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Concern that the M-1 tanks could find their way to customers such as Iraq is dismissed as ridiculous by observers. This is congressional hysteria over a non-story. Congress seems to be assuming that the Iran/Iraq war will still be going on when the first tanks are produced. If that's the case, we really are in bad trouble says one.

The Washington Post reported that Egypt is urging the US to speed up the programme. But Weinberger's approval does not ensure a swift transfer of the relevant technology. This is a 10-year programme. The timing is dictated by the technology. Nobody in the State Department or the Pentagon thinks it will go fast, says one observer.

The project's prime mover is Defence & Military Production Minister Field Marshal Mohamed Abdel-Halim Abu Ghazala, who says as many as 1,000-1,500 tanks will be produced.

Egypt has been trying to get US investment in its military industries for some time. At a Washington investment conference in November 1986, Abu Ghazala signalled that Egypt could be flexible about the extent of foreign participation in military joint ventures (MEED 29:11:86).

Lack of capital has been a severe problem for the M-1 project. At present, FMS credits are generally used only to buy US goods and services. The use of FMS credits as working capital for the scheme may be the only way it can get off the ground.

Sewage treatment plant scaled down

The new management of the Cairo Wastewater Organisation (CWO) has decided to scale down the Gabal el-Asfar treatment plant, serving the sewerage system being built with UK help in east Cairo. Work is to start soon on revising designs and preparing tender documents for the plant, according to the minimum treatment option. The original plans for a full treatment works at Gabal el-Asfar have been suspended because of lack of finance (MEED 16:5:87; 8:11:86).

The design work for Gabal el-Asfar will be financed by a £2 million sterling (\$3.2 million) allocation from the £185 million (\$296 million) UK line of credit for the wastewater scheme. It will be carried out by **American-British Consultants (Ambric)**, the consultant for the scheme.

The designs will be for a screw-pump and bypass system to channel effluent into desert areas. In addition, the option of including screening and grit removal will be considered.

Problems with Gabal el-Asfar surfaced in 1985, when construction bids were opened. It became clear that there was insufficient finance available to cover the foreign currency portion of the contract. Delays in resolving the problems have led

to concern that the tunnels and culverts will be completed long before pumping and treatment facilities are finished.

Contracts for the tunnels and sewers are well under way, but work has yet to start on contract 9, for construction of two pumping stations at Khalag and Kossous. A revised contract for this work was signed recently with the UK's **Kier International** and local partner **Hassan Allam**, but CWO has yet to make the downpayment needed to bring the contract into effect. The payment cannot be made until the people's assembly approves a provision for premiums to be paid to the UK's Export Credits Guarantee Department (ECGD), industry observers say.

IN BRIEF

● The people's assembly has approved the budget for fiscal 1987/88, which began on 1 July. Total expenditure is 15 per cent higher than in 1986/87, at £E 23 059 million (\$33,000 million at the \$1 = £E 0.70 rate used for official accounts). The net deficit to be financed through the banking system has been cut to £E 680 million (\$970 million). Public-sector wages have been increased by almost 20 per cent (MEED 6:6:87).

● The World Bank has agreed to lend \$300 million for power generation projects countrywide, the Cairo daily Al-Ahram reports. Of the total, \$190 million will be allocated to the 600-MW combined-cycle power station to be built at Damietta; the balance will finance the extension of two power stations in Cairo. Bids for a contract to build the 400-MW first stage of the Damietta plant were recently submitted by five international groups (MEED 27:6:87; 11:4:87).

● Talks about rescheduling debts with 18 creditor governments, according to the recent Club of Paris agreement, are to start in the next few weeks. Civilian and military debt payments totalling about \$12,000 million are to be rescheduled for 10 years, including five years' grace. Some loans' terms are also to be renegotiated, allowing for a drop in interest rates. The talks will be conducted by three teams from the Planning & International Co-operation Ministry. The teams will be led by ministry officials: Ahmed Abdel-Salam for the US and Canada, Amina Abdel-Aziz for Arab and Asian countries, and Abdel-Aziz el-Zohdi for Europe (MEED 30:5:87).

● Barter transactions have been shifted to the commercial bank exchange rate, as of 1 July. The rate was about \$1 = £E 2.19 in early July.

● Cairo's Semiramis Inter-Continental hotel opens on 15 July. The hotel has 840 rooms, including 95 suites, seven restaurants and a 1,590-square-metre ballroom. The Semiramis is the first hotel in Egypt to be managed by the US' **Intercontinental Hotels Corporation**.

IRAN

Gachsaran scheme bids being considered

European and Far East companies are bidding for a \$100 million contract to set up a mechanical erector for a gas injection scheme at Gachsaran. Bidders are

Japan's **Chiyoda Chemical Engineering & Construction Company**, Saipem of Italy and **Daewoo Corporation** of South Korea.

The UK's **Costain** was involved at an early stage and the Iranians are said to want the company to participate. But a Costain official in London says no talks have taken place. Costain did work at nearby **Bid Boland** before the 1979 revolution.

National Iranian Oil Company (NIOC) has already bought equipment for the Karandi project, 100 kilometres southeast of Ahwaz, which aims to boost pressure in the depleting Gachsaran oil field.

The bidding coincides with reports that work is continuing on an oil export pipeline from the Gachsaran area to the Strait of Hormuz. After international bids for a shorter pipeline were cancelled about three years ago, it was reported that local firms backed by the Construction Crusade Ministry had taken on the job. There has since been confusion following reports that the scheme had been abandoned, but western sources say construction is continuing and the pipeline may be ready in 1988.

UNIDO helps with \$12.6 million

The UN Industrial Development Organisation (UNIDO) plans to spend nearly \$5 million on 10 industrial schemes. They form part of a \$12.6 million programme to help local industries that started about three years ago.

At least \$1.4 million is to be spent on setting up an industrial data base, on technical aid for the Tabriz Metal Industries Institute and on three other schemes. A further \$3.5 million is to be spent on five projects, including research centres for synthetic filaments, rubber and medicines, an Industries Ministry official says.

Fourteen other schemes have been, or are about to be, completed, at a cost of \$7.7 million. These include metal works expansions, help with the planned Arak petrochemicals complex and a study of production problems at the Soviet-built Isfahan steel mill.

IN BRIEF

● The **National Iranian Oil Company (NIOC)** is seeking offers to build a \$20 million plant to manufacture oil cans. The plant, near the planned Isfahan lube oil refinery, would turn out containers of one, four, 20 and 220-litre capacities. **Foster Wheeler Italiana** in 1986 offered finance for the scheme, but NIOC wants to study other bids.

● Yugoslavia's **Komgrad** has completed a two-year-old \$18 million contract at the Arabian sea port of Chan Bahar. It is negotiating for a new construction contract, according to Belgrade economic daily Privredni Pregled.

● West Germany's **GEA** is to build a cooling tower at the Tehran refinery. The award was announced on 27 June after a 15-month competition against **Film Cooling Towers** and **Heenan Coolers**, both of the UK, two Italian firms - **SPIG International** and **Favra International** - and **Hamon-Sobelco** of Belgium. The water-cooled tower will have a