

significantly, to 10,850 tonnes compared with 10,200 tonnes in 1987. This is based on the assumption that knitwear exports will rise by 9 per cent to 5,450 tonnes.

Textiles and clothing manufacture is one of Tunisia's leading non-oil industries, providing 66,800 jobs in 1986. There were 1,100 companies registered in this sector in 1987, of which 450 were either wholly or partly export-oriented.

IN BRIEF

● The **Societe Maghrebine de Fabrication Moteurs Thermiques (Sakmo)** plant is to be handed over fully to the client at the end of May. The plant, built by Italy's **Lombardini**, is designed to produce 25,000 10-400 hp engines a year. The engine-test facility was supplied by **Froude Consine**, a subsidiary of the UK's **Babcock International**. The whole plant was opened by President Zine el-Abidine Ben Ali and President Chadli of Algeria on 8 February (MEED 25:7:87).

TURKEY

Istanbul highway order confirmed

The State Planning Organisation (SPO) has approved the award of an estimated \$250 million contract to a UK-led consortium for construction of a major highway through Istanbul. There had been fears that the plan, drawn up by the city's municipality, might be deferred because of a new mood of austerity towards fresh project borrowing in Ankara.

Co-sponsors of the group are the UK's **George Wimpey & Company** and **Tarmac International**. It also includes local contractors **Enka** and **Eska**, and Japan's **Kajima Corporation**. The group's financial adviser is the UK's **Standard Chartered Merchant Bank (SCMB)**, which has put together a package — including a \$33 million UK grant and export credits totalling \$110 million — guaranteed by the UK's Export Credits Guarantee Department (ECGD) and the Export-Import Bank of Japan (Jeximbank). The rest of the finance will come from commercial loans raised in London and Tokyo.

Istanbul municipality awarded the contract to the group in early February, pending central government approval (MEED 6:2:88). It was feared the contract might be a casualty of development cutbacks in Ankara, as the government is cutting back on new projects in 1988 in order to curb inflationary growth.

However, the head of the SPO, Ali Tigrel, said in February that if financing for projects was nearly complete, exceptions might be made. This was clearly the case with the Istanbul highway. It is not clear, however, whether the treasury has agreed to the financing terms yet, which still have to be negotiated in detail.

There is a pressing need for the highway

through the city as the centre is becoming more congested every day. The nine-kilometre motorway will run from Besiktas to Samatya, and will include about two kilometres of tunnels and several viaducts. It will eventually connect with the third Bosphorus bridge and a tube crossing of the waterway to form an inner-traffic ring road.

Central bank signs up medium term loans

Medium-term credits worth \$280 million were signed up by the central bank in the week ending 12 March. Central bank governor Rusdu Saracoglu says the government has now guaranteed funds to meet a \$2,000 million debt servicing peak in the summer. The credits are a \$100 million, three-year loan arranged by **Bankers Trust International**, and a DM 300 million (\$179.5 million), seven-year bond issue in Frankfurt.

Terms for the deal were a very cheap 0.015 per cent below the London interbank offered rate (Libor), with no front-end fee. This has been achieved by linking the deal to a currency option of the same value: the proceeds of the option have been used to subsidise the deal for the central banks, meaning the banks get the market rate. Normally, for a medium-term deal, the central bank would borrow at 1 1/4 per cent above Libor.

This is the third deal using a parallel currency option that Bankers Trust has arranged for the central bank, which has done four over the past two years. The deal moved fairly slowly, due to a lack of information in the confusion following the 29 November general elections rather than permanent market resistance to fresh Turkish borrowing, say bankers.

The bond issue in Frankfurt was sold out within a day amid criticisms that the terms were too attractive. Lead manager for the deal was West Germany's **Commerzbank**.

Bonn grants military aid through NATO

Special military aid, tied to the purchase of West German tanks and valued at DM 580 million (\$347 million), has been granted by Bonn within the framework of the NATO alliance. The aid agreement follows the early March NATO summit in Brussels, where more assistance to NATO member countries such as Turkey was agreed.

The aid was first discussed during West Germany Chancellor Helmut Kohl's visit to Ankara in 1985. The aid is additional to the regular military assistance Bonn provides every 18 months. The last such agreement, for DM 130 million (\$77.8 million), was signed in July 1987.

The funds are tied to the purchase of 150 Leopard 1 tanks, together with eight tank salvage vehicles. The last special aid agreement with Bonn, in 1980, also included the purchase of Leopard 1 tanks.

The military is keen to modernise its fleet of around 3,000 tanks, some of which date back to the early 1950s. The fleet already includes about 80 Leopard tanks. The government has negotiated for local manufacture in the past, but the talks stalled over Bonn's apprehensions that locally assembled tanks would be supplied to third countries for military use outside NATO.

The Foreign Affairs Ministry in Bonn said West Germany has helped Turkey since 1984 to fulfil its task of protecting NATO's southeast flank. In 1980, in addition to the 77 Leopard 1 tanks, it also supplied Milan anti-aircraft missiles and modification packs for Turkey's aging US-made M-48 tanks. The Leopard 1 tanks to be supplied under the present agreement will be modified to Turkish military specifications at Bonn's expense and will be delivered in 1990-91.

IN BRIEF

● The local **Kutlutas** has won a contract worth about \$30.2 million to build housing units near Istanbul. Client is the Public Participation & Mass Housing Fund. Kutlutas will build 1,424 homes at the Halkali mass housing project, for completion in 18 months. In total, the project calls for the construction of 70,000 homes.

● Twenty-nine companies have been prequalified to build biological sewage treatment facilities at Tuzla and Kucukmece in Istanbul by the Istanbul Water & Sewerage Administration (ISKI). Ten bidders have been shortlisted to bid for the construction of sea outlets at both sites. Closing dates for the contracts are 11 May and 27 April, respectively.

● The local **Military Electronics Industry (Aselsan)** is establishing a second plant to produce the electronic guidance system for Stinger missiles under licence. It will cost a total TL 35,000 million (\$30.4 million). Ankara's share in a Turkish, West German and Dutch consortium making the Stingers is valued at DM 600 million (\$359 million). The guidance systems, plus mechanical parts made by **MKE (Machine & Chemicals Industry)** will be shipped to Europe to be assembled by West Germany's **Dornier**. The army already has 408 Stinger missiles, which should rise to 2,112 in the next five years.

● An agreement for the mutual safeguarding and protection of investment will be signed with Romania, according to a statement issued after a recent meeting of the Turco-Romanian mixed economic committee in Ankara.

● Low bidder for a resignalling contract for two railways, a venture of the local **Yuksel** with Japan's **Daido**, has withdrawn its bid because of delays in evaluation, according to Ankara contractors. Its bid was by far the lowest at the tender opening in summer 1987 (MEED 22:8:87). In February, the venture said it would only comply with a request from the client, **Turkish Railways (TCDD)**, for a further extension of tender validity period if TCDD agreed to a 10 per cent cost increase to cover price rises since the tenders were first opened (MEED 20:2:88).

● Tehran is insisting that Turkey should finance the construction of the portion of a proposed Iranian export pipeline within Turkish territory, oil industry sources say. However, as Ankara