TURKEY

NEWS

million barrels in the first five months of the year, around 7 per cent up on 1987, the Ankara daily Ebanewsletter says.

● Textile exports were valued at $1,152 million in the first four months of 1988 — compared with $869 million in the corresponding period of 1987 and $714 million in 1986. West Germany and Italy were the leading markets in all three years, the Ankara weekly Anka says. Sales in January-April 1988 totalled $425 million to West Germany, and $124 million to Italy. EEC countries' overall share amounted to 68.6 per cent. By category, knitted goods were top, with sales of $334.8 million, followed by non-knitted ready-to-wear clothes ($319 million), cotton and cotton products ($201 million), and synthetic and artificial fibres ($100 million).

● The export tax rebate system may be extended beyond the end of 1988 for shipments tied to state contracts or irrevocable letters of credit, the treasury and foreign trade undersecretariat says. The programme is aimed at phasing out export tax rebates by the end of 1988 in accordance with Turkey's subsidy obligations to the General Agreement on Tariffs & Trade (GATT).

● The current account deficit in the first two months of the year narrowed to $260 million. The trade deficit also declined, to $213 million, the Ankara daily Ebanewsletter says.

● In a move to tighten up on fresh foreign borrowing, all public departments and establishments have been banned from contracting fresh loans without prior approval from the foreign trade and treasury undersecretariat. The ban also applies to special development funds and municipalities.

● The tender competition for a build-operate contract for a third bridge across the Bosporus has not been cancelled, the Istanbul daily Hurriyet quotes the city's mayor as saying. According to Bedrettin Dalan, it has merely been postponed until 1989. The bridge is a casualty of the mood of austerity in central government. Istanbul municipality has invited bids for a tube crossing of the Bosporus, although there appears to be strong opposition to this project in the State Planning Organisation. All major schemes in Istanbul are in doubt because of the government's need to cut inflationary spending, contractors say (MEED 27:5:88).

● Bids for a 420-MW hydroelectric dam project on the Goksu river in Mersin province will now be invited in July, because of confusion about the amount required of companies in bid bonds, the weekly Ebareport says. The World Bank — which is funding the scheme — insists it should be 10 per cent.

● Izmir Water & Sewerage Authority has invited prequalification applications for the construction of collectors and a sewage treatment plant as part of the Izmir great channel project. The scheme is being backed by a $183 million World Bank loan, which will also be used to finance about $40 million worth of construction work on the East area collectors, the lower and upper Melez trunk sewers and a wastewater treatment plant.

● The minimum monthly wage is expected to increase to TL 120,000 ($90) from the present TL 77,520 ($58) on 1 July. This follows a meeting of the minimum wage commission on 24 June, the Istanbul economic daily Dunya says.

● There are plans to sell $65 million worth of goods to the Soviet Union in 1988 — 70 per cent of the cost of Soviet natural gas imports for the year. The proposals are being discussed at joint economic commission talks.

● A protocol has been signed with the Netherlands providing for co-operation in natural gas use and defence. It was signed at the end of the third joint economic committee meeting.

● The government is to set up a TL 20,200 million ($15 million) treasury fund to finance the destruction of the 1986 Black Sea tea crop, which was irradiated to unacceptable levels by the Chernobyl nuclear disaster in the Soviet Union. Tea growers will receive TL 15,700 million ($11.7 million) in compensation; the remainder will fund the burying of the crop. Sites in Kahramanmaras, Gumushane and Ankara have been proposed, but face strong objections from residents.

● A total TL 64,600 million ($48 million) is required to complete the massive southeast Anatolia (GAP) project, the State Planning Organisation says (MEED 10:6:88, page 27).

● International bids could be invited for the construction of a third oil pipeline to run parallel to the two in the southeast used by Iraq to export crude. The scheme was proposed by Iraq's Oil Minister Issam Abdel-Rahim al-Chalabi during a visit to Ankara in the week ended 11 June. The Turkish side told Al-Chalabi that Iraq had to repay at least $557 million of its $3,000 million total debts to Turkey. The government has clamped down on fresh Iraqi credit and cut payments to a clearing system for exporters. Turkish traders are now complaining of severe losses from Iraqi export orders and many have halted shipments.

● ***Disbank*** (Turkish Foreign Trade Bank) plans to double its capital to TL 50,000 million ($37.5 million).

● ***Iktisat Leasing*** has arranged what it claims is the first lira domestic leasing deal for a passenger jet. The 99-seat Super Caravelle will be used by ***Istanbul Air Lines*** on domestic and international scheduled routes.

● The US ***Brown & Root*** has completed preliminary feasibility studies on the massive peace pipeline scheme to transport water to Arab countries. The next step will be to form inter-country technical co-operation committees. The scheme calls for the construction of a western pipeline to Saudi Arabia, a distance of about 2,650 kilometres to Makkah and Jeddah, and a 3,900-kilometre Gulf line. Observers are sceptical about the project because of the cost, and political difficulties (MEED 26:3:88, page 9).

● Inflation may surge in coming months due to pressure on costs, the high price of capital and the depreciation of the lira, the OECD says in its twice-yearly report on economic trends. "Inflationary pressures, which eased somewhat in 1986 and early 1987, increased sharply in the second half of (1987)," it says. Consumer price inflation, which was 39 per cent in 1987, is forecast to rise to 56 per cent this year before easing to 42 per cent in 1989. The OECD says the austerity economic programme, in force since the general elections in autumn 1987, is unlikely to have much short-term impact on the balance of payments deficit. This may stay at about $1,000 million in 1988. The OECD adds that Turkey's debt service commitments amounted to about $7,000 million in 1988. The central government deficit is expected to fall to 2.7 per cent of gross national product (GNP) this year from 4.3 per cent in 1987. Gross fixed capital investment is projected to remain weak in 1988 and 1989. Real GNP is projected to rise by 5.3 per cent in 1988 and 5 per cent in 1989.

● Asil Nadir, the British-Turkish Cypriot entrepreneur who founded UK-based ***Polly Peck International,*** has bid for Istanbul's ***Guenaydin*** newspaper series, a company spokesman said in Istanbul on 10 June. The Guenaydin group, which publishes nine titles in Turkey, is owned by the local ***Veb Ofset.***

● The third Turkish-US Business Council meeting was held in Istanbul on 6 June. It was opened by Donald C Vaughn, president and chief executive officer of Houston-based ***The M W Kellogg Company.***

● Flash floods in Ankara have killed 13 people and inundated 550 homes and shops in shanty districts of the city. Officials say the floods were the worst in 45 years.

UAE

Oil minister rejects output quota restrictions

The present OPEC-set quota for oil output has been sharply criticised by Petroleum & Mineral Resources Minister Manaa Bin Said al-Otaibah. After a stormy session of the OPEC oil ministers meeting in Vienna on 12 June, he told Abu Dhabi television that the quota level for the emirates was unrealistic, news agency reports say (see page 30).

"The conference has given us a quota of 948,000 barrels a day (b/d). This quota was unreasonable and imaginary. However, we would like to reaffirm here our commitment to all OPEC resolutions except the quota issue," Al-Otaibah is quoted as saying. The interview, taped in Vienna, was later shown in Abu Dhabi. Al-Otaibah flew to Rabat for consultations with President Shaikh Zayed after the OPEC ministerial meeting agreed to extend the quota levels for a further six months without modification.

The formal statement of dissatisfaction with the quota restrictions is reflected in production levels over recent months, which have consistently exceeded the suggested ceilings. The Washington-based Petroleum Finance Company estimates crude oil output in May at 1.26 million b/d. The bulk of this, an average of 865,000 b/d, was produced by Abu Dhabi while Dubai output topped 390,000 b/d. Sharjah produces a near-constant 65,000 b/d of condensate.

News reports say an auditor's report to the OPEC meeting, confirming UAE production of 1.25 million b/d in May, precipitated Al-Otaibah's early departure from the session and his subsequent comments on quota levels.

Oil company executives in Abu Dhabi expressed no surprise at the public spurning of the quota. They expect the