

1.5 million (\$530,500-4 million) should submit offers by 31 March. Subcontractors have been invited to bid for supply and installation of airconditioning and electrical works; closing date is 6 April. Client for both orders is the Works, Power & Water Ministry's construction projects and maintenance directorate (see Tenders).

● The government will not be directly involved in financing a planned Arabic daily newspaper, Information Minister Tariq Almoayed says. However, a soft loan will be available. A committee set up to study plans for the daily has submitted ideas on staffing, printing and financing to the government. The main aim of the scheme is to create jobs for young local journalists and to open up competition in the market. Almoayed told the Manama weekly Gulf Mirror (MEED 17:1:87).

● A memorandum about the increasing number of payments defaults to local banks by local businesses has been submitted to the government by Bahrain Chamber of Commerce & Industry. It urges the formation of a committee to study government intervention in insolvency cases and ways of settling some local traders' outstanding debts. The document also proposes a review of interest rates charged against insolvent companies, the Dubai daily Khaleej times reports.

● The Seyaha 87 travel and tourism exhibition, due to be held at the Diplomat hotel from 30 March to 3 April, has been postponed. The organiser — London-based **Middle East Trade & Exhibitions** — says the show will be held in the autumn.

● Toronto's Ryerson university has a five-year consultancy contract for technology and engineering courses at Bahrain university.

EGYPT

Oil revenues drop by 74 per cent

Net oil export revenues for 1986 were almost \$2,000 million lower than in 1985, figures published in the latest issue of the official oil industry monthly, Al-BitruI, show. The figures demonstrate the extent to which Egypt suffered from the collapse in oil prices in 1986. But the year was not a complete disaster — natural gas production rose significantly, and oil exports recovered to some extent in the final quarter (MEED 10:1:87).

Natural gas output rose by 15 per cent in 1986, compared with 1985 — no gas is exported, so the increase was reflected by an identical rise in gas consumption. The government aims to increase the use of gas in domestic industry and power generation to release more oil for export. Petroleum products consumption fell by 1 per cent; total oil and gas consumption rose by 1 per cent, to 22.2 million tonnes, from 1985's 21.8 million tonnes.

The drastic fall in net crude revenues resulted mainly from the drop in world oil prices. But exports were also hit by the failure to set prices in line with market

Egypt: oil and gas output, 1985-86 (million tonnes)

	1986	1985	% change
Crude oil	40.2	44.3	-9
Natural gas	4.3	3.7	+15

Egypt: oil exports/imports, 1985-86 (\$ million)

	1986	1985	% change
Exports	1,073	3,340	-68
Imports	387	710	-45
Surplus	686	2,630	-74

Source: Al-BitruI, Cairo

trends. Crude oil production fell to 40.2 million tonnes — equivalent to 804,000 barrels a day (b/d) — from 1985's 44.3 million tonnes (886,000 b/d).

However, there are signs that output and exports increased in the last three months of 1986. Al-BitruI reports that output in the nine months to September totalled 29 million tonnes, equivalent to about 775,000 b/d. This implies that production in October-December totalled 11.2 million tonnes, representing an average of nearly 900,000 b/d. Net exports in the first three quarters reached only \$369 million, Al-BitruI says. This implies net exports of \$317 million for October-December.

If late-1986 output levels are maintained and prices remain above \$15 a barrel, net exports could recover to about \$1,500 million in 1987, industry observers say.

US firms line up for Cairo treatment plant

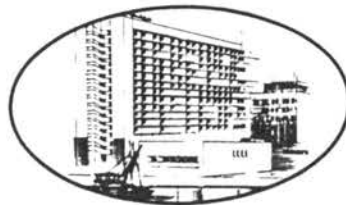
US companies have been invited to prequalify by 15 May for a contract to build a wastewater treatment plant at Abu Rawash, west of Cairo. The contract — no 29 — is one of the largest in the Greater Cairo Wastewater Project. The US Agency for International Development (USAID) has allocated \$100 million to Abu Rawash; the original plan called for additional funds to be provided by Japan to finance mechanical and electrical work, but the Japanese portion has yet to be finalised (MEED 24:1:87).

Prequalified companies will be invited to submit alternative offers, one for civil works alone, the other for civils and mechanical and electrical work. The scheme entails primary treatment, through the sedimentation process, of up to 400,000 cubic metres a day of effluent. The wastewater will be brought to the plant through the Giza and Imbaba culverts.

Two other contracts in the US-funded section of the citywide scheme are expected to be signed soon. **Sademi New York** is to sign contract 31, to repair and upgrade west Cairo's Zenein treatment

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plant, for \$73.5 million; **Fru-Con Construction Corporation** is in line for contract 26 — valued at \$9.5 million — for the Pyramids pumping station. Bidding for USAID-financed schemes is restricted to US companies.

Contract signings and project approvals have been delayed because of the recent dismissal of three top officials at the **Cairo Wastewater Organisation**, industry observers say (MEED 21:2:87).

Safaga power plant bids to be called

Prequalified US companies are to be invited to submit offers soon for an estimated \$8 million-10 million contract to install three diesel-fired generating units at the Red Sea port of Safaga. The scheme — financed by the US Agency for International Development (USAID) — is being seen as a test case for revised tendering procedures aimed at placing greater responsibility for the project on the client (MEED 6:12:86).

USAID has asked the consultant, the US' **Bechtel**, to draw up revised bid documents for presentation to the **Egyptian Electricity Authority (EEA)**. The revisions entail the EEA — rather than the supplier — taking responsibility for social insurance cover and for obtaining the necessary approvals for imports, according to the August 1986 regulations (MEED 30:8:86, page 10). The revisions have been sought in an effort to avoid future claims that might add to the project's costs and lead to delays.

Six US suppliers have so far prequalified for the scheme. They are **Arkel International, Encorp, Harbert International, M K Ferguson Company, M W K International** and **Perini International Corporation**. A seventh company is understood to be seeking prequalified status.

The 3-MW generators will serve a 100,000-tonne grain silo complex, built with USAID finance. Bids are expected to be invited in the coming weeks, for submission by about mid-June.

Economic ties with Moscow strengthened

The government is moving towards a comprehensive economic agreement with the Soviet Union, as the latest example of the steady improvement in relations with Moscow. A team led by Economy Minister Yousri Moustapha arrived in the Soviet capital on 17 March to finalise agreements on military debt, terms of trade and Soviet assistance in upgrading industrial plants.

Payments on the estimated \$3,000 million military debt were stopped in 1977 by the late president Sadat. Since diplomatic relations with Moscow were resumed in 1984, a series of talks has been held to try to resolve the dispute about military debt. Moustapha is expected to sign an

agreement whereby the 2 per cent interest on the debt will be forgiven, and payments stretched over 25 years with six years' grace, Cairo diplomats say.

The agreement is expected to call for some of the payments to be made in barter form. But this depends on the settlement of a dispute about the exchange rate used for Soviet-Egyptian trade. For some years, trade has been calculated according to a clearing account at £1 sterling = £E 0.70. This values the Egyptian pound at about three times the commercial bank rate, and more than four times the free market rate.

The aim is to move to a more realistic exchange rate, pegged to the bank rate of \$1 = £E 1.38, diplomats say. The present system means the Soviet importer pays grossly inflated prices, while the local supplier receives paltry Egyptian pound payments. Officials say a lower exchange rate will make Egyptian goods more competitive and encourage local exporters.

Government officials have noted the contrast between the progress made in dealing with bilateral economic problems with the Soviet Union and the difficulties Cairo is facing in resolving problems with US military debt.

The agreement with Moscow is also expected to lead to Soviet participation in industrial projects in the 1987/88-1991/92 five-year plan. This will entail upgrading and expanding industrial plants built with Soviet assistance in the 1950s and 1960s.

In advance of the Moscow talks, two contracts were signed with the Soviet Union's **Tiajpromexport**, to expand a refractories plant and a coking factory in Helwan, south Cairo. The first order, calling for total investment of £E 26 million (\$19 million), entails increasing the annual capacity of the refractories plant to 126,000 tonnes, from 56,000 tonnes. Client is the **Egyptian Company for Refractories**. The Soviet portion is valued at £8 million sterling clearing (equivalent to £E 5.6 million).

Output will include alumino silicates, high alumina, chrome magnesite and fine clay for lining brick furnaces. Tiajpromexport will design the extension, supply equipment and supervise construction.

The second contract is to add a fourth unit to **EI-Nasr Company for Coke & Chemicals'** Helwan plant. The unit will increase production capacity to 1.6 million tonnes a year, from 1.3 million tonnes. Total investment is £E 80 million (\$58 million), including a Soviet portion of £35 million sterling clearing (£E 24.5 million).

IN BRIEF

● Final negotiations have been completed between the **Egyptian Electricity Authority** and West Germany's **Brown, Boveri & Compagnie (BBC)** about a contract to rebuild Cairo north substation. The talks have resulted in BBC cutting the foreign currency portion of its price by about 9 per cent to DM 58.6 million (\$30.9 million), from DM 64.4 million (\$33.8 million),

and increasing the local currency component to £E 5.2 million (\$3.7 million), from £E 4.2 million (\$3 million). The total reduction amounts to nearly 6 per cent. Work entails the repair and modification of the 220-kV substation. The contract, to be signed soon, is being financed by Kreditanstalt fuer Wiederaufbau (MEED 21:2:87).

● A contract for shoreline development work for the fourth 315-MW unit at the Shoubra el-Khaima power station, in northeast Cairo, has been signed by South Korea's **Daelim Industrial Company**. The order, won against Italian and Spanish competition, is valued at \$4.9 million plus £E 2.7 million (\$2 million). It is being financed from a \$45 million loan for the scheme from the Abidjan-based African Development Bank. Only two more orders in the 16-contract scheme remain to be signed. They are being negotiated with Japanese companies: **Toshiba Corporation** for a transformer station, and **Mitsui & Company** for switchgear. The combined value of the orders is about \$10 million (MEED 31:1:87).

● A decision will be taken within three months about an estimated \$200 million scheme to manufacture digital telephone exchanges locally, the Cairo daily **Al-Ahram** reports. Bidders for a contract to carry out the project are West Germany's **Siemens**, Sweden's **Ericsson**, **Alcatel Thomson International** of France, Japan's **Nippon Electric Company**, Canada's **Northern Telecom** and two US firms — **International Telephone & Telegraph Corporation (ITT)** and **AT&T**. The scheme aims to meet an annual increase of 300,000 telephone lines over 10 years (MEED 12:2:87).

● A Planning & International Co-operation Ministry team arrived in Bonn on 17 March to discuss West Germany's proposed aid package for 1987. Total aid is expected to be DM 268 million (\$140 million) — the same as in 1986. It will comprise DM 238 million (\$125 million) in loans from Kreditanstalt fuer Wiederaufbau (KfW) and DM 30 million (\$15 million) in grants from technical assistance agency **Gesellschaft fuer Technische Zusammenarbeit**. The loans will be for 50 years, with 10 years' grace, at 3/4 per cent interest. Discussions are also expected to deal with requests to renew the annual DM 400 million (\$210 million) ceiling for credits backed by the West German credit agency, **Hermes**.

● Plans to carry out two gas-gathering projects in the Gulf of Suez have been announced by Petroleum & Mineral Wealth Minister Abdel-Hadi Mohamed Kandil. The combined production capacity of the two projects will be 250 million cubic feet a day.

● The government has decided to repair a mosque and a church damaged in a recent outbreak of intercommunal violence in the Upper Egypt town of Sohag. President Mubarak has appealed to Egyptians to make every effort to prevent discord between Muslims and Christians.

IRAN

KWU leads nuclear bid

Six foreign companies are drawing up a bid for completion of the 1,300-MW Bushehr one nuclear power plant. They are West Germany's **Kraftwerk Union (KWU)**, Spain's **Empresarios Agrupados** and four