

BRIEF

Offers have been invited for construction of nine hospitals and clinics costing a combined \$50 million. Client is the **Housing Construction Company**. Bidding appears to be confined to local companies; tenders for equipment from abroad are expected to be called later. Three hospitals are planned for Hamadan, Isfahan and Jrumiyeh. The clinics will serve Bandar Abbas, Bushahr, Gachsaran, Qaemshahr, Sari and Shiraz.

Wheat imports in 1987 will drop by 200,000 tonnes to 2.5 million tonnes, the Rome-based **UN Food & Agriculture Organisation (FAO)** says. Wheat output this year is expected to total 7.1 million tonnes, 1.6 million tonnes up on 1985. Cereal production should increase to 11.3 million tonnes.

More than \$85 million was earned from mineral exports in the year to 20 March, says deputy mines and metals minister Abbas Motiani. Investment in mining totalled \$320 million in the year.

Ethiopia has agreed to provide old stocks of JS-made weapons, the Abu Dhabi daily **Al-Tihad** quotes diplomats in London as saying. The weapons are reported to include fighter aircraft, tanks and guns.

About 90,000 technical and scientific books will be imported in the year started 21 March, the Culture & Higher Education Ministry says. Roughly 50,000 were imported the previous year.

Iran Air plans to start weekly flights between Tehran and Sharjah on 24 May. It now operates two flights a week to Sharjah from other centres in Iran. The airline also runs one flight to Abu Dhabi and 15 to Dubai each week (see UAE).

Canada wants to re-establish diplomatic relations, according to Danish ambassador Ibritto Andreassen, who represents Canadian interests in Iran. Ties were broken in 1980 after the Canadian embassy helped to smuggle out six US citizens during the US hostage crisis. Iran wants an apology before agreeing to restore links. Andreassen's request came during a meeting with majlis Speaker Hashemi Rafsanjani, who said the proposal would be studied.

Hungary wants to increase agricultural and industrial co-operation with the Construction Crusade Ministry, ambassador Zsigmond Kazmer told deputy minister Rasoul Lahijanjan during a mid-May meeting.

General Hossain Fardoust, former deputy chief of the Shah's secret police, Savak, has died in prison of a heart attack, the official Islamic Republic News Agency (IRNA) says. Fardoust recently appeared on television to confess to links with the UK; he was scheduled to make further appearances.

IRAQ

Italy agrees to settle short-term debt

Agreement to settle some of Italy's short-term debt has been reached with **Rafidain Bank**. The accord covers about \$40 million worth of credits not guaranteed by banks, or underwritten by Italy's export credit

insurance agency, **SACE**, the Foreign Trade Ministry in Rome says.

The agreement, signed by Rafidain and a consortium of Italian companies working in Iraq, provides for the repayment of debts by the end of 1987 — half in hard currency, the rest in local currency. The Italian government has approved, but not guaranteed the accord. Creditor companies that wish to accept these terms — the agreement is on a voluntary basis — have been asked to provide details of their debts to the consortium by 10 June.

It is not clear whether final agreement has yet been reached on repayment of the portion of debt guaranteed by **SACE**. Earlier in 1987, Rafidain offered to pay 85 per cent of the sum owing in six equal six-monthly instalments with effect from 15 October 1989 (MEED 28:3:87).

Japanese win degassing order for Zubair

A contract to install a degassing scheme in the south, Zubair, has been awarded to a Japanese group. Reports say the order for the third pay zone development was signed on 12 April with **Mitsubishi Corporation** and **Mitsubishi Heavy Industries (MHI)**. Client is the **State Organisation for Oil Projects (SCOP)**.

The contract has been valued at about \$120 million. London merchant bank **Morgan Grenfell & Company** is understood to have been involved in a 100 per cent financing deal arranged to support the contract; the bank has declined to confirm the report.

The project entails expanding four degassing stations at Hammar-Mishrif, Hammar, Zubair-Mishrif and Zubair. Once degassing, desalting and dehydration units have been installed, each station will have an annual capacity of 2 million tonnes. The contract also involves the construction of a 3 million-tonne-a-year plant at Rafidhiya (MEED 12:10:84).

The tender was originally announced in 1983/84 in the form of a contract to supply equipment and services, with SCOP doing the installation (MEED 27:7:84). After a rebid, the main contenders were the Japanese group, plus **Lummus Nederland**, and a joint venture of France's **Technip** and Japan's **Toyo Engineering Corporation** (MEED 17:5:86).

MHI is understood to have been particularly keen to win the order, as it has staff and plant already working nearby on the Tuba tank farm contract (MEED 21:2:87; 4:1:86).

Oil and gas grid planned

An oil and gas pipeline network is to be built to supply the country's main towns. The plan — announced by the **State Enterprise for Pipelines** on 14 May — aims to make distribution of oil products and liquefied gas more efficient by reducing dependence on trucking, a

system described as expensive and dangerous.

The pipeline network will probably be built by a foreign company; reports suggest the Soviet Union's **Technoexport** is likely to finalise an agreement — estimated to be worth \$110 million-130 million — in the summer. It is understood that the grid will start from the West Qurna oil field, where Technoexport is the main contractor. Western companies are expected to be invited to bid for supplies of associated equipment.

Negotiations have started with another Soviet contractor — **Tsvetmetpromexport (TSMPE)** — for the second stage of the trans-Iraq dry gas pipeline. This calls for the extension to the Turkish border of a gas line from Baghdad. A third stage envisages a connection with the Soviet gas pipeline to Turkey.

A decision about the second stage is expected by the beginning of 1988. TSMPE is favoured because of the availability of Soviet funding. More than \$2,000 million in project financing was agreed in 1986, and Soviet companies have since signed contracts for irrigation, hydropower and gas schemes (MEED 22:11:86; 21:6:86, page 19).

These include the first stage of the trans-Iraq gas line. The contract, valued at 110 million roubles (\$154 million), was awarded to TSMPE. The 350-kilometre, 48-inch line runs from the southern gas fields north to Baghdad. Completion is expected in 18 months.

State farms put on the market

All state farms are up for sale or lease, Agriculture Minister Aziz Saleh Hassan al-Numan said in Baghdad on 17 May.

The farms will be leased to local or other Arab individuals and companies, provided the land continues to be used for agriculture. State-owned greenhouses at Rashdiya, north Nahrawan and south Baghdad are also available for lease. State livestock farms will be sold to private-sector dairy farms or companies.

Recent organisational changes in the Agriculture Ministry gave wider powers to agricultural departments in the governorates. The state farms are to answer to these departments — a change that implies the abolition of the State Organisation for State Farms & Agricultural Establishments (MEED 16:5:87).

State farms came in for heavy criticism at the 1982 Arab Baath Socialist Party regional conference, when they were described as worthless and a burden on the agricultural sector (Iraq, MEED Special Report, October 1985, page 14). In 1985, the government said it would not accept unprofitable state agricultural schemes.

Despite the introduction of profit-sharing for state farm workers, farm sizes have gradually decreased. In 1984, the 23 state

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THE US is maintaining its high military profile in the Gulf, despite the 17 May Iraqi attack on the USS Stark which left 37 American seamen dead. Washington says it will go ahead with plans to escort tankers serving Kuwait, and will retaliate to any threat to US naval vessels. Iraq has apologised for the attack on the Stark, which was hit by two air-launched missiles thought to be French-made Exocets. The US says it asked Saudi Arabia to intercept the Iraqi aircraft which carried out the strike, but the Saudi ground controller did not have the authority to order such action. Despite the attack, the US has persisted in its efforts to help Arab states to isolate Iran. This entails using diplomatic action to press Tehran to start negotiations for an end to the Gulf war, and providing military protection for Gulf shipping vulnerable to Iranian attack. However, the attack on the Stark shows the problems in ensuring such protection while Iraq persists in its campaign against vessels serving Iranian ports

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farms had a total area of 188,000 hectares; in 1986, they occupied 52,925 hectares — less than the area farmed by co-operatives or the private sector.

Industry ministry sheds staff — but output rises

About 2,200 staff, mainly expatriates, have been laid off by the Heavy Industries Ministry in the past two months. In the same period, the output of heavy industry has been 63 per cent higher than it was in the first two months of 1987, minister Qassem Ahmad Taqi al-Uraibi says.

The redundancies are part of initiatives urged by President Saddam Hussain in early 1987. They have included a change at the top of both industry ministries, as well as reorganisation of the industrial sector (MEED 28:3:87, page 18; 7:3:87; 28:2:87).

Al-Uraibi told the Baghdad daily Al-Qadisiya on 18 May that about 600 of the staff made redundant could be given jobs elsewhere, "probably in other ministries." However, some ministries have also invited employees — mainly women — to resign voluntarily.

The directives emphasise the need to move into new manufacturing areas, particularly capital goods. Teams of design specialists and technical managers are now working to produce import substitutes. "The first fruits appeared two days ago, when an airconditioning motor was produced and

turned over to the local market," Al-Uraibi said.

More examples of locally manufactured equipment and machinery are expected on the market by the end of May. They will be shown at a special ministry exhibition in June.

IN BRIEF

● The State Organisation for Water & Sewerage (SOWS) — part of the Local Government Ministry — has been abolished, a 19 May Revolution Command Council decree says. Its two subsidiaries have also been abolished. They are the General Establishment for Designing & Implementing Water & Sewerage Projects and the General Establishment for Operation, Administration & Maintenance of Water & Sewerage Projects. The three organisations have been merged to form the **State Enterprise for Water & Sewerage (SEWS)**.

● A tender has been announced for a contract to build a commercial centre in Ramadi's 17 July district. Client is the **State Establishment for Buildings, Central Area**. Documents are available for ID 50 (\$160), plus ID 15 (\$50) for general conditions and specifications. A 2 per cent bid bond, valid for six months, is required; closing date is 2 June. A 12-month completion period is specified.

● About £30 million (\$50 million) remains of the UK line of credit arranged by London merchant bank **Morgan Grenfell & Company** (MEED 21:3:87). There are reports that a large UK supply contract is about to be financed by the line

● Yugoslavia's **Bank for International Economic Co-operation** has approved credit to support two contracts won by **Energoinvest** to supply and install 400-kV and 132-kV high-tension transmission lines, the Ljubana monthly Yugoslav Economic Review reports (MEED 30:8:86).

● Romania's **Arcif** has completed drilling 325 bore-holes as part of land reclamation schemes at Hilla-Kill — over 38,000 hectares — and contract 17A1 of the Saddam (formerly Kirkuk) irrigation project. Arcif has been working at Saddam for some years. Another Romanian company, **Romagrimex**, is main contractor for the \$350 million Hilla/Kill scheme.

● Two export contracts for textiles have been won by the **State Establishment for Woollen Textiles**. One order is to supply 22,000 woollen and acrylic blankets to Jordan; the second is to supply 6,000 square metres of woollen textiles to Kuwait. Efforts are being made to sell to Europe.

● An annual charge of ID 500 (\$1,610) now faces expatriate Iraqis returning home for a visit, according to a February 1987 Revolution Command Council decision. Charges will also be levied for new passports and any amendments made to passports. The charges will not apply to government employees or students.

● Technical staff are to be sent to Sudan to help to develop new oil fields and provide consultancy for oil projects. Similar assistance in this sector is also given to North Yemen, Somalia and Jordan.

● The Soviet Union's **Selkhozpromexport** has an 11 million rouble (\$17.5 million) contract to deliver spare parts for equipment used by local companies in building the central section of the main outfall drain, the Soviet news agency TASS reports (MEED 31:1:87).

● About 3,000 square metres of locally manufactured carpets will be exported to Switzerland in an \$84,000 contract, the daily Baghdad Observer says.

● No-one in Iraq has the acquired immune deficiency syndrome (AIDS) virus, Health Ministry undersecretary Qassem Ahmad Jabal said on 3 May. All visiting foreigners and Iraqis returning from abroad have to obtain certificates from local hospitals stating they do not have the virus (MEED 24:4:87).

● More than 117,000 students were admitted to the country's 237 applied education schools in the 1985/86 academic year. Courses at the schools — between secondary school and university level — last for two or three years. Four schools specialise in agriculture, 10 in vocational training, 88 in commercial studies and 104 in technology and industry.

● The ID 14 million (\$48 million) headquarters of the Directorate General of Police opened at the end of April. The headquarters, with four 12-storey buildings, occupies 35,000 square metres near Baghdad stadium. Work on the contract began in September 1981. The contractor was **EEC Construction Group** — part of India's **Larsen & Toubro** — which also built Safwan customs complex and Amara stadium.

● Pay and holiday benefits have improved as a result of President Saddam Hussain's 11 March decision to abolish the labour law (MEED 28:3:87, page 18). The maximum monthly salary has risen to ID 200 (\$645), from ID 140 (\$450); the annual holiday entitlement has increased to 36