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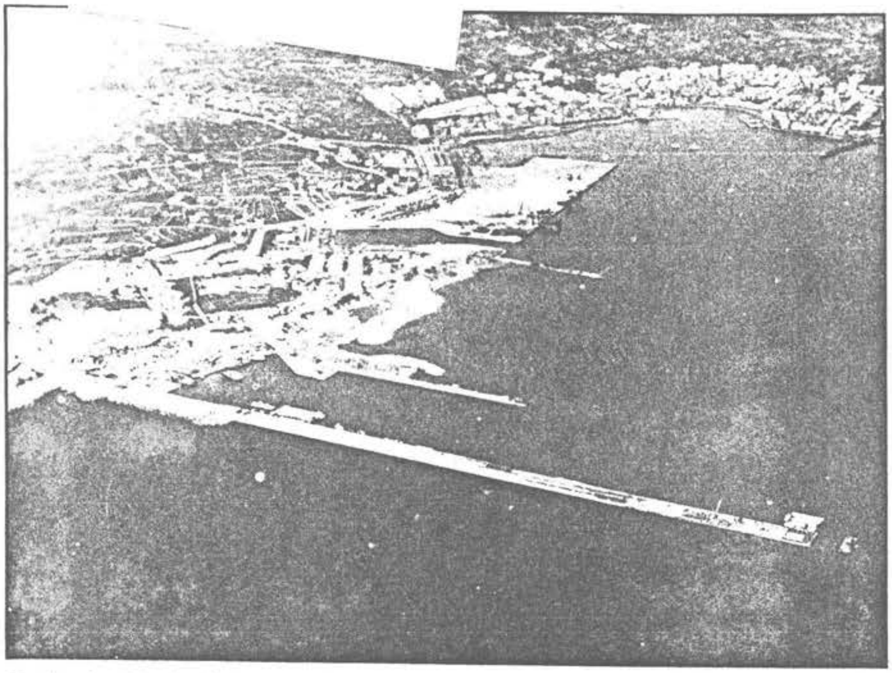

Destination North Africa: *an ambitious scheme to turn the central Mediterranean island of Malta into a regional transhipment centre for North Africa is moving towards realisation. The second stage of the project, which involves building an LM 80 million ($ 189 million) container port at Marsaxlokk, was opened in December 1985. Built by local firms and China Harbours Engineering Company, it comprises a 960-metre breakwater protecting the two handling areas: a container port, finished in mid-1984, and a bulk cargo area, which is for completion in the second half of 1986.*

The first ships are expected to start arriving at Marsaxlokk in early 1986. The likely destinations for the transhipped cargo are North African ports too shallow to berth large carriers.

The container port is to be managed and operated by the recently formed Malta Container Terminal Company, which expects to run the bulk terminal as well. The company hopes to handle up to 150,000 20-foot equivalent units (TEUs) a year. It is also hoping that foreign carriers planning to use the port will contribute LM 200,000 ($ 473,000) of the company's LM 1.2 million ($ 2.8 million) authorised capital.

EGYPT continued from page 7

the concession — is to invite bids for a spur line to link up with the main pipeline to the coast.

The main line will be 16 inches in diameter, with an initial capacity of 30,000 barrels a day (b/d), rising to 120,000 b/d at a later stage. The original specifications called for 70 per cent of civil works to be done by EGPC subsidiary ***Petrojet***. However, the local concern is understood to have withdrawn; Entrepose is expected to carry out most of the construction work itself.

Construction costs will be met by Agypetco, but the money will be recovered as part of the foreign partner's production-sharing agreement with EGPC.

EGYPT

US team set for wastewater job

A joint venture of two US firms — ***Perini International Corporation*** and ***Guy F Atkinson*** — has received a letter of intent for a contract to lay sewers in west Cairo. The contract — number 20 — is part of the US-financed section of the Greater Cairo Wastewater Project. The venture's bid is valued at $ 34.5 million, well ahead of the second-lowest offer, of $ 50.4 million, submitted by ***Harrison Western Corporation*** with ***Fluor Constructors.*** Bidding was restricted to US companies (MEED 27:7:85).

Perini and Atkinson are discussing details of the contract with the client, the Cairo Wastewater Organisation (CWO).

The first contract in the US-financed part of the citywide scheme was awarded in early 1985 to ***Raymond International Builders,*** with ***Sadelmi New York,*** for $ 20.1 million. This order — number 23 — involves setting up a relief system between Giza and Zenein.

CWO has asked bidders for two other contracts — 21 and 22 — to extend the validity of their offers until February. On contract 21, for culverts, ***Fru-Con International*** was low bidder at $ 31.2 million; the company also offered the lowest price — $ 43.6 million —for contract 22, to build pumping stations.

Exchange rate reforms welcomed

A modest set of reforms to the foreign exchange system, announced by Economy & Foreign Trade Minister Sultan Abu Ali on 18 December, has been welcomed in Cairo business circles. The reforms, which include implicit approval of a role for the black market in financing imports, have also restored some confidence in the local currency. The free market exchange rate has settled at about $ 1 = £E 1.70 after slipping to near the $ 1 = £E 2.00 mark in early December.

The main part of the reform package deals with the system of channelling workers' remittances into foreign currency accounts by way of the black market. Abu Ali said there will be no restrictions on accounts supplied with foreign currency from other than official sources, as long as the money is used for approved imports. But holders of these accounts will not be allowed to transfer the money abroad for other purposes. The ban on transfers will be effective for 12 months.

Accounts supplied with foreign currency from official sources will not be subject to any restrictions.

The Cairo daily Al-Ahram quotes officials as saying that in the past, foreign currency accounts fed from the black market have been used to finance illicit transactions, particularly the narcotics trade. The officials put the value of these deals at about $ 500 million a year. It is hoped that the new ruling will help to divert foreign currency to more useful ends.

Abu Ali's announcement marked the first official action on the foreign exchange system since the 5 January 1985 regulations drawn up by his predecessor, Mustapha Kamal el-Said. These measures included the abolition of the "own exchange" system, which had allowed imports to be financed from the black market.

The abolition had the disastrous effect of reducing the flow of remittances and bankrupting many private-sector importers. El-Said resigned at the end of March, and his measures were, informally, reversed.

The principal effect of Abu Ali's new move has been to clarify the rules affecting the foreign exchange system after a long period of confusion. The measures announced only slightly modify the existing situation; Cairo bankers say Abu Ali has taken a small step, but one in the right direction.

The foreign exchange market has been volatile in recent months, partly because of uncertainty about what reforms the government intended to introduce.

Prime Minister Ali Lotfi indicated in his 30 November policy statement to the people's assembly (parliament) that economic reforms will be pursued with caution. Lotfi has said the government aims ultimately to move to a unified exchange rate from the present multi-tiered system, but this will be done