

programme and industry observers say it was expected the company would pull out if no hydrocarbons were found (MEED 7:4:89, page 22; 10:3:89). The well has reportedly been producing more than 2,930 barrels a day of good quality crude since early April. Seismic tests are to follow, with appraisal drilling scheduled for July and long-term production tests later.

● **Societe Tunisienne de l'Electricite & du Gaz (STEG)** has invited bids for a desalination unit in El-Borma. The closing date for bids — to STEG's **Direction Gaz** in Tunis — is 25 May. The plant will operate using evaporation techniques.

● The country's first nuclear research reactor could be provided soon by a friendly country. Hedi Ben Kraien of the Ecole Nationale d'Ingenieurs de Tunis (ENIT) has said in the official Tunis Africa Press (TAP). ENIT is planning nuclear experiments and a pilot unit.

● Turkey's Prime Minister Turgut Ozal is to visit Tunis from 17-20 May.

● Deadlock about the composition of a new leadership for the Union Generale des Travailleurs Tunisiens (UGGT) was broken on 19 April with the announcement of an executive committee (MEED 28:4:89). The new secretary-general is Ismail Sahbani; a significant minority of the executive represents leftist elements.

TURKEY

Airfield awards made

Two contracts to build airport facilities worth a total of TL 63,100 million (\$30.6 million) have been awarded by the Defence Ministry. The local **Alarko** has won the larger, at TL 48,738 million (\$23.6 million), to build installations for F-16 jet fighters in Bandirma.

The other four lowest bidders, all local, were **Metis, Maktas Makarnacilik & Ticaret, Gunay Insaat, and Kas Insaat**. The highest bid, of 13 returned, was TL 56,648 million (\$27.4 million) by the local **Hikmet Arutan**.

The other award, for work at an airport near Erzerum, was won by the local **Makimsan Kol**, with a price of TL 14,484 million (\$7 million).

Another build-operate hydro agreement signed

A preliminary agreement for exclusive negotiations was reached on 25 April for the construction of a hydroelectric dam on the Euphrates river at Birecik. The deal for the 672-MW dam was signed by the Energy & Natural Resources Ministry and a European-led consortium.

The consortium consists of **Philipp Holzmann** and **Sulzer-Escher Wyss**, both of West Germany, Belgium's **ACEC Energie**, and the local **Gama Insaat**. The state-owned Turkish Electricity Board (TBK) will also have a share in the build-operate company, which will implement and operate the project to make its earnings from the proceeds.

Financing of DM 1,270 million (\$673

million) will be required for the scheme. The dam will take five years to build, and the operating period before the project is handed over to the government will be 20 years.

The dam will have six generating units, each with a capacity of 112 MW. The impounded waters will also be used for irrigation. It will be near the Syrian border, downstream from the 2,400-MW Ataturk dam project, for completion in 1992. Both dams are part of the southeast Anatolian development project.

It is unclear what effect the Birecik dam might have on river flows, already a source of friction with Syria and Iraq. They are worried that Turkey's control of the Euphrates headwaters through its dams could adversely affect levels of irrigation water downstream.

IN BRIEF

● Mutual investment protection and guarantee agreements with the US, the Netherlands, Belgium, Luxembourg and Switzerland have been ratified and published in the official gazette. They will come into force after the exchange of ratification documents.

● A report by the European Commission on Turkey's economic compatibility with the EEC will be completed this year, according to Adel Matutes, EEC commissioner for Mediterranean affairs, who arrived in Turkey on 25 April. The report is part of the community's consideration of Turkey's application of membership.

● Exports in the first two months of the year totalled \$1,724 million, 3.1 per cent lower than in the corresponding period of 1988. Imports fell by 6.8 per cent to \$2,108 million. The trade deficit increased by 18.1 per cent to \$383.5 million. There is concern that exports may be slackening because of the phasing out of export tax rebates at the end of 1988. The government is trying to stimulate exports through the Export-Import Bank of Turkey by offering short-term credits to ease bottlenecks, modernise equipment, and increase output in export-oriented industries.

● Talks began in Ankara on 25 April about the extension of a further \$350 million line of credit to the Soviet Union following the \$150 million deal signed earlier in April. Soviet deputy minister of foreign economic relations Vladimir F Mordvinov, the leader of the Soviet team at the talks, says economic co-operation between the two countries is still unsatisfactory.

● A site for the local manufacture of armoured personnel carriers — required as part of the \$1,000 million deal reached with the US' **FMC Corporation** and the local **Nurol** in 1988 — will probably be found on land near Murted, outside Ankara. Murted is already the site of a \$4,000 million project begun in 1983 with the American government on behalf of the US' **General Dynamics** to manufacture its F-16 jet fighter.

● The Export-Import Bank of Turkey (Eximbank) will extend TL 3 million million (\$1,500 million) worth of credits in 1989. In the first quarter of 1989, Eximbank paid out post-shipment credits of TL 263,000 million (\$135 million) and performance credits worth

TL 820,000 million (\$160 million). Eximbank introduced pre-shipment export credits and credits, using finance from the Islamic Development Bank for the first time in 1989. Pre-shipment credits for manufacturing exporters have been available since March.

● The lower limit for companies to be eligible for tax reductions for industrial exports has been lowered to \$250,000 from \$1 million a year. Finance & Customs Minister Ekrem Pakdemirli says. The government has also amended the imports downpayment to an average of 7 per cent from 10 per cent.

● Business people have been encouraged by Prime Minister Turgut Ozal's announcement at a recent Japanese business council meeting that measures will be taken to cut the cost of bank credits. The central bank will also lower its mandatory reserve ration soon, he said. The tax system will be simplified, and equity protected against inflation. Banks have been heartened by indications that the portion of their foreign reserves they have to deposit with the central bank will be reduced. Economists have expressed concern about the inflationary consequences of the monetary expansion that could emerge from the lowering reserve ratios.

UAE

MEB returns to profit

The Dubai-based **Middle East Bank (MEB)** has reported profits of Dh 2.6 million (\$723,000) for 1988, compared with a loss of Dh 499,000 (\$136,000) in 1987. This was achieved despite an increase in provisions for doubtful loans to Dh 46.6 million (\$12.7 million) in 1988 from Dh 39.3 million (\$10.4 million) in 1987.

In common with other banks in the region, MEB saw an increase in net interest income due to higher rates worldwide. Income from other sources rose only slightly, by 3.5 per cent to Dh 46.6 million (\$12.7 million). The bank's extensive overseas branch network means it has significant exposure to foreign tax demands. In 1988, foreign tax paid amounted

Middle East Bank: results, 1987-88

(Dh million)

	1988	1987
Assets, of which:		
loans	3,383.5	3,094.1
	2,318.4	2,089.6
Shareholders' funds, of which:		
capital	253.5	252.5
	300.0	300.0
Net interest income	114.7	98.1
Other income	48.7	46.8
General and administrative expenses	86.2	81.8
Provisions	46.6	39.3
Profit (loss)	2.6	(0.5)

Exchange rate: \$1=Dh 3.673 (April 1989)

Source: Middle East Bank, Dubai

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