

Vol. 31
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through the mill of an IMF agreement and debt rescheduling, particularly if some alternative form of short-term relief materialises.

One view prevalent among bankers is that Egypt has no alternative to co-operating with the IMF and Paris Club. This is because debt servicing arrears have increased to unmanageable proportions — to as much as \$6,000 million — and are set to rise further. Another inducement is that Cairo is being offered generous terms by the international financial community.

However, sceptics argue that a rise in oil export revenues, coupled with reconciliation with the Arab Gulf states, could prompt the government to have second thoughts about an IMF/Paris Club package. It is also pointed out that the bulk of debt payment arrears — about \$4,000 million of the estimated \$6,000 million total — is made up of Arab loans, which are unlikely to be repaid. These include \$2,000 million from the Gulf Organisation for the Development of Egypt (GODE), on which payments ceased in 1979.

Diplomats add that the repeated setbacks for Iraq in the Gulf war have provided Egypt with a good opportunity to improve its relations with the Arab Gulf states. A large influx of Arab aid could enable Cairo to dispense with the IMF and Paris Club, some analysts argue.

Sadelmi bids low for Cairo treatment plant

The low bid for a contract to repair and upgrade the Zenein wastewater treatment plant in west Cairo has been submitted by the US' **Sadelmi New York**. The contract — no 31 — is part of the American-funded section of the Greater Cairo Wastewater Project. Bidding was restricted to US companies (MEED 6:12:87).

Sadelmi's offer was valued at \$73.5 million. The other bidders were **Fru-Con Construction Corporation**, at \$92.9 million, and **J A Jones Construction Company** with **Harbert International**, at \$94.2 million. Ten companies prequalified.

The bidders had been given more time to prepare their offers because of changes to specifications. These entailed increasing the scope of work to include repairs to all three modules at the Zenein plant; only two modules were covered in the original plan. Also added to the original specifications were a chlorination plant, switchgear and electricity lines, and operation and maintenance of the treatment works.

Two other contracts in the US-financed section of the Cairo wastewater scheme — 25 and 26 — are in the final stages of evaluation. Contract 25 is for culverts in the Pyramids area, for which the \$28.7 million low bid was submitted by **George A Fuller Company** with **Carl P Wallace International**. **Fru-Con** is low bidder — at \$9.5 million — for contract 26, for the Pyramids pumping station.

Finance is in the form of grants from the

EGYPT: military cities scheme marches on

THE recent signing of two substantial contracts with UK firms has moved Egypt's military cities programme into top gear. Cementation International and UBM Overseas have finalised orders worth \$90 million in total for work on one of the largest schemes — El-Hamman military city, outside Alexandria. The other key scheme is the Hakstep military city, northeast of Cairo (MEED 10:1:87).

The Defence Ministry says it plans to move the bulk of the armed forces from urban areas into specially built cities in desert regions. Investment in Hakstep and El-Hammam alone is expected to exceed £E 600 million (\$440 million); international companies stand to win orders ranging from civil works, through power networks to bulk deliveries of window frames.

Work on the 4,400-hectare Hakstep site began in early 1984. The Defence Ministry will take possession of six of the 29 sectors in mid-1987 from the main contractor, the local Ayoubco. The massive L-shaped site will eventually accommodate 150,000 servicemen and their families. The complex includes barracks, 5,000 flats, training grounds, a sports stadium, clubs, shops and entertainment areas. The buildings alone cover 100 hectares.

Orders for the infrastructure included 385 kilometres of pipeline to bring water from Ismailia. A specially commissioned sewage treatment plant is fed by a network of 237 kilometres of vitrified clay pipe. Japan's Kubota supplied about 450 kilometres of pipe, valves and fittings in a deal valued at \$12.5 million. The city has its own 100-MW power station, supplied in separate lots by two French companies, Trindel and Merlin Gerin.

A decision to hook up to the national grid at Sakhra Khoreish and Qattamiya involved a late order for 60 kilometres of cable at an additional cost of \$7 million.

Changes to the scope of work at Hakstep are expected to add \$15 million to the original budget of \$100 million, plus £E 178 million (\$131 million). Italy's Pirelli Trasmissioni Industriali and France's Compagnie des Lampes Mazda are in line for fresh orders to supply piping, cable and light columns.

Project finance for Hakstep has come from Defence Ministry income generated by military exports, in particular to Iraq. Sales of weapons, spare parts and ammunition to Baghdad have totalled as much as \$2,500 million since the start of the Gulf war in September 1980, according to unofficial estimates. As Hakstep becomes usable, army-owned property on the Salah Salem highway leading to Cairo airport will be vacated. The land and buildings are to be offered as prime development sites to local investors. Proceeds from the sale will be assigned to the military cities budget, observers say.

At El-Hammam, the main civil works contractor is Ayoubco, with an order valued at £52 million sterling (\$78 million), plus £E 44 million (\$32 million). UBM Overseas — which also did work at Hakstep — is to supply Ayoubco with £24.9 million sterling (\$37.4 million) worth of assorted building materials and construction equipment. A £36.6 million sterling (\$55 million) contract for infrastructure work has been finalised with Cementation and its partner, Athens-based Consolidated Contractors Company (CCC).

Finance for the British participants is drawn from two UK credit lines — totalling £150 million sterling (\$225 million) — allocated for military projects. The credit lines have also been drawn on for a recently signed contract with the UK's Dorman Long Overseas to supply structural steel for a military vehicle factory being built north of Cairo (MEED 17:1:87).

Additional orders for El-Hammam include the supply of \$17 million worth of reinforcing bars and cement from Romania. A timber order valued at about \$6 million is expected to go to Finland.

Besides Hakstep and El-Hammam, work has been going ahead on several smaller military settlements in desert areas. Construction of a third military city is being considered, observers say. This would be sited around the existing military camp at Dahshour, south of Cairo.

PETER KEMP
in Cairo

US Agency for International Development (USAID).

Lake Qarun project rebid — again

Last-minute revisions have once again delayed the award of a construction contract for a chemicals complex on Lake Qarun, near Fayyoun. The three remaining bidders for the scheme, which has already been scaled down because of financing problems, have been asked to include fresh elements in their final revised offers. The client — **Egyptian Salt & Minerals Company (Emisal)** — says it is anxious to finalise a contract for the scheme by mid-1987 (MEED 20:2:86).

The additions to the specifications

include a power generating plant, complete with steam turbines, boilers, a water treatment plant, cooling tower and compressors. New prices are to be submitted by mid-March. It was earlier decided to hook into the national grid rather than to build a power station at the site.

The original plan was to build a complex to process salts from the highly saline lake to produce sodium sulphate, sodium chloride, sodium sulphide and magnesium oxide. Financial constraints led Emisal to scale this down to one unit producing sodium sulphate.

Revised bids for one unit — without the power station — were received at the end of 1986 from Italy's **Technipetrol**, and two