

OKB is concentrating on providing medium and long-term facilities and is trying to get private-sector insurers to look after short-term business.

In January, Austria signed an agreement with Egypt to reschedule around AS 2,220 million (\$186 million) of debt repayments according to last year's Club of Paris deal. The agreement, the fifth bilateral arrangement, reschedules arrears to the end of 1986 and payments falling due between January 1987 and June 1988. This highlights some of the difficulties facing the relatively small Austrian agency in satisfying the demand from exporters for guarantees and financing.

## Double first for water treatment firms

SALZBURG, birthplace of Mozart, is famous for baroque architecture and the mighty Fortress Hohensalzburg. Few think of it as an industrial centre but, in the midst of beautiful mountain scenery, two local firms have become world leaders in the water treatment market.

Aqua Engineering and Hydrotechnik are by no means the only Austrian firms engaged in water-related projects: companies such as Vöest-Alpine, Rudolf Bauer and Solvin Wassertechnik are also active. However, the Salzburg companies have acquired strong reputations, especially in the Middle East, and they represent key examples of Austrian technology at work abroad.

Both firms were established in the early 1970s and have expanded rapidly. Over 90 per cent of their business is generated abroad. Aqua, which is a wholly owned subsidiary of the Thyssen group, moved into the Middle East in 1981 and at its peak, the region accounted for around 80 per cent of overall turnover. However, the decline in projects, tough competition and the strengthening of the Austrian schilling in relation to the dollar-based Middle East currencies have made the region less important. It now accounts for around 50 per cent of Aqua's business.

For Hydrotechnik, the privately owned rival, the Middle East occupies around 80 per cent of its turnover — an estimated AS 200 million (\$17 million) this year. Vice-president Christoph Schuchter says the region's business declined in 1986-87 after a peak turnover of AS 240 million (\$20.3 million) in 1985. However, he predicts a promising future with new contracts expected in the Gulf and in Turkey.

Hydrotechnik has representative offices in Cairo, Baghdad, Jeddah, Kuwait and is about

to open one in Istanbul. Aqua retains offices in Baghdad and Abu Dhabi.

Both firms offer complete water treatment and desalination plants for the production of drinking water using modern reverse osmosis (RO) technology. These plants can be built on-site or sent as prefabricated units.

Last year, Aqua completed the world's largest containerised waterworks in a record seven months. The contract — for the State Organisation for Water & Sewerage in Iraq — was signed in December 1986. The project aims to provide clean water for the 1.5 million people around the war-torn city of Basra as quickly as possible. Rather than building a conventional treatment plant, which would have taken two years, Aqua decided to truck 25 prefabricated units to the site and to connect and install them in Basra. The \$100 million contract, which included additional units for the Amara site in Iraq, involved 1,100 container trucks from Austria and 100 kilometres of pipeline for distribution and to get source water from the Shatt al-Arab waterway. The containerised system has a capacity of 300,000 cubic metres of drinking water a day and the success of the Basra project has opened the way for more of the large water projects necessary in Iraq and elsewhere in the Gulf.

Hydrotechnik has also done well in Iraq, supplying 40 containerised desalination plants to Baghdad municipality (Amanat al-Assima) in 1982 and a further 120 units to the government during 1987-88.

The major issue for both firms in Iraq is financing. Baghdad wants long terms and Austria's export credit and guarantee orga-

### In need of treatment: a Hydrotechnik reverse osmosis (RO) unit in action



nisation, Oesterreichische Kontrollbank (OKB), is only covering Iraq for selective small projects. The problem is evident in a new large water scheme for Basra at Nasiriya being arranged by the Baghdad Water Supply Administration (BWSA). Aqua, along with Indian contractor Continental Construction, says it has offered the best price on the project, worth around \$100 million. However, without financing, the project may not get off the ground, even though it has been under discussion with bidders since last summer. Aqua's Laimer says: "If OKB gave us cover, we would get the job."

In Saudi Arabia, OKB cover is not a problem. Both companies have completed many small projects. Aqua provided drinking water units at the palaces of both King Fahd and Prince Sultan, the defence minister, in 1984 and 1985. Few large projects are available except the huge plant in Jubail, tendered in January 1987. This is expected to be the largest RO plant in the world with a capacity of 100 million cubic metres a day. Aqua bid with its parent, Thyssen Industries, for the \$130 million project but came in second, after Italy's Snamprogetti.

The OKB backed the project with Austria providing finance, the first time for such an offer. Aqua remains hopeful as the Italian firm has not done a desalination plant before. However Laimer says the project may come unstuck because the client, Saline Water Conversion Corporation (SWCC), does not have the budget for it.

Elsewhere in the Gulf, Hydrotechnik has recently broken into the Kuwait market, supplying 13 RO desalination plants. The project, which should be completed ahead of schedule in October, comes before tendering begins this autumn on a huge new desalination scheme worth up to KD 3 million (\$10.7 million). Hydrotechnik, which beat 80 competitors for the 13-plant system, hopes it can now win the new project.

In Abu Dhabi late last year, Aqua won a \$30 million contract for the supply of eight seawater desalination plants which will be used for drinking water and irrigation on the UAE coast. Aqua beat Hydrotechnik for the job, but the latter said the final price was far too low.

Hydrotechnik is looking to win a AS 220 million (\$18.6 million) contract in Turkey which should be decided by the end of June. It would be the company's first deal in the country. Schuchter believes Turkey is a growth market for the firm. Earlier this year, his company won small contracts in both Syria and Jordan and is currently fighting to win a contract in Egypt.

In addition, Hydrotechnik recently acted as subcontractor to Turkish contractor Entes to supply seven desalination plants to Libya. With an office set to open, the company plans to expand in Libya and to develop business in the Maghreb. One new development is the small RO desalination plant for use in houses or on boats. Schuchter hopes these will prove popular on yachts and in the private market.