2.34%	424,661,648	2.38%
ALL-CNSS FAMILY ALLOWANCES	26	2,266,350,993	8.30%	1,878,596,904	7.02%	1,258,157,380	7.05%
ALL-TAXES & DIRECT CHARGES	27	346,970	0.00%	1,672,322	0.01%	117,337,164	0.66%
ALL-MUNICIPALITY CHARGES	28	4,397,700	0.02%	4,308,478	0.02%	0	0.00%
ALL-REGISTRATION FEES	29	939,260	0.00%	1,046,854	0.00%	619,830	0.00%
ALL-MISCELL FEES	30	784,085	0.00%	1,301,113	0.00%	11,923,272	0.07%
		7,279,447,784	26.66%	7,412,971,140	27.71%	3,618,315,542	20.29%
<b>T O T A L</b>		<b>27,306,115,951</b>	<b>100.00%</b>	<b>26,752,121,512</b>	<b>100.00%</b>	<b>17,836,418,895</b>	<b>100.00%</b>

Table (3.6.3-20)

REGIE

PAYROLL ALLOCATIONS FOR 1993/94/95 (L.L.)

YEAR	95		94		93	
	L.L.	%	L.L.	%	L.L.	%
STAFF CHARGES	8,133,587,073	29.79%	7,523,909,109	28.12%	5,259,615,375	29.49%
LABOR CHARGES	11,825,092,493	43.31%	11,735,036,488	43.87%	8,888,807,732	49.84%
PUBLIC OFFICERS CHARGES	67,988,601	0.25%	80,204,775	0.30%	69,680,246	0.39%
COMMON CHARGES	7,279,447,784	26.66%	7,412,971,140	27.71%	3,618,315,542	20.29%
TOTAL	27,306,115,951	100.00%	26,752,121,512	100.00%	17,836,418,895	100.00%

COMPARATIVE PAYROLL FOR 1993/94/95

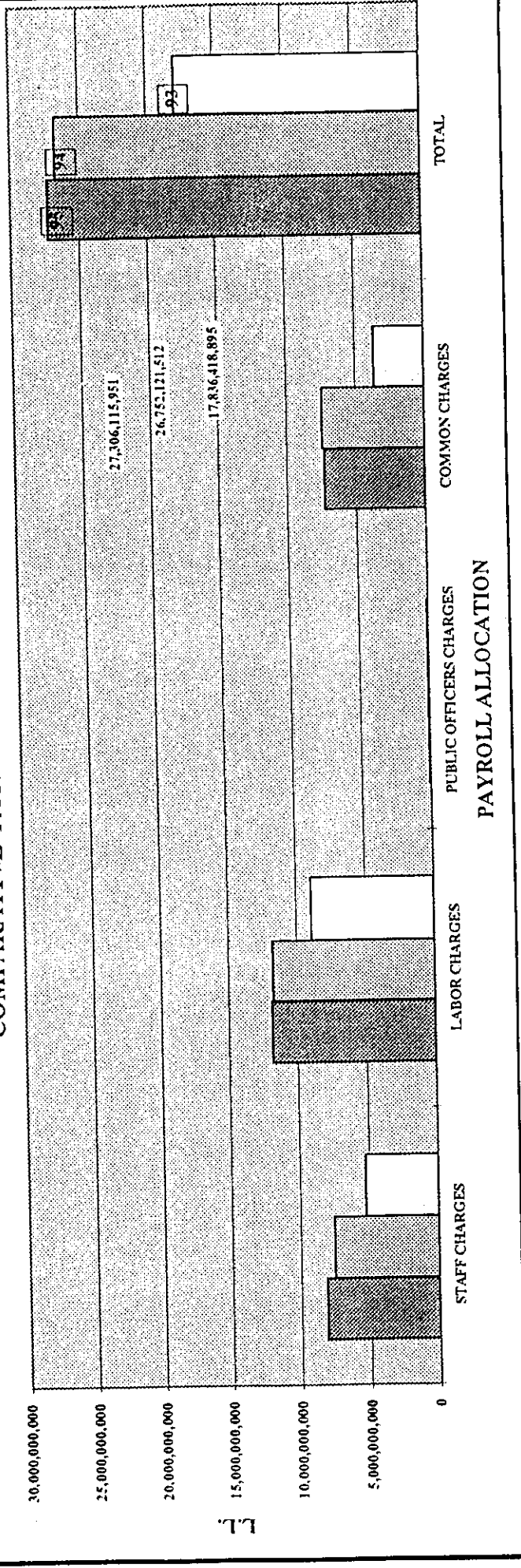


Table (3.6.3-21)

REGIE

**GOVERNMENT BUDGET & PAYBACKS**

NO.	T R A N S A C T I O N S	FROM 1976 UP TO 1994	%
1	OFFICIAL BUDGET ASSIGNED BY GOVT. TO REGIE	\$330,961,108	100.00%
2	PAID BACK IN THE FORM OF MILITARY TAX	(\$194,780,343)	-58.85%
3	PAID BACK IN THE FORM OF MUNICIPALITY TAX	(\$12,607,683)	-3.81%
4	PAID BACK IN THE FORM OF INTEREST TO TREASURY	(\$53,554,227)	-16.18%
5	PAID BACK IN THE FORM OF END OF SERVICES TO GOVT. EMPLOYEES	(\$89,756,343)	-27.12%
6	ACTUAL BUDGET, OR FUNDS OVERPAID BACK TO GOVT.	\$19,737,488	5.96%
	<b>T O T A L</b>	<b>\$0</b>	<b>0.00%</b>

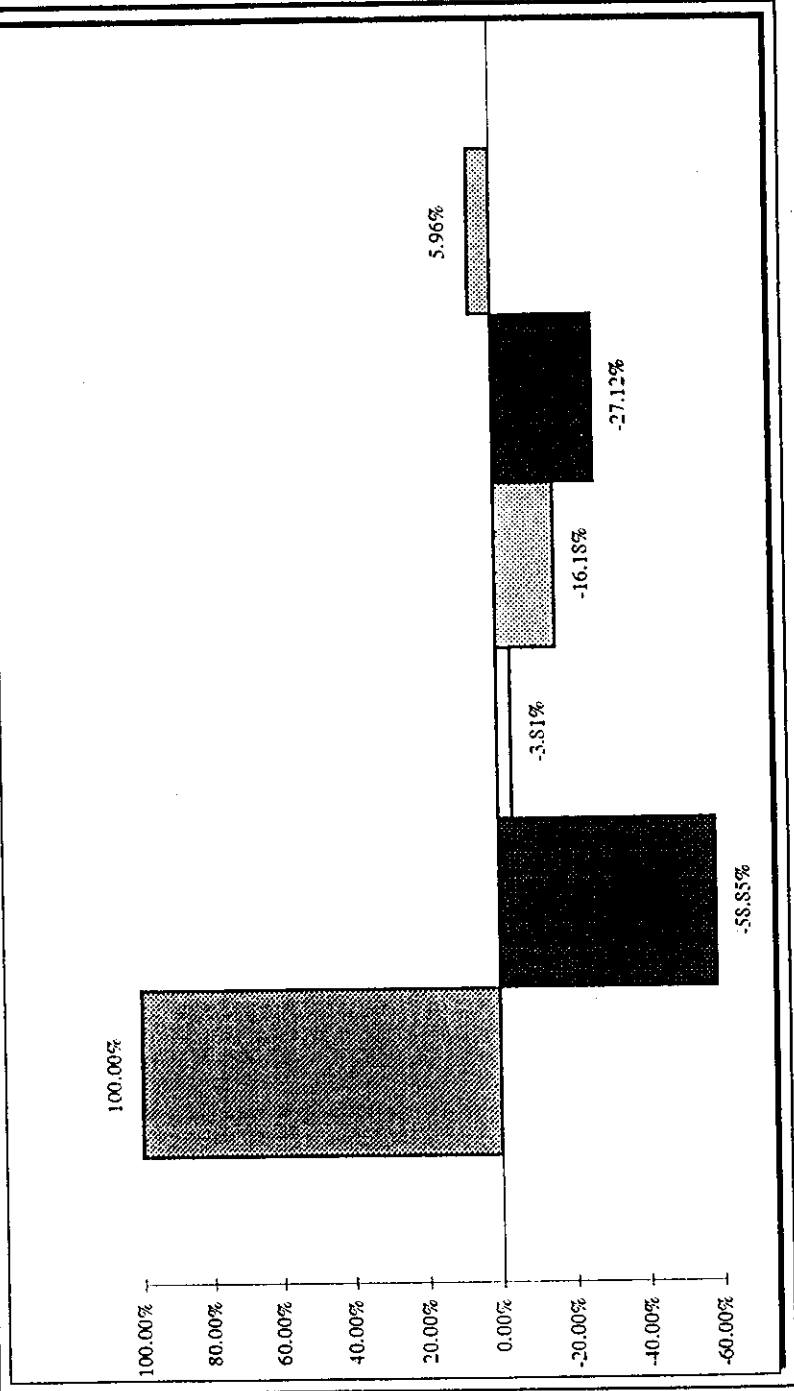


Table (3.6.3-22)

REGIE

T & T REGIE SUBSIDIES SINCE 1992

YEAR	\$ VALUE OF CROP PRODUCTION	\$ VALUE OF CROP SUBSIDIZED	%
1992	\$8,377,047	\$2,910,707	34.75%
1993	\$13,817,396	\$3,888,624	28.14%
1994	\$25,945,690	\$8,909,234	34.34%
1995*	\$53,054,000	\$30,000,000	56.55%

\* NOTE: The subsidy value is an estimate, based on expectations that sorting results are going to be similar to those of 1994, beside the provisional increments expected on purchasing prices, and the inability to sell or export the excessive tobacc which is far beyond the manufacturing needs of local consumption.

SUBSIDIES IN LIEU OF CROP PRODUCTION

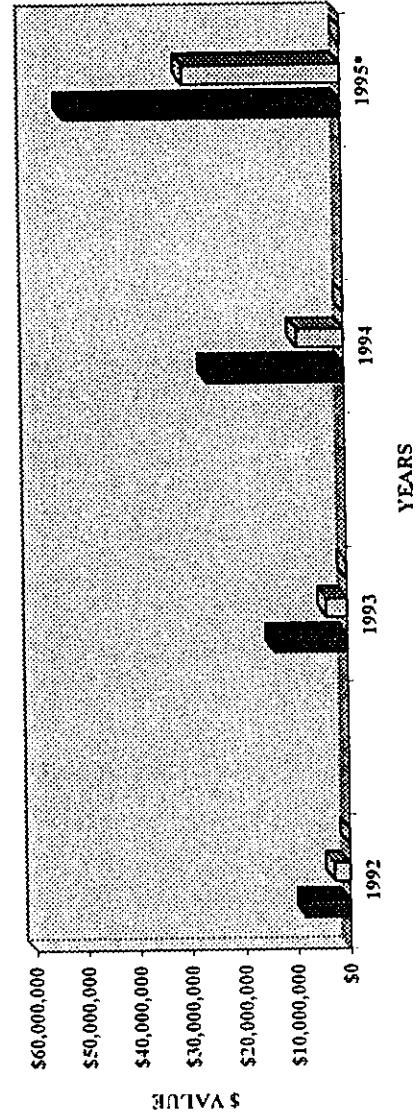


Table (3.6.3-23)  
REGIE

REAL ESTATE ESTIMATED MARKET VALUE AS OF 31/12/95

LOCATION	LAND AREA M <sup>2</sup>	\$ VALUE /M <sup>2</sup>	TOTAL LAND VALUE	BUILDINGS AREA M <sup>2</sup>	\$ VALUE /M <sup>2</sup>	TOTAL BUILDINGS VALUE	TOTAL VALUE OF LAND & BUILDINGS
HADATH	83,202	\$500	\$41,601,000	73,141	\$300	\$21,942,300	\$63,543,300
BEKFAYYA	21,860	\$100	\$2,186,000	23,893	\$300	\$7,167,900	\$9,353,900
GHAZIEH	17,770	\$75	\$1,332,750	26,511	\$300	\$7,953,300	\$9,286,050
NABATIEH	68,270	\$50	\$3,413,500	43,367	\$100	\$4,336,700	\$7,750,200
TRIPOLI	11,217	\$150	\$1,682,550	15,618	\$300	\$4,685,400	\$6,367,950
BATROUN	45,034	\$100	\$4,503,400	29,062	\$300	\$8,718,600	\$13,222,000
SAADIYAT	121,000	\$50	\$6,050,000			\$0	\$6,050,000
KFARSAROUN	163,046	\$20	\$3,260,920			\$0	\$3,260,920
KHENSARA	7,635	\$50	\$381,750			\$0	\$381,750
<b>TOTAL</b>	<b>539,034</b>	<b>\$119</b>	<b>\$64,411,870</b>	<b>211,592m2</b>	<b>\$259</b>	<b>\$54,804,200</b>	<b>\$119,216,070</b>

NOTE: \$1 = L.L. 1590, TOTAL VALUE = L.L. 189,553,551,300 ~ L.L. 190 BILLION

Table (3.6.3-24)

REGIE

MARKET SEGMENTATION AMONG MAJOR SUPPLIERS

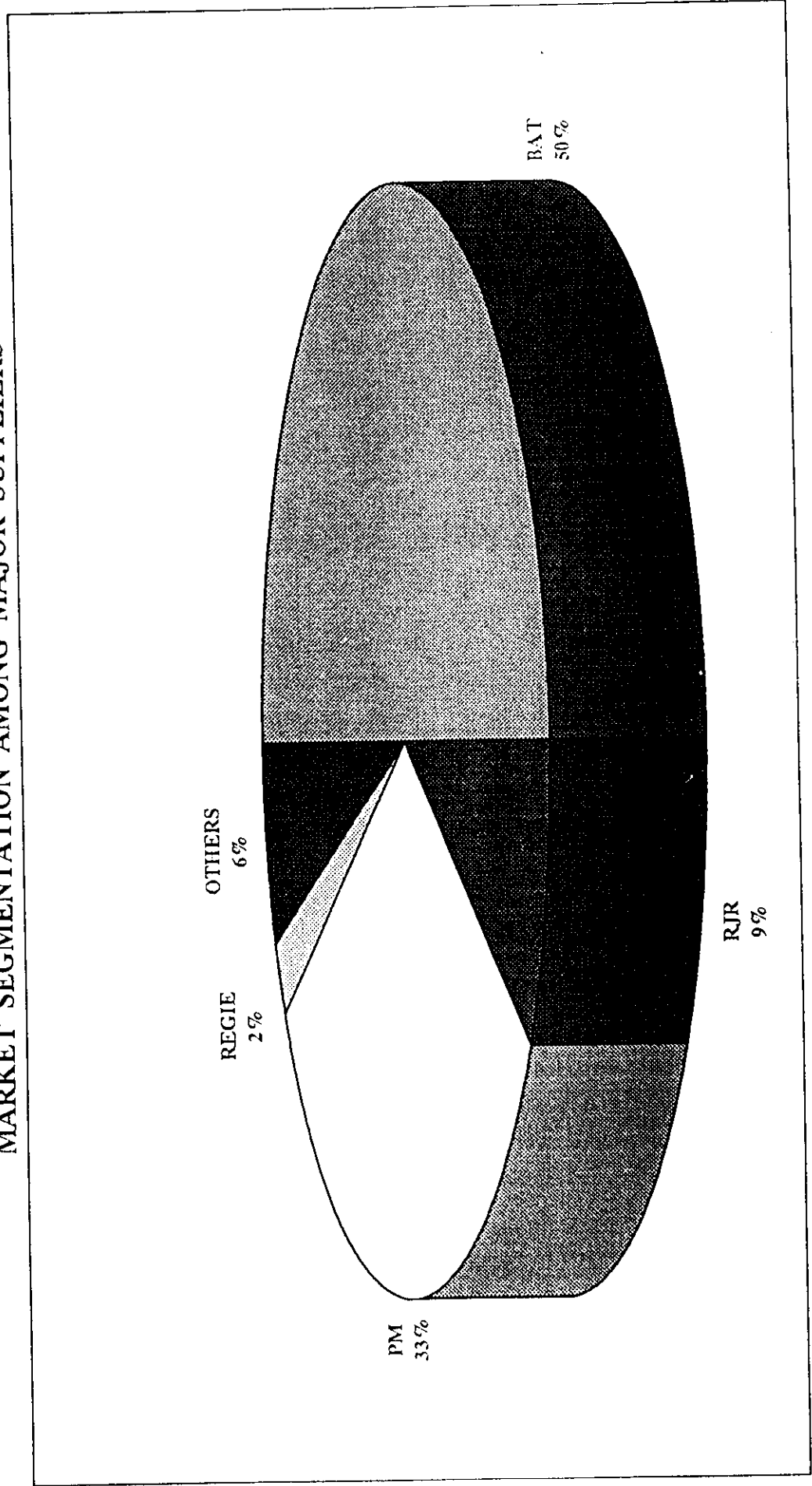




Table (3.6.3-25)

REGIE  
MARKET SEGMENTATION AMONG MAJOR BRANDS

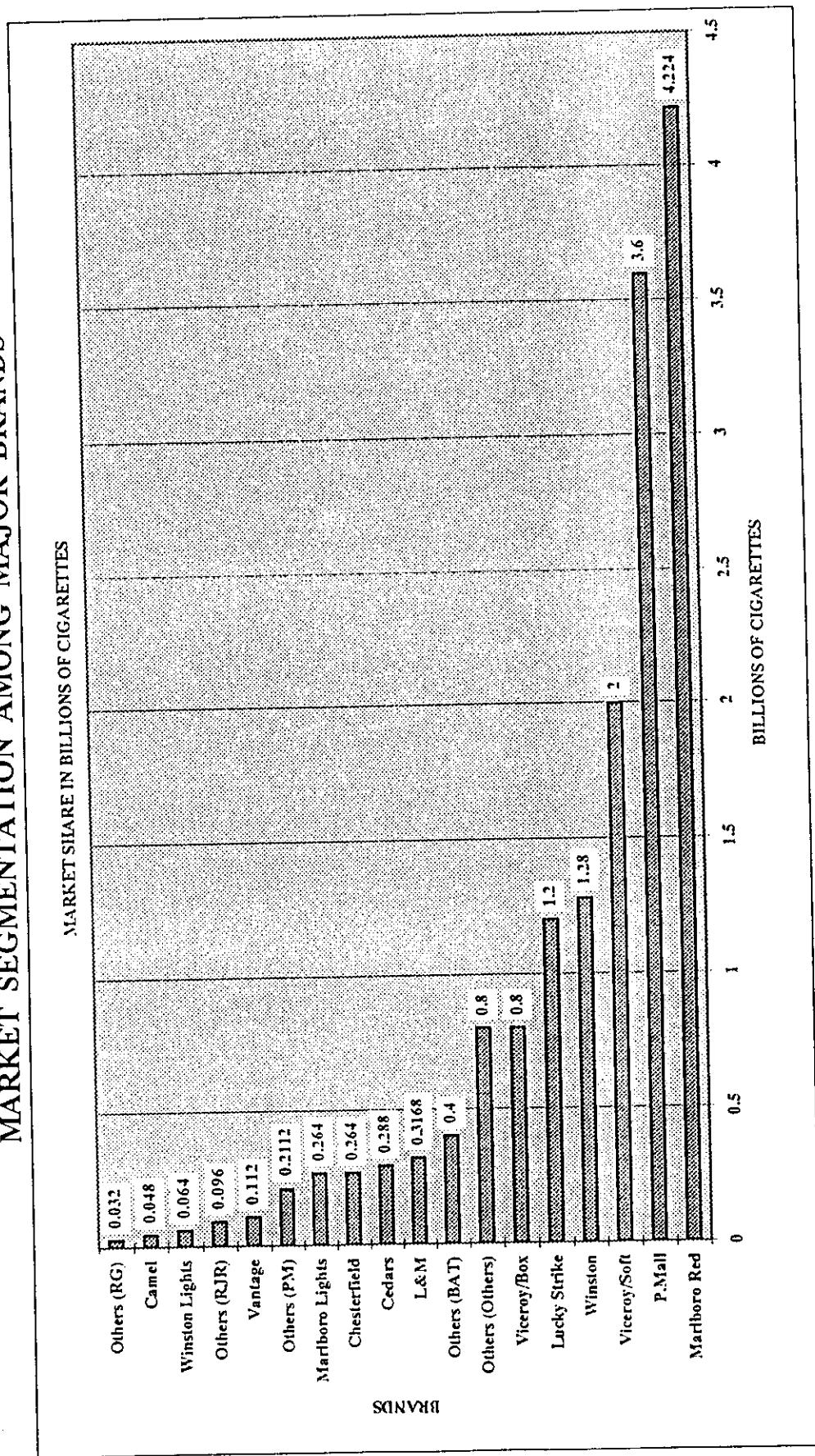


Table (3.6.3-26)

REGIE  
THE FOUR COMBINATION SCHEMES PROPOSED TO FINANCIALLY RESTRUCTURE THE REGIE

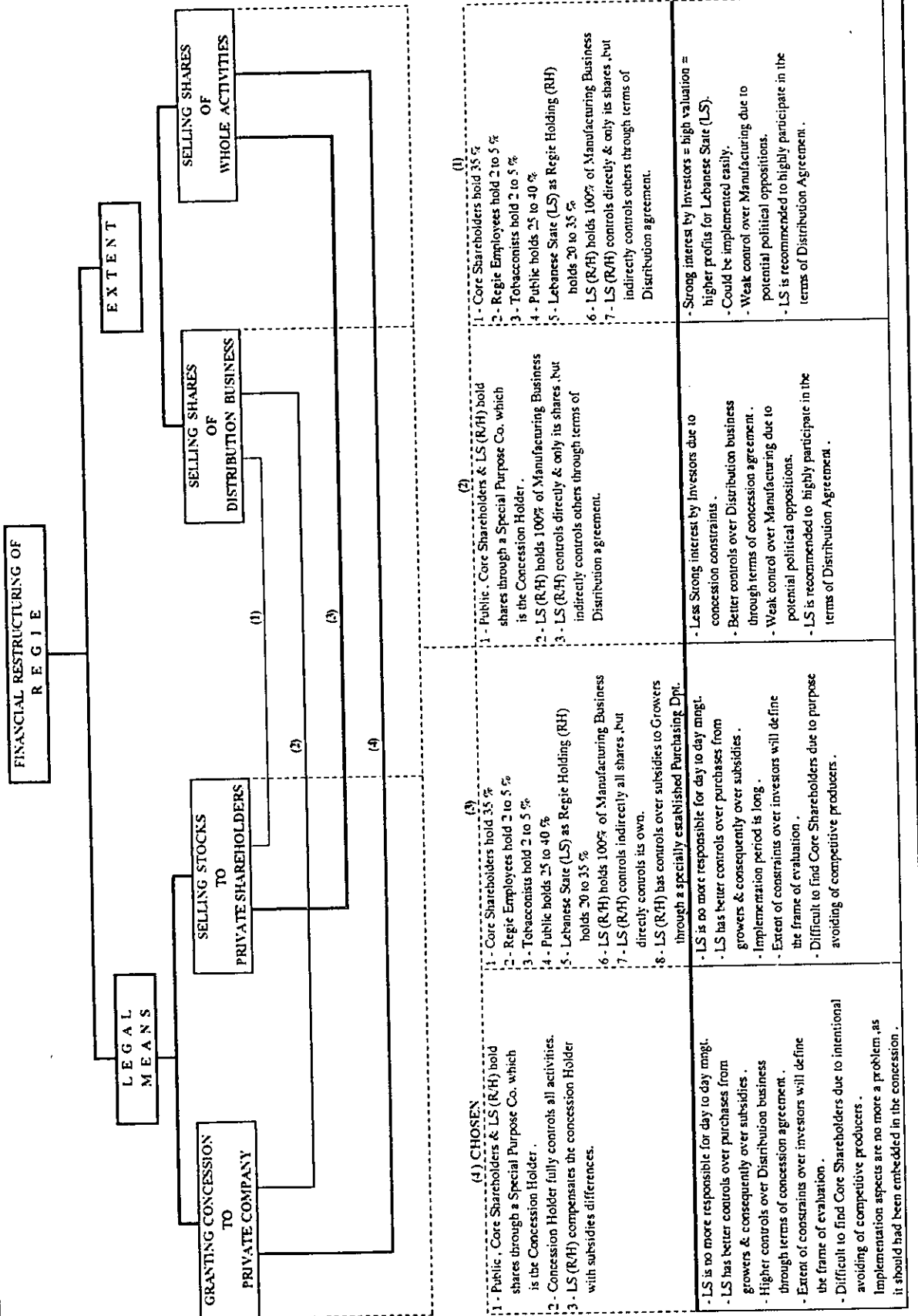


Table (3.6.4-1)  
 REGIE  
 CONVERSION OF REGIE EQUITIES L.L. HISTORICAL VALUES INTO USD (\$)

DESCRIPTION	RECOGNITION DATE	HISTORICAL RESULTS VALUE / L.L.	RATE @ / \$ = L.L.	HISTORICAL VALUE / \$
PAID-UP CAPITAL		629,887.50	2.4226	\$260,000.00
		0.00	2.4300	\$0.00
		0.00	2.4300	\$0.00
RETAINED EARNINGS	31/12/1975			
RETAINED EARNINGS 1976	31/12/1976	(62,027,122.88)	2.9300	(\$21,169,666.51)
RETAINED EARNINGS 1977	31/12/1977	(64,679,569.12)	3.0000	(\$21,559,856.37)
RETAINED EARNINGS 1978	31/12/1978	(46,706,737.02)	3.0050	(\$15,543,007.33)
RETAINED EARNINGS 1979	31/12/1979	(45,132,450.56)	3.2575	(\$13,854,934.94)
RETAINED EARNINGS 1980	31/12/1980	(185,296,207.09)	3.6475	(\$50,800,879.26)
RETAINED EARNINGS 1981	31/12/1981	(172,261,483.53)	4.6230	(\$37,261,839.40)
RETAINED EARNINGS 1982	31/12/1982	(191,371,768.78)	3.8100	(\$50,228,810.70)
RETAINED EARNINGS 1983	31/12/1983	(137,497,819.30)	5.4900	(\$25,045,140.13)
RETAINED EARNINGS 1984	31/12/1984	(254,372,569.60)	8.8900	(\$28,613,337.41)
RETAINED EARNINGS 1985	31/12/1985	(218,836,396.25)	18.1000	(\$12,090,408.63)
RETAINED EARNINGS 1986	31/12/1986	(514,550,714.99)	87.0000	(\$5,914,376.03)
RETAINED EARNINGS 1987	31/12/1987	(434,925,410.51)	455.0000	(\$955,880.02)
RETAINED EARNINGS 1988	31/12/1988	(72,316,764.66)	530.0000	(\$136,446.73)
RETAINED EARNINGS 1989	31/12/1989	(1,332,103,223.63)	505.0000	(\$2,637,828.17)
RETAINED EARNINGS 1990	31/12/1990	(12,729,857,515.45)	842.0000	(\$15,118,595.62)
RETAINED EARNINGS 1991	31/12/1991	(3,565,019,210.58)	879.0000	(\$4,055,767.02)
RETAINED EARNINGS 1992	31/12/1992	(22,400,332,802.55)	1,838.0000	(\$12,187,341.02)
RETAINED EARNINGS 1993	31/12/1993	(15,863,479,388.52)	1,713.0000	(\$9,260,641.79)
RETAINED EARNINGS 1994	31/12/1994	(4,706,871,237.46)	1,647.0000	(\$2,857,845.32)
RETAINED EARNINGS 1995	31/12/1995	3,340,441,474.69	1,596.0000	\$2,093,008.44
TOTAL EQUITIES		(59,656,567,030.29)		(\$326,939,593.96)
AS COUNTED IN 1995 BALANCE SHEET		(\$37,378,801.40)	DIFFERENCE	(\$289,560,792.57)