

UAE

Recently announced reorganisation of the local petroleum bureaucracy to herald a more flexible attitude to allowable production levels, the instrument used for controlling output and complying with OPEC targets.

The abolition of the Department of Petroleum in Abu Dhabi is expected to end the complex reporting system within which the foreign partners of **Abu Dhabi National Oil Company (ADNOC)** had to operate. The responsibilities formerly assumed by the department are being transferred to the office of Sohail Fares al-Mazrui, who doubles as secretary-general of the new Supreme Petroleum Council and general manager of ADNOC. The creation of a permanent secretariat is expected to simplify issues of day-to-day operations that may require co-ordination with the authorities (MEED 17.6.88).

Chinese move on Taweelah pump station

A letter of intent for a contract to enlarge a pumping station for the Taweelah power and desalination scheme in Abu Dhabi has been issued to **China Harbours Engineering Company**.

The development is a surprise, as the deal supersedes a letter of intent issued to the local **Al-Aweidah/Polimex** in February (MEED 19.3.88). The Chinese contract is slightly higher in value, at Dh 44 million (\$12 million), than the Dh 41.9 million (\$11.4 million) low bid originally submitted by Al-Aweidah.

The switch of contractor excludes another low bidder — Pakistan's **National Construction Company** — which matched Al-Aweidah's offer when the contract was retendered in October 1987. Prices for the work have risen steadily from the low of Dh 37.7 million (\$10.3 million) offered by West Germany's **Ed Zueblin** in June. The contract calls for expansion of two reservoirs at the Bani Yas pumping station, known as Unit 4. The concrete reservoirs now have a capacity of 7.5 million gallons each.

No date has been set for the retender of a contract for Unit 3 pumping station, half-way between Bani Yas and Taweelah. Abu Dhabi water and electricity department decided to opt for concrete rather than the steel reservoirs specified in the original tender documents. Low bidder for the work as initially defined was the US' **Pittsburgh-Des Moines** at Dh 75.6 million (\$20.6 million — MEED 7.11.87).

The decision to retender the main construction contract is unlikely significantly to alter the electrical and mechanical requirements of the project, observers say. Low bidder for the work is Zurich-based **ABB Asea Brown Boveri** (MEED 6.5.88).

The UK's **Pencol International**, with **Pencol International Engineering Consultants**, is acting as consultant for the orders, which form the first phase of

transmission work on the Taweelah scheme.

Foreign banks face licence fee levy

The central bank has announced plans to levy an annual licence fee from foreign financial institutions operating in the seven emirates. The move was communicated to foreign banks and exchange houses without any prior consultation and has surprised most commercial bank officials.

The measures, announced in the second week of June, suggest charges of more than \$13,600 for commercial banks, about \$5,450 for investment banks and representative offices, and around \$2,700 for exchange companies.

The central bank circular applies only to foreign-controlled institutions; it excludes those under local ownership. Payments for 1988 are due by 30 June and will be payable annually on 31 March thereafter.

The bankers' association has urged members to withhold payment of fees pending further explanation from the central bank. Bankers do not consider the fees excessive, but express irritation at the lack of prior consultation.

The central bank has been pursuing a progressively more active, interventionist role in recent years, spurred on by the difficulties experienced by many institutions in the early 1980s. Bankers note a perceptible shift in emphasis in the latest measures and a firm intention to check for full compliance with previously announced regulations. Among these are restrictions on the transfer of capital by foreign banks and a stipulation that their staff include a minimum 10 per cent of nationals.

Banks were informed in a circular released on 11 June that they will soon be checked for compliance with the staffing requirements.

IN BRIEF

● The local **Al-Wimpey Roads & Construction** has begun work on a Dh 50.8 million (\$13.8 million) contract to expand container handling facilities at Abu Dhabi's Mina Zayed. The scheme, contract 71, entails converting two of the port's 21 wharves for container handling. The order includes associated dredging and reinforcement of the quays. A related contract to repair and protect four berths at the port has yet to be awarded. Low bidder for the work, contract 49, is the Netherlands' **Interbeton** at Dh 13.9 million (\$3.8 million). Consultant for the port modernisation is the UK's **Sir Alexander Gibb & Partners** (MEED 20.2.88).

● **The British Bank of the Middle East (BBME)** is to open a branch inside Jebel Ali Free Zone and is understood to have secured the full authorisation of the central bank. BBME's local branches reported profits of Dh 68.5 million (\$18.6 million) in 1987 and remain among the most profitable in the group. BBME is a wholly owned subsidiary of **The Hongkong & Shanghai Banking Corporation** (MEED 6.5.88).

● Trade with Sweden rose by 17 per cent in 1987 to Dh 236 million (\$64 million), due mainly to a recovery in oil exports. These accounted for

about one-third of total trade; other exports to Sweden were mostly textiles. Imports were mainly of machinery, other industrial equipment and vehicles. Imports are expected to rise in 1988 because of deliveries of equipment to **Emirates Telecommunications Corporation (Etisalat)**. Sweden's **Ericsson** has the main contract for a proposed Dh 225 million (\$61 million) expansion of the mobile telephone system (MEED 27.5.88).

● A report prepared for Dubai chamber of commerce shows how the emirate has acted as a magnet for industrial investment in recent years. The report says investment in industry rose from an estimated Dh 5,640 million (\$1,536 million) in 1981 to Dh 14,360 million (\$3,910 million) four years later. Of this, 63 per cent was in Dubai, compared with 26 per cent of the total in 1981. Abu Dhabi accounted for 14 per cent of industrial investment in the seven emirates in 1985, the report adds.

● An agreement on trade, economic and industrial co-operation has been signed with Iraq. The deal, agreed after a joint commission meeting, envisages annual two-way trade of \$65 million, to be divided equally. Both sides pledged to remove barriers to trade.

● New rules limiting the shelf life of selected items came into effect on 15 June. The rules apply to packaged food products; expiry dates are to be restricted to six-12 months from the date of display. Traders expect prices to rise steadily as the new rules will oblige them to hold reduced stocks. They also expect occasional shortages to emerge if demand, particularly for re-exports, rises unexpectedly.

YEMEN (ADEN)

Chinese take border highway scheme

A \$16.2 million contract to build a 40-kilometre road in Abyan governorate has gone to **China Road & Bridge Engineering Corporation (CRBEC)**. The work, on the Lawdar to Mukayras highway, will be partly undertaken by the roads construction department, Aden radio reports.

Execution is expected to be very challenging, as the road runs through mountainous territory near the border with North Yemen. An extension to the North Yemeni town of Al-Baydah is being considered.

The road will link two plateau areas involving descents of up to 1,000 metres and construction of nearly 60 hairpin bends. The project calls for asphaltting and includes the district of Madhan. Aden radio says the job is for completion in 37 months and is among the most important outlined for execution in the 1986-90 development plan. The site was visited by Prime Minister Yaseen Said Numan on 25 May during a tour of projects in the region.

Core funding for the scheme is coming from the Kuwait-based Arab Fund for Economic & Social Development (AFESD). Funds will be drawn from a KD 6.7 million