

stake in the permit from EAT, which discovered oil in two wells drilled in 1983-84 (MEED 24:8:84; 2:9:83). The permit has been extended until July 1988

□ the onshore Bir Aouine permit, in the southwest. The US' **Shell/Pecten** has sold a 60 per cent stake in the concession to Italy's **Agip (Africa)**. Shell/Pecten won a three-year extension to the permit, in which it retains a 40 per cent interest, in May 1985, following a gas/condensate discovery in the area in 1981 (MEED 8:3:85).

IN BRIEF

● Total spending will rise by 4.5 per cent in 1987, according to outline details of the next budget released after a 13 November cabinet meeting. Current spending will total TD 1,198 million (\$1,369 million) and state investment spending adds up to TD 661 million (\$755 million). With total debt service payments of TD 641 million (\$733 million), total spending will amount to TD 2,500 million (\$2,857 million), compared with TD 2,392 million (\$2,734 million) in the revised 1986 budget (MEED 23:8:86). Fuller details of the 1987 budget should be released when it goes to parliament for final approval.

● The Sidi Bouaouane lead mine near Bou Salem has been closed down, the local daily *La Presse* reported on 14 November. The mine had been run since 1962 by **Societe Tunisienne d'Expansion Miniere (Sotemi)**, and employed 620 people. The company, which recently announced plans to lay off more than 900 workers, made losses of about TD 1 million (\$1.1 million) in the first 10 months of 1986 (MEED 13:9:86). Sotemi now wants to attract investors to take on the wood and metal-working facilities at Sidi Bouaouane, as well as the stone quarries nearby.

TURKEY

Ericsson to install telephone links

Orders to install telephone networks in several cities, including Ankara and Istanbul, have been awarded to the local **Ericsson Sabeke Insaati**, a subsidiary of Sweden's **Ericsson Network Engineering**. Total value of the contracts is around \$34 million, including about \$28.6 million for Istanbul's local network; the remaining orders are for similar networks in five other cities, including the capital.

Ericsson is to supply cables and other materials for the largest of the three areas into which the posts, telephones and telegraphs (PTT) administration has separated Istanbul. The network, which will be installed by Ericsson, is for completion by late 1989 or early 1990.

The lines will link up with exchanges being supplied by Canada's **Northern Telecom** and Belgium's **Bell Telephone Manufacturing Company**, a subsidiary of the US' **International Telephone & Telegraph Corporation (ITT)**. A system 12

digital exchange made by Bell started up recently in Izmir, and two similar units are to open soon in Adana and Mersin (MEED 15:11:86).

Private sector plans 15 power stations

Local private companies have reached agreement with the **Turkish Electricity Board (TEK)** about building and operating 15 hydroelectric power stations with a combined output of 730 MW. According to the Energy & Natural Resources Ministry, the electricity will be sold to TEK. The government is now reviewing the plans.

The 15 companies, in partnership with TEK, will develop the stations according to briefs drawn up by the **State Hydraulics Agency (DSI)**. DSI's involvement in hydroelectricity development arises from its role as arbiter in discussions about the extent to which Turkey's rivers can be tapped for hydropower generation. The 15 companies involved include:

- **Gama**, with a proposal for a 20-MW station at Lamas costed at about \$15 million
- **Tekfen**, with a 10-MW station at Berdan, in Icel province
- **Koc Holding**, with three stations on the Porsuk river with a combined output of 11 MW
- **Alarko**, with an 8-MW station at Hasanlar, in Bolu province
- **Kepez**, which is already producing electricity, has applied to build two stations — Gonde 1 and 2 — with a combined output of 23 MW.

Hydroelectricity's contribution to the power mix has fallen since 1982, when it provided 52 per cent. It contributed 37 per cent in the first eight months of 1985 — and only 31 per cent in the corresponding period of 1986, says the semi-official Anatolian News Agency.

Merrill Lynch gets third RUF mandate

The mandate for a \$20 million revolving underwriting facility (RUF) for the local **Iktisat Bankasi** has gone to **Merrill Lynch Capital Markets**. Merrill Lynch has already arranged RUFs in 1986 for two other private Turkish banks — **Uluslararası Endüstri & Ticaret Bankasi (Interbank)** and **Yapi & Kredi Bankasi** (MEED 9:8:86).

According to the terms of the 360-day RUF, Iktisat will be able to draw three-month dollar-denominated certificates of deposit (CDs). These will be issued in tranches of a minimum \$5 million, and in multiples of \$1 million thereafter.

Interest on the CDs will be set at one percentage point below the London interbank offered rate (Libor); the CDs will be issued at a discount to yield Libor, plus ¾ per cent a year. All underwriters will receive a management fee, plus a special

½ per cent fee based on the amount they underwrite; the latter will be payable in semi-annual instalments in arrears.

DECA changes sought

The government wants significant changes made in its defence and economic co-operation agreement (DECA) with the US; the agreement is in the process of being reviewed. In particular, Ankara is seeking a regularisation of US military assistance, so it can plan its NATO commitments more effectively.

Talks held in the capital earlier in November with US assistant secretary of state Richard Perle showed how wide the gap still is. The US appears to be trying to make up for its shortfalls in 1986 aid to Turkey through a combination of commercial credits and an easing of repayments on previous loans. The DECA agreement is expected to be revised, or renewed along its original lines, in late December or early January.

Turkish officials in Washington are incensed at the low level of US military aid this year. A total \$490 million has been approved by congress, although President Reagan had asked for \$824 million. What worries the Turks is that it is NATO, rather than the Turkish military, which has long been saying that Turkey needs \$1,200 million in US aid to meet its NATO obligations by upgrading its armed forces and military equipment.

The US believes it can supply some medium-term credits for military sales, but no figures have been quoted. However, Perle said a possible change in interest rates on the \$1,600 million Turkey owes the US in military debts could save it a total of \$800 million. What has not been emphasised is that this saving would be over a period of up to 30 years.

IN BRIEF

● An \$82 million, one-year credit has been arranged and syndicated for the central bank by the US' **Chase Manhattan Bank**. The loan will refinance a trade credit provided to the central bank in 1984.

● A \$50 million term loan for **Yapi & Kredi Bankasi** is expected to be signed by the end of November. Lead managers are **Gulf International Bank, Bank of Tokyo** and **Kuwait Asia Bank**.

● The local **Ceylan Insaat** has a TL 17,000 million (\$2.6 million) contract to build an inter-city bus terminal in Ankara. The municipality complex will include a 200-bed hotel; completion is in early 1989.

● Three contracts have been awarded by the Istanbul Water & Sewerage Authority (ISKI) for the city's World Bank-supported sewerage project. France's **Pont-a-Mousson** has a \$5.6 million order to supply ductile iron pipes and fittings; West Germany's **Kanal-Mueller International** has a \$1 million contract to supply 10 combined sewer-cleaning and vacuum trucks, and a \$2.7 million order for 30 high-pressure sewer cleaning units.