

estimated six months' worth of letters of credit (LCs) were opened in just six weeks, as exporters feared further limitations. The situation has steadily worsened as the usual sources of foreign currency — expatriate Jordanians, foreign companies and the interbank market — have shrunk considerably.

Expectations that foreign exchange held by moneychangers would find its way into the banking system after their closure in February have not materialised. Black market activity is continuing at various, informal levels.

Importers are having to find their own foreign exchange before banks are prepared to open new LCs. This has resulted in a steady decline in the number of applications.

The supply of currency is expected to remain very tight until June or July, when existing LC commitments are cleared and expatriates begin returning to the country for summer holidays.

Export cover suspended

Uncertainty about Jordan's immediate economic future has prompted several Western export credit agencies to withdraw or curb their provision of cover for exports. Japan has also suspended plans to extend a \$100 million loan. Neither is expected to be restored until the planned rescheduling of Jordan's \$6,000 million debt is arranged.

The UK's Export Credits Guarantee Department (ECGD) set the stage with a March decision to suspend medium and long-term cover until the kingdom reaches agreement with the Paris Club on rescheduling. Requests for guarantees had previously been dealt with on a case-by-case basis. Imports from the UK were worth £183.5 million (\$321 million) last year.

West Germany's Hermes followed suit in mid-April. Medium and long-term cover had also been dealt with previously on an individual basis, with a ceiling of DM 20 million (\$10.8 million) being cut to DM 10 million (\$5.4 million) earlier this year. Both the ECGD and Hermes remain open to short-term cover, but requests for this are being handled individually, with large amounts unlikely to be approved, officials say.

The Export-Import Bank of the US (Eximbank) has not yet announced a change in policy, but financial sources in Washington say the bank is expected to review its position by the end of April. This is likely to lead to steps similar to these taken in the UK and West Germany, the sources say.

France's Coface, however, says it will continue to offer both short and medium-term cover, although requests are being treated with caution. All guarantees are being dealt with individually. Coface says it has a ceiling of FF 70 million (\$11.1 million) for medium-term cover, but few applications are received and these are reviewed very closely.

The kingdom's plans to reschedule its debt have also caused the Export-Import Bank of Japan to suspend plans for a concessionary loan of up to \$100 million. Bank officials went to Amman in late March to explore possible projects to finance, but economic uncertainty forced the bank to postpone immediate plans.

"We are still looking for the possibility to lend money, but recent developments mean we have had to reconsider our policy," a senior bank official says. Further progress will not be made until rescheduling arrangements are made.

The loan was to have been part of \$300 million pledged to Jordan by Tokyo under its policy of recycling \$20,000 million to developing countries.

IN BRIEF

● The closing date for rebids for a contract to build a foundry in Irbid has been extended from the original 15 April. Five companies are shortlisted (MEED 17:3:89). Contractors say a new bid deadline has not been set. The delay is understood to be because the client, **Arab Engineering Industries Company**, has yet to define its revised specifications.

KUWAIT

Bids invited for transformer station

The Electricity & Water Ministry has announced what is expected to be its last substation contract in fiscal 1988/89. Tender MEW/125-88/89 is to supply and install a 33/11-kV transformer station in Umm Qadeer and expand the 132/11-kV Al-Wafra substation (A).

Documents for the contract, for which bids are due in on 13 June, cost KD 300 (\$1,030). A 2½ per cent bid bond is required.

The list of 11 prequalified companies includes some new names, because the tender is primarily for medium, rather than high-voltage, work. The job at Al-Wafra involves expanding the 11-kV units only.

The prequalifiers are:

- Japan: **Mitsubishi Electric Company; Toshiba Corporation; Hitachi**
- West Germany: **Siemens; Colar Imaj**
- Switzerland: **ABB Asea Brown Boveri; Sprecher Energie**
- Belgium: **EIB**
- France: **Cogelx**
- UK: **The General Electric Company**
- Denmark: **Laur Knudsen.**

Money allocated for land purchase

The government plans to allocate KD 50 million (\$175 million) from its 1989/90 budget for land purchases, according to the daily Al-Watan. The paper did not specify whether this would be met by increasing total expenditure estimates or by reallocating resources from other areas.

The purchases are aimed at acquiring properties and land throughout the country for government projects. The acquisitions are expected to form part of a series of measures designed to stimulate the economy, the daily says.

The government has used land purchases for many years as a means of distributing wealth and injecting money into the economy. However the extent of the purchases has

declined this decade. In fiscal 1981/82 and 1982/83, total purchases were valued at KD 300 million (\$1,060 million). This halved in the following two years and fell to KD 100 million (\$350 million) in 1987/88, central bank figures show. Purchases between July-December 1988 totalled only KD 18.2 million (\$64 million), according to the central bank's statistical bulletin for October-December 1988.

IN BRIEF

● The US and Kuwait have signed an agreement enabling the Washington-based Overseas Private Investment Corporation (OPIC) to insure US companies working in Kuwait. OPIC is a federal agency which encourages US investment and business overseas, particularly in developing countries. This is done by offering concessionary insurance rates covering areas such as war, political and expropriation risks. It also guarantees bid bonds and contract agreements. US companies will be able to take advantage of OPIC's services when the agreement is ratified by the Kuwaiti government. This is expected in the next few weeks.

● British, French and West German consultants have been invited by the Electricity & Water Ministry to study ways of preventing technical faults in the power network, the daily Arab Times reports. This follows a power failure at Al-Zour South station on 13 April, four months after a similar breakdown there. The government has warned that those responsible will be punished; three senior ministry officials were suspended after the December fault.

● Thirty-three people accused of plotting to overthrow the government are to go on trial in the state security court on 13 May (MEED 31:3:89).

● The UK consular and commercial sections have moved into the British embassy compound on Arabian Gulf street, telephone 2432046-9/2403324-7, telex 44614 a/b prodom kt, fax 2407395.

LEBANON

Aoun resists Arab peace plan

Arab foreign affairs ministers were to meet in Tunis on 26 April to debate a comprehensive peace plan drawn up by a Kuwaiti-led committee. However, the signs were that army commander Michel Aoun, who started a bloody campaign on 14 March to rid Lebanon of Syrian troops, is determined to press for an international approach to the crisis and will resist the Arab initiative.

The plan calls initially for a ceasefire to stop the artillery battles that have left nearly 300 people dead since Aoun launched his war of liberation against Syria on 14 March. It is proposed that an Arab ceasefire monitoring force should be deployed and the blockade on ports lifted. The ceasefire would be followed by a conference of Lebanese leaders to decide on elections for a new president and to consider proposals for political reforms and

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