million) at the end of February, against TD 340 million ($423 million) in December 1987. Le Renouveau says this was a good performance given the pressure on reserves from the threat to agriculture posed by drought and locusts. Analysts say the discrepancy between the two sets of figures can partly be explained by the fact Le Renouveau's apparently exclude special drawing rights (SDRs), which are included by the IMF. The sharp drop can also be ascribed to seasonal factors. Reserves traditionally fall in the first quarter of the year as fewer tourists visit then, which means less foreign exchange enters the economy. Le Renouveau says the balance of payments continues to improve and investment is increasing. According to bankers, the outlook remains good, although the level of international investment remains disappointing.

● The latest tranche of financing for the Tunis Lake project has been formally agreed, following parliamentary approval of amendments to investment laws. These allow the government, with the Jeddah-based ***Al-Baraka Group***, to provide half the finance in a TD 40 million ($49.8 million) special financing. This involves the issue of non-voting shares giving investors a slice of the profits. The operation has been organised by Al-Baraka's local banking subsidiary, ***Beit Ettamwil Saudi Tounisi (BEST)***. The government's share is denominated in dinars, Al-Baraka's in dollars. First-phase work at the site is expected to be finished in early summer.

● France's ***L'Air Liquide*** is considering investing in local projects, following the visit of director-general Edouard de Royer. Sectors being considered include food, electronics and steel. L'Air Liquide has already worked in Tunisia, building a chemicals plant for ***Societe Tunisienne du Gaz Liquide (Sotugal)***.

● About 4,000 Libyan tourists are coming through the Ras Gudayr border post each day, local press reports say. This follows the recent rapprochement with Tripoli, and the razing of the border post in a dramatic gesture by Libya's leader Muammar Qaddafi (MEED 22:4:88, Libya).

● The government has implicated Israel in the 16 April killing in Tunis of PLO military commander Khalil al-Wazir (Abu Jihad). In Cairo on 16 April, Prime Minister Hedi Baccouche said: "The Tunisian government will use all its resources to find the culprits." The attack, at Abu Jihad's residence in the Tunis suburb of Sidi Bou Said, has internal security implications, as it was near the presidential palace at Carthage, observers say. On 19 April, the government said preliminary findings show that at the time the attack took place, an Israeli Boeing 707 passed near the coast. It was equipped with sophisticated equipment that jammed the telecommunications network around Abu Jihad's home during the killing, the government says. The PLO headquarters in Tunis' Hammam Chatt suburb was attacked by Israeli jets in September 1985.

● Prime Minister Hedi Baccouche ended a three-day visit to Sudan on 16 April. He went on to Egypt, becoming the first Tunisian leader to visit Cairo since diplomatic relations were restored. Baccouche delivered a letter from President Ben Ali to President Mubarak. He was expected to go on to Morocco, for celebrations marking the 30th anniversary of the Tangier Congress, now seen as an early — and symbolically important — step towards building regional unity. Celebrations were expected to bring together leaders from the three original participant countries, Tunisia, Morocco and Algeria.

● The draft law introducing value added tax (VAT) will be presented to parliament soon. There will be three rates, of 6, 17 and 29 per cent. The tax is intended to rationalise the existing system. Firms will have to register if their turnover exceeds TD 500,000 ($622,670) a year.

● Human rights organisation Amnesty International has been given a permit to operate locally. Previous requests had been refused. The move follows a visit by Amnesty head Franca Sciuto, who met President Ben Ali.

TURKEY

Five negotiate for rail contract

Negotiations have now been held with all five companies bidding to electrify the rail line between Iskenderun and Divrigi, in the southeast. ***Turkish Railways (TCDD)*** began talks in November with the low bidder, a joint venture of ***China Civil Engineering Construction Corporation (CCEC)*** and the local ***Kadirbeyoglu*** (MEED 28:11:87). It had offered around $50 million.

TCDD then moved to negotiate with the other bidders in the following order:

☐ ***Minel*** (a consortium of Yugoslavia's ***Energoinvest*** and ***Rade Concar*** with the local ***Iskra***)

☐ France's ***GTME (GTM Entrepose Electricite)*** and the local ***Sezai Turkes-Feyzi Akkaya (ST-FA)***

☐ the UK's ***Balfour Beatty Construction International*** with the local ***Kutlutas***

☐ Japan's ***Marubeni Corporation*** with the local ***Tekfen***.

Work on the 722-kilometre line aims to improve the transport of iron ore between mines in Divrigi and the Iskenderun iron and steel complex.

The contract covers design, equipment supply and commissioning. The equipment to be supplied includes an overhead catenary system, power supply to substations, and remote control and telecommunications systems.

Four bid for steelworks expansion

Four contractors have returned final bids for a contract to build a mill at ***Eregli Iron & Steel Works (Erdemir)***. The UK's ***Davy McKee*** is favoured on technical grounds, but faces strong competition from Austrian and Japanese contenders.

The four groups of bidders are:

☐ ***Davy McKee***

☐ ***Voest Alpine*** (Austria) with ***Westinghouse Electric Corporation*** (US)

☐ ***Marubeni Corporation*** a[…] (both Japan)

☐ ***Mitsui & Company*** (Jap[…] ***Engineering*** and ***General Electric Company*** (both US).

Erdemir is to brief potential bidders for the modernisation of its blast furnace, also part of its three-phase expansion programme. Bid documents have so far been sold to 11 companies. Offers must be in by 11 July.

The 11 are understood to include:

☐ ***Kloeckner***; ***MAN*** (both of West Germany)

☐ ***Davy McKee***; ***British Steel Corporation*** (both UK)

☐ ***Mitsui & Company***; ***C Itoh & Company***; ***Marubeni Corporation*** (all Japan)

☐ ***Voest Alpine*** (Austria)

☐ ***Asmas*** (Turkey).

Current account deficit shrinks

The current account deficit fell by more than one-third to $987 million in 1987, the central bank says. Rising export sales were largely responsible for the improvement.

Merchandise exports fob rose by around 36 per cent to $10,328 million. Merchandise imports also increased, but by 27 per cent, to $13,556 million. The oil bill rose by 47 per cent on the back of strengthening crude prices to $2,926 million.

Receipts from tourism, another bright spot in the current account, rose by 55 per cent to $1,476 million. Tourism outgoings amounted to $448 million. Remittances from expatriate workers have also grown steadily, reaching $2,021 million.

However, interest payments on external debt — included in the current rather than capital account — increased to $2,507 million from $2,134 million.

Top officials spell out economic challenge

The achievements and new challenges facing the Turkish economy have been spelled out by top officials participating in one of the biggest trade promotion efforts to the UK.

Speaking to nearly 100 business people in London on 20 April, Minister of State for Economic Affairs Yusuf Bozkurt Ozal listed the main issues for the next five years. They include:

☐ Tackling inflation. Some progress will be made this year on reducing the rate of price increases, which should fall significantly in 1989. Wholesale price inflation in 1987 was 48 per cent. The long-term aim is to reduce inflation to 10-20 per cent a year.

☐ Cutting the public-sector deficit. This could fall to the equivalent of 5.3 per cent of gross national product (GNP) in 1988, compared with initial government