Turkey: storage boost for grain exports

A NETWORK of grain stores is being built across Turkey as part of efforts to export more grain. The Turkish Grain & Opiates Office (known as the TMO) normally buys about a quarter of the crop and distributes it domestically. Now it has adopted an export role.

This year's harvest — of wheat, barley, maize, oats and rye — is likely to reach 20 million tonnes. Nearly 2 million extra hectares of land have been devoted to grain-growing.

Turkey has been storing up to 2 million tonnes of grain on the ground, under polythene and earth, says Maurice Golder of UK engineers Mouchel. With its Turkish partner, Unitek, Mouchel is responsible for the design of the new storage facilities and for managing the project. Grain stored on the ground can get damaged. It also entails high labour costs. The new stores will allow the grain to be handled more easily and safeguard its quality.

The network, which the TMO is building with the help of a World Bank loan, stretches from Thrace in Europe to the Syrian border, with a concentration around Ankara. In all, 63 stores will be built, providing a total of 1 million tonnes of undercover storage, Golder says. The largest 17 will have steel silos. A further 31 will be semi-mechanised, incorporating travelling conveyors. There will also be 11 simple village warehouses, holding between 5,000-10,000 tonnes each.

Six of the simple and five of the semi-mechanised stores have already been built. Turkish firms are doing the building work, a Hungarian firm is installing the conveyors and a French firm the silos.

In addition, a UK/Turkey consortium is building reinforced concrete silos at the ports of Izmir, Iskenderun and Bandirma. Others at Tekirdag are already complete.

The stores will use a new technique for keeping grain in good condition. Cold air will be blown through the grain to bring its temperature down to 10°C from 30-35°C at harvest. This will control mould and pests.

The project has led to another scheme for Mouchel and Unitek — the design of Ankara's first racecourse. There are courses in Istanbul and Izmir, but it was decided that the President's Cup should be run in the capital. The site is near a railway station and bounded by two major roads.

The two-kilometre course will differ from similar facilities in Britain. There will be a sand track as well as one of grass, and up to 200 horses will live at the course. The centre of the track will be used for gymkhanas.

DAVID SPARK

● The new joint-venture bank with Qatar is to be an Islamic institution (MEED 2:6:89). Local bankers say the Qatari partner in the venture is **Al Ahli Bank of Qatar**, which is providing capital along with private Qatari investments.

● Wine will probably have to be imported soon, following a drought which has seriously affected domestic production and a substantial increase in tourist arrivals which has stimulated consumption. It is understood that France will be the main supplier.

TURKEY

Armoured combat vehicles deal nears completion

A financing package for the $1,000 million contract to manufacture locally armoured personnel carriers is likely to be concluded soon following agreement between the treasury and **Chase Manhattan Investment Bank** on the $30 million commercial portion. Chase is financing adviser to a venture of the US' **FMC Corporation** and the local **Nurol Insaat & Ticaret**, which will make the vehicles.

The vehicles project is part of an ambitious programme to establish an indigenous defence industry overseen by the Defence Industry Development Administration. There has been some delay because of the negotiations about the $30 million commerical portion. The money will cover the supply of materials and services from the US, since the Export-Import Bank of the US (Eximbank) does not finance military sales, and the deal falls outside the scope of the US foreign military sales credits programme. Much export credit will be supplied by European countries whose suppliers are involved in the deal. In common with other Turkish defence manufacturing deals, substantial offset financing is also included. The $30 million has been pre-placed by Chase, but will probably be sold down thereafter.

Preliminary agreement was also reached recently with the UK's **Marconi Communications Systems** for a project to manufacture battlefield wireless systems which could be worth up to $200 million with follow-on orders. Another agreement was reached earlier in the year with the US' **Loral Electronics** to manufacture locally electronic warfare systems for the F-16s being made near Ankara as part of a $4,000 million deal via the US government with the US' **General Dynamics.**

The next agreement, likely to be reached soon, will be for mobile radar systems. The bidders for this contract are **Aydin Corporation**; **General Electric Company; Westinghouse Electric Corporation**, all of the US; **Marconi** and **Plessey Company**, both of the UK; Italy's **Selenia**; and **Thomson-CSF** of France.

World Bank approves agriculture loan

The World Bank has approved a $150 million loan towards agro-industry projects as part of a $409 million programme. It is also likely to approve another loan of about $300 million in two tranches for agriculture, breaking a two-year deadlock over interest rates.

The agro-industry credit is for 17 years, 7.65 per cent interest. It will be made available through the state-owned **Ziraat Bankasi** (Agricultural Bank) and the **Turkish Development Bank (TKD).**

The submission of the $300 million loan to the World Bank's executive board suggests that difficulties over on-lending interest rates charged to farmers by Ziraat have been resolved. Originally, the bank said the interest rates should be higher than the inflation rate. However, the deadlock since the loan was first appraised had become embarrassing to both sides, particularly as the loan will probably be complemented in the summer by a concessionary credit of a similar amount from Japan's Overseas Economic Co-ordination Fund (OECF), analysts say.

Under the compromise, Ziraat will charge higher interest rates for some special loans which are not heavily used — like tractor credits — while other rates will remain largely unchanged.

The only immediate disagreement outstanding between the World Bank and the government is over the disbursement of the second, $200 million tranche of a financial sector adjustment loan agreed last year, plus a complementary $100 million floating tranche to compensate the treasury for the cost of overhauling and restructuring state banks. The delay in finding a solution results from differing interpretations about what is required in the restructuring process of the state banking sector, particularly about how to deal with its inherited burden of bad loans arising out of the change of the interest rate regime in the early 1980s.

The World Bank has also objected to the negative real interest rates for money on-lent from export credits through state development banks. The negative rates are set in a central clearing Foreign Exchange Risk Insurance Scheme (FERIS), through central bank rediscounting. The World Bank has been objecting to the foreign exposure this entails for the government.

There may be difficulties in the future over a possible transport sector restructuring loan, as the World Bank does not approve of the present motorway construction programme. It is financed by foreign export credits and is likely to exceed its original costing of $2,500 million because of cost overruns, delays and revisions to designs.

One problem with the seven motorway contracts involved — most of which will complete the trans-Anatolian route up to Ankara — has been that they were tendered and negotiated on the basis of the quotes returned for the motorways associated with the second Bosporus bridge. These are not always relevant to the terrain the roads actually cover. The bank views the programme as badly conceived and co-ordinated.

The government has intimated it will be looking for around $300 million in the transport sector loan, which could be negotiated around the turn of 1989/90. However, the bank is only talking in terms of $150 million.

The figure may be nearer $300 million if the

Turks agree to reforms. The government would have to devise a new motorway construction programme, which would integrate existing sections and those under construction.

IN BRIEF

● Bonds worth ¥ 10,000 million ($78 million) are to be issued in Japanese capital markets by state-owned **Turkish Development Bank** in a deal signed on 6 June. The 10-year bonds will have interest of 6.1 per cent. They are guaranteed by the treasury.

● Former treasury and foreign trade undersecretary Yavuz Canevi is to head a new investment bank to be created by **Banque Generale, Banque Indosuez** and **Amsterdam-Rotterdam Bank** (MEED 17:2:89).

● A $200 million seven-year syndicated loan for the central bank was signed in London on 2 June. The borrower has a call option at three years and five years. Interest is 1 per cent over the London interbank offered rate (Libor) for the first three years; 1.125 per cent for years four and five, and 1.25 per cent for years six and seven. **Sumitomo Bank** of Japan's London office was agent and arranger of the loan.

● The Export-Import Bank of Turkey (Eximbank) has lowered interest rates on pre-shipment export credits to make them more attractive to exporters. It has also increased the individual credit limit to TL 5,000 million ($2.4 million) from TL 4,000 million ($1.9 million). By the end of May, Eximbank had extended pre-shipment credits totalling TL 201,326 million ($100 million) to 278 companies.

UAE

Tenders imminent for Al-Mamzar

Tenders for the Al-Mamzar station, a power and water project in Dubai worth an estimated Dh 2,000 million ($544.5 million), were to be issued on 15 June. The client is **Dubai Electricity Company (DEC).**

The tenders call for full turnkey construction of a 400-MW net power station and a 56 million-gallon-a-day net desalination plant. The consultant is **Ewbank International Consultants** of Dubai, a subsidiary of the UK's **Ewbank Preece Consulting Group** (MEED 21:4:89; 14:4:89).

The station is urgently needed to keep up with Dubai's rapidly growing demand, and the client has therefore dispensed with prequalification. Speed and efficiency will be important bidding factors. DEC wants the first two gas turbines to be ready for commercial use by June 1990.

DEC has imposed a tight schedule on the tendering process. Bidders have four months to submit proposals; evaluation will take three months; approval, one month; and work will begin in February 1990.

The number of gas turbines used at the plant is open, as long as their capacity totals 400 MW. This is to allow more international companies to bid. Industry sources expect between four-six turbines to be used.

Civil works will be substantial. The plant, situated between Dubai and Sharjah, is about five kilometres from the coast. The contractor will have to pipe seawater over that distance to the desalination plant. The pipeline will go through a park area and this must be taken into consideration.

Emirates Trading Agency's power division has a Dh 180 million ($49 million) turnkey contract to build two substations to connect with the new power plants in Al-Garhoud and Al-Mamzar. Each station will have a 132-kV capacity. Emirates Trading Agency's contract includes provision of switchgear, power transformers, cable control and various other equipment, and civil works. The Garhoud station is due for completion by November 1990 and Al-Mamzar by March 1991. The UK's **Kennedy & Donkin Group** is the consultant for both substations.

Consultants line up for leisure island

Some 43 international consultants have applied to Abu Dhabi's Public Works Department to prequalify for design and supervision work on a major leisure development project in Abu Dhabi. The contract could prove very lucrative, local consultants say. However, it is not expected to come to tender until late this year at the earliest.

The project is to design leisure and recreational facilities for an island off the Abu Dhabi corniche. The island is being formed by reclamation and dredging and is five kilometres long and one kilometre wide. Work on the first stage is being carried out by the local **National Marine Dredging Company,** with first stage design and supervision by Canada's **Cansult.**

Breakwaters for the island were completed at the end of 1988. South Korea's **Dong Ah Construction Company** began work on the job in 1986 (MEED 4:1:86).

Developments continue at Dubal

Development under way at the Jebel Ali-based aluminium smelter will increase hot metal production capacity by over 40 per cent, a **Dubai Aluminium Company (Dubal)** newsletter says.

The development, which includes installation of a pot line, will increase hot metal production capacity to 235,000 tonnes a year. The smelter's nominal capacity is 135,000 tonnes, although it produced a record 165,000 tonnes in 1988, Dubal says.

The company describes the new development as part of a continuous programme to improve operations, which has already included projects in power generation, anode manufacturing, casting, process computer systems and cell technology.

The smelter development is due to be fully operational by early 1991. This has been made possible by improvements to the new steam cycle. Dubal is installing two steam turbines with the help of the Zurich-based **ABB Asea Brown Boveri**, which will allow the company to increase electrical and desalination capacity without significantly raising fuel consumption. The turbines will be added to Dubal's existing 13 gas turbines and are expected to start up just after mid-1989.

The company introduced computers to its production sectors in 1988 when a computing system was commissioned in pot line one. Similar systems are to be installed in pot lines two and three in 1989. The application software was developed in-house; a major review of it is