million last year — double the 1986 figure of $11.3 million — secretary to the board of directors Mohammad al-Khatib says.

ASRY's directors approved plans for a second drydock at a meeting in early December (MEED 26:9:87). The company, which has a single 500,000-tonne drydock, is negotiating with potential suppliers for a second-hand floating dock of Panamax size, able to take ships up to 80,000 dwt.

The second drydock should be commissioned in the last quarter of 1988, general manager Antonio Machado Lopes says. It will allow ASRY greater flexibility; in 1987, the company turned away more than a dozen vessels. Many shipping firms are reluctant to book space at a single-dock facility because of potential changes to the schedule, industry observers say.

One reason for ASRY's improved results in 1987 is said to be a rise in occupancy. This was around 90 per cent to the end of November; in December, the dock was fully occupied.

In addition, the company carried out larger and more sophisticated jobs last year. Its biggest steel repair job comprised 720 tonnes for the Greek-owned Polikon, damaged in the Gulf war. ASRY estimates that about 25 per cent of the value of its work is accounted for by vessels damaged in the conflict.

Another reason for the improved results is greater productivity, says a representative of ASRY's London marketing arm, ***Asrymar***.

IN BRIEF

● Qatar and Bahrain have agreed to call on international arbitration to resolve their longstanding territorial dispute, a 21 December statement from the Saudi cabinet says. The two countries have accepted a Saudi proposal to take the matter to the International Court of Justice in The Hague, whose ruling will be final and binding. The dispute flared up in April 1986, when Qatari raiders seized a group of foreign workers on Fasht al-Dibal island (MEED 3:5:86 page 23). Saudi Arabia then acted as mediator, although no final settlement was reached.

● Athens-based ***Middle East Industrial Relations Counselors (MEIRC)*** is to hold a forum for women in management at the Sheraton on 6-8 February; the event is thought to be the first of its kind in the Gulf. Companies or institutions from Bahrain, Qatar, Kuwait and the UAE have already expressed interest, MEIRC says.

EGYPT

IMF presses to beef up reform programme

Relations between the government and the IMF have worsened in recent weeks because of disagreement about how to proceed with the economic reform programme agreed in May, Cairo financial observers say. The IMF has been trying to build on the May agreement, which laid down guidelines and general policies rather than specific measures. Particular areas of concern to the IMF are understood to be domestic interest rates, energy prices, the budget deficit and the exchange rate system.

The IMF originally agreed to the somewhat vague wording of the May accord under pressure from western powers, particularly the US and France. They were anxious to secure IMF approval for the reform programme so the Club of Paris could work on rescheduling Egypt's external debts.

The IMF board was originally set to review the reform programme in late November, and to approve the disbursement of the second tranche of the SDR 250 million ($350 million) standby credit. The review is not now expected to take place until late February, and the dates of a planned IMF mission visit to Cairo in January have yet to be confirmed. The SDR 116 million ($164 million) first tranche was disbursed in May.

Discussions with the IMF in late December are understood to have focused on technical rather than policy issues. There is reported disagreement on interpretation of the policy and the methods used to determine Egypt's current economic position. One key issue is the inflation rate, officially 18 per cent but estimated at about 28 per cent by independent observers. The government has rejected IMF demands for an increase in domestic interest rates based on the higher estimate of the inflation rate.

Critics of the government's methods say the official inflation rate is based on food prices in Cairo and Alexandria only, and on a range of other goods, including items sold at government-controlled prices.

The IMF is also seeking from the government a clear and precise schedule for the transition to a single free market exchange rate. Fund officials have indicated they view as inadequate steps taken to cut energy subsidies and reduce the budget deficit.

US backs private bank solution to military debt

The government stands to benefit from a recent ruling by the US congress that allows military debts to be restructured through private American banks, Cairo observers say. Proposals for refinancing the $4,550 million military debts to the US at market rates, rather than the high fixed interest rates at which they were contracted, have been drawn up by ***Bankers Trust Company*** and ***Salomon Brothers.*** But the scheme depended on Washington providing guarantees: until recently these were not forthcoming (MEED 21:11:87).

The late-December congress ruling allows private bank restructuring of US military debts, with US guarantees covering 90 per cent of the total. The main beneficiary of the measure is expected to be Israel, which lobbied strongly through the America-Israel Political Action Committee.

Other prominent candidates to take advantage of the ruling are Spain, Turkey and South Korea. The Egyptian case is seen to be complicated by the IMF-approved economic reform package and the Paris Club agreement for rescheduling official debts, including some payments on the US military debt.

A government team is to visit New York in the coming weeks to discuss the refinancing option with Bankers Trust and Salomon Brothers, Cairo observers say.

Power schemes aim to offset losses from High Dam

The Electricity & Energy Ministry has announced plans to build 20 power stations over the next five years. The programme is designed to protect power supplies against a fall in output from the Aswan High Dam hydroelectric plant resulting from the drop in the level of the Nile.

The government has been urgently debating reports about the consequences of sustained drought in the Nile's catchment areas in Ethiopia and central Africa. Rainfall in the catchment areas has been below normal for the past seven years, and the level of Lake Nasser, created by the High Dam, has fallen by 20 metres since 1980.

The generating capacity of the High Dam will fall to 750 MW, from 1,850 MW, if the level of Lake Nasser drops below 150 metres above sea level, Electricity & Energy Minister Mohamed Maher Abaza says. Officials say the level is expected to fall to just above 150 metres at the end of the present hydraulic year in July. The all-important annual flood comes in August.

The 20 new thermal power plants will have a combined generating capacity of 5,500 MW, Abaza says. The ministry's plans call for six stations, with total capacity of 1,600 MW, to start up in 1989; four more, with capacity totalling 1,200 MW, are to open in 1990; five, with a total 1,600 MW, are to start in 1991, and five more, with a total capacity of 1,100 MW, are for completion in 1992.

Contracts for several of the stations have already been signed. Tenders for the remainder will be issued in the coming months.

Impregilo switches turbines in Esna dam offer

An Italian consortium shortlisted for a contract to build a dam across the Nile at Esna is understood to have proposed an alternative package, including a change in turbine supplier. The ***Egyptian Electricity Authority,*** represented on the tender panel, had expressed reservations about