

port, as part of the International Development Association-funded port development programme. MTA and the consultant — the UK's **Bertlin & Partners** — are studying bids for construction of Assab port's 74-metre tug berth.

IRAN

Oil reserves double

Estimates of recoverable oil reserves have nearly doubled, to 93,000 million barrels. The new estimate was announced recently by **National Iranian Oil Company (NIOC)**. Earlier estimates placed recoverable reserves at 48,000 million barrels and total reserves at 113,000 million barrels.

Oil exports are reported to be averaging 1.5 million-1.7 million barrels a day — near the level set in OPEC's December agreement. NIOC is selling the crude at the OPEC fixed price (see page 4).

According to western reports, five berths are operating at the Kharg island terminal, despite Iraqi air attacks. Iraq is having greater success in hitting tankers running a shuttle service from Kharg to Larak island, in the Strait of Hormuz. Three more tankers were damaged in late January and early February southeast of Kharg. **National Iranian Tanker Company (NITC)** uses 18 tankers on the run; a further five tankers in the strait serve as floating terminals.

A new shuttle service is planned, backed by Bulgarian interests, the London daily *Lloyd's List* says. Using up to 12 tankers, the service would supply customers direct. The plan has yet to be finalised, the daily quotes Gulf observers as saying.

Austrians may get railway contract

Negotiations for the supply of up to \$200 million worth of rail carriage equipment are under way with Austria's **Simmering-Graz-Pauker**. The company says a decision is expected by April.

The contract would entail supplying parts and equipment for the production of passenger carriages at the **Pars Wagon** plant in Arak. At present, Pars Wagon produces only freight wagons. It was set up before the 1979 revolution with help from the Austrian firm.

Finance for the scheme may come from an Austrian bank. Iran had earlier asked to make payment in oil.

Bank assets drawn down by \$2,400 million

The government withdrew about \$2,400 million from its deposits with international banks in the first three quarters of 1986, the Basle-based Bank for International Settlements (BIS) reports. The withdrawals are the heaviest in recent years, and reflect the 1986 drop in oil revenues to \$6,000-8,000 million.

Holdings with banks reporting to BIS reached a peak of \$7,492 million at the start of 1986. The government withdrew \$569 million in the first quarter, \$818 million in the second quarter and \$1,049 million in the third. Allowing for currency fluctuations, the withdrawals left Iran with \$5,431 million at the end of September 1986.

The government is believed to have about \$6,000 million in foreign exchange reserves — including gold holdings at home and abroad. Oil revenues started to rise again in late 1986, and withdrawals in the fourth quarter should be smaller.

Accusations traded with US on \$500 million

The US and Iran are accusing each other of linking the fate of \$500 million in Iranian funds frozen in the US to the issue of American hostages in Lebanon. Both sides have complained to the Iran-US special claims tribunal in The Hague; the tribunal is expected to meet on 20 February to "clarify" the situation.

The US and Iran met in The Hague in late December to work out technical details of the return of the \$500 million left from a \$3,667 million escrow account set up in 1981 to repay syndicated bank loans to Iran. The tribunal had in August set a 20 December deadline for a bilateral agreement.

The late-December talks were reported to have been broken off abruptly by the US, although agreement was reached on the main issues (MEED 10:1:87). There was speculation that the US did not want to be seen to be paying money to Tehran in the wake of the Iran weapons-for-hostages affair (MEED 24:1:87).

Unexpectedly, the US side was the first to raise the issue officially with the tribunal on 14 January. It told the tribunal that public statements by Iranian officials linked the return of the money with the American hostages in Lebanon, making it impossible for the US to continue discussions. It asked the tribunal to clarify the situation. The following day, apparently unaware of the contents of the US note, Iran filed a statement with the tribunal accusing Washington of bad faith, and asking the tribunal to decide the case itself.

Senior Iranian officials such as Prime Minister Hossain Moussavi and majlis Speaker Hashemi Rafsanjani have separately accused the US of trying to link the return of the funds to the hostage issue. One Iranian official said: "No one is going to believe we are linking the two issues. We would be crazy to do so, when the tribunal has already instructed the US to hand over the money. It's the Americans who have an interest in creating a link."

Iranian officials such as Rafsanjani have said that if the US shows goodwill by returning assets such as weapons paid for by the Shah and stored in the US, Iran will try to be helpful in gaining the release of the

American hostages in Lebanon. However, they have drawn a clear distinction between the return of such assets and settlements negotiated at The Hague.

IN BRIEF

● Negotiations between Iran and France to settle financial disputes may resume in Paris in late February or March, French officials say. The aim is to settle Iran's claim for the return of a \$1,000 million loan made in the 1970s (MEED 3:1:87). In late 1986, France repaid \$330 million of the loan. The talks have reached an "extraordinarily complex stage," France's Prime Minister Jacques Chirac said in late January, after meeting a senior Iranian negotiator, Ali Ahani of the Foreign Affairs Ministry.

● **Iran Housing Construction Company** is studying bids for construction of a 128-bed hospital in Zarand and a 224-bed hospital in Qazvin. Estimated cost of each is about \$10 million.

● Iran is setting up a \$1 million cattle vaccine factory in Tanzania. Construction is to start soon.

● Mineral exports should bring in \$100 million in the year ending 20 March, Mines & Metals Minister Mohammad Reza Ayatollahi says. Exports in the first three quarters of the year were valued at \$70 million. They include copper, lead, zinc, sodium chloride and construction stone.

● Shrimp exports will reach 563 tons in the year ending 20 March, the Fisheries Organisation says.

● Deputy foreign affairs minister Mohammad Javad Larjani visited Tokyo in early February for talks about expanding trade and economic co-operation. Trade with Japan has dropped by more than 30 per cent since 1983.

● Sixty thousand tons of rice are to be bought from Thailand, says Commerce Minister Hassan Abedi Jaafari. He recently returned from visits to Thailand, Indonesia and Malaysia.

● Air Force commander Houshang Sediq was replaced by Colonel Mansour Sattari in late January. The Supreme Defence Council thanked Sediq for his services, but gave no reason for the change. One Iranian official said Sediq had been suffering heart problems for three months.

● Idris Barzani, one of the leaders of Iraq's Kurdish Democratic Party (KDP), died on 1 February in Karaj, west of Tehran, the official Islamic Republic News Agency (IRNA) reports (see Iraq).

● Gerald Seib, a correspondent for the New York daily *Wall Street Journal*, is to be expelled after being detained for nearly one week. Seib was one of several correspondents visiting Iran at the invitation of the government. Iranian officials had accused him of being a spy, and of travelling on a forged passport.

IRAQ

Rebids sought for water schemes

Fresh bids are due in early February for three water supply projects originally tendered in 1985. Offers for the schemes,

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in Madain, Owjah and Muqadaiya/Wajhiya, must be submitted to the **State Organisation for Water & Sewerage (SOWS)** between 4-17 February.

Prospective mechanical and electrical (M&E) suppliers report new stipulations in the reissued tender documents. These are, first, that steel pipe — rather than the original ductile iron pipe — must be bought from the Basra-based **State Enterprise for Iron & Steel**. Second, the rest of the equipment should be bought from specified countries; they include several East European states — among them Poland, Hungary, Bulgaria and Yugoslavia — and Austria.

However, local civil works contractors are understood to have complained to SOWS that East European companies have so far displayed little interest in bidding for the schemes, and that it should be possible to buy equipment elsewhere.

The restrictions were apparently introduced at the behest of higher authority, to take advantage of trade agreements with East European countries. It is now understood that they will be waived if the M&E equipment can be supplied with funding under the UK financial protocol.

The three projects were all tendered in 1985-86 (MEED 1:2:86; 11:1:86; 19:10:85). In some cases, letters of intent were awarded, but the schemes were eventually shelved. The same happened with several other water supply projects, including Altun Kupri/Qawadis, Hamza, Numaniya and Aziziya; these may also be rebid (MEED 25:10:86).

Recent tenders from SOWS have included:

- water works for the Hamdaniya villages near Mosul. The closing date was 31 January
- supply of spare parts for the Samawa/Rumaitha and New Arbil water supply schemes
- trench digging, pipework, testing and backfill work for the first stage of the Kirkuk and Mosul water supply projects.

Irish company blocks payment to Rafidain

The foreign currency shortage is at the heart of a court case in Ireland in which an Irish company is seeking to prevent payment of more than \$400,000 to **Rafidain Bank**.

Dublin-based **Jones Overseas Services** on 27 January was granted a temporary order against Rafidain and the **Irish Intercontinental Bank (IIB)**. The order prevents IIB from paying ID 136,920 (\$441,675) to Rafidain, which claims the sum is due as guarantees for Jones' overdraft facilities in Iraq. The order also enables Jones to serve notice to Rafidain that it intends to sue the state-owned bank for the return of money owed to Jones.

Jones, which has been working on water

supply, and mechanical and electrical contracts since 1979, had an overdraft arrangement with Rafidain that was guaranteed by IIB. Rafidain alleged that Jones owed ID 136,920 and demanded the dollar equivalent from the Irish bank.

Thomas Conroy, a Jones director, says the company has not defaulted in respect of any liability it may have to Rafidain. The bank is withholding payments made by Jones' clients that have not been passed on, he added.

Jones was working on a \$3 million contract to build a water treatment plant to serve Najibiya power station, plus additional work at Trade Ministry warehouses in Abu Ghraib (MEED 23:3:84; 20:1:84).

These payments comprise £80,290 (\$122,850), paid into Jones' Rafidain account on completion of the Najibiya contract, and \$45,726 for a second contract. In both cases, Conroy was told by Rafidain that hard currency was available only for priority payments, for weapons and food. Conroy told the court he informed Rafidain that he was prepared to take the money in dinars, but no payment was made. Jones is also owed for payments made for work at Abu Ghraib.

Rafidain is owed the balance left after payments due to Jones have been made, according to Conroy. "We are perfectly happy to pay the balance," he says.

The case has been adjourned to 9 February.

IN BRIEF

● Contractors have been invited to bid to modify the Suq al-Shuikh fodder yeast plant to produce alcohol. Client is the **State Organisation for Industrial Projects (SOIP)**. Tender documents, costing ID 250 (\$806), are available until 12 February. Bids, which should be accompanied by a ID 60,000 (\$193,550) bond, are due in on 1 March. This is the third SOIP tender to be published in 1987 (MEED 17:1:87; 10:1:87).

● A tender to supply X-ray film has been announced by the **General Establishment for Marketing Medical Appliances**. Closing date is 15 February. The tender invitation says payment will be made against an irrevocable letter of credit, payable after two years.

● A tender to supply and erect a factory making caustic soda has been announced by **Rayon State Establishment**. A 5 per cent bid bond is required; closing date is 25 April.

● A tender for 250 cameras has been announced by the Defence Ministry's directorate of contracts and purchases. The directorate has specified 35-millimetre, single-lens reflex cameras; deferred payment for two years or more is requested. The tender closing date is 17 February.

● The UK's **Stanton** has a £2 million (\$3.1 million) contract to supply 230 tonnes of ductile iron pipe and about 1,000 tonnes of fittings for the Hilla and Mosul water supply projects. The pipes range in diameter from 100-1,600 millimetres. Main contractor for both schemes is India's **Som Datt Builders** (MEED 14:6:86; 12:10:85; 24:8:85).

● More efficient collection methods and fresh management techniques enabled the Finance Ministry to exceed its 1986 revenue target. The General Commission for Taxes collected ID 235.4 million (\$760 million), against a budget of ID 190.6 million (\$615 million). Customs dues reached ID 667.5 million (\$2,150 million), compared with projected revenue of ID 650 million (\$2,100 million). Finance Ministry projects completed in 1986 include three high-rise buildings in Baghdad, Najaf and Basra for the **Iraqi Life Insurance Company** and new premises for the General Commission for Taxes. Two new branches of **Rafidain Bank** and new premises for the ministry are now being built.

● An investment board has been set up to examine projects proposed for Arab investment. It is chaired by Planning Minister Samal Majid Faraj. The proposals were discussed by representatives of Arab chambers of commerce meeting in Baghdad from 31 January-2 February.

● The western province of Anbar appears to have received the largest volume of allocations in 1986, when its spending on development projects totalled ID 515 million (\$1,661 million). The projects included completing 2,000 homes in the new towns of Ana and Rawa, and 1,950 homes near Obeida phosphate works, and hospitals, health centres, electricity and agricultural work.

● An economic, commercial and financial co-operation agreement with Poland was signed in Baghdad on 26 January.

● Exports of sulphur, triple superphosphate (TSP), mono-ammonium phosphate and compound fertiliser are now the responsibility of the **State Organisation for Exports**.

● A civil aviation co-operation agreement was to be signed with the UAE on 10 February.

● Idris Barzani, one of the leaders of the Kurdish Democratic Party (KDP), died of heart failure in Tehran province on 1 February. His father, Mustapha Barzani, had been an opponent of Baghdad since the 1940s. Idris was elected to the KDP leadership in October 1979, when the party congress called for a continuation of the armed struggle against the Baath regime through guerrilla warfare. His brother, Masoud, remains chairman of the KDP, which recently discussed an alliance with the other main Kurdish movement, the Patriotic Union of Kurdistan (MEED 15:11:86).

JORDAN

Tenders go out for Aqaba back road

Bids have been invited for the estimated JD 14 million (\$42 million) Aqaba back road project. The road, linking Wadi Yutum and the coast, will enable heavy traffic to by-pass the town centre on its way to and from the port (MEED 11:10:86). Offers must be in by 28 March.

Work is divided into two. Section A entails construction of a grade-separated interchange, 15 kilometres of main road connecting Wadi Yutum to the spur intersection, six kilometres of spur to the