

● Regional carrier **Gulf Air** is to start twice-weekly services to East Africa from 25 October. Direct flights will go to Nairobi and Dar-es-Salaam from Abu Dhabi on Wednesdays and Muscat on Saturdays, the Manama Gulf Daily News reports.

● The slowdown in economic activity last year is demonstrated by a 25 per cent drop in labour cards issued. These fell to 27,233, compared with 35,875 in 1985, according to figures published by the Central Statistics Organisation. Building permits issued fell by almost 9 per cent, to 8,058.

● Bahrain supports the move to place Kuwaiti tankers under the US flag following Iranian attacks on Gulf shipping. Foreign Affairs Minister Shaikh Mohammed Bin Mubarak al-Khalifah said in an interview published on 20 July by the Manama Gulf Daily News. He expressed the hope that the US would not be led into confrontation with "Iran or Iraq." Although there is a US naval support unit on the island, he said, Bahrain will not allow any country to use its military bases. "We are not worried that Bahrain could be pulled into the Gulf war if it helps a damaged ship — American or otherwise. But we do not want confrontation with Iran."

● The government is cracking down on unaccompanied women wishing to visit the island. All unaccompanied females, including those from countries not requiring visas, will have to get permission to enter from the immigration department, via their sponsor in Bahrain. The move is part of a Gulf-wide attempt to restrict travel by unaccompanied women, local observers say.

● Bahrain was the only Arab country to attend a World Health Organisation (WHO) meeting on acquired immune deficiency syndrome (AIDS) in July. Sixteen European, Asian and African countries were represented at the Geneva talks. The government is planning a new health campaign against AIDS, starting in 1988. It will include training for medical staff, booklets, lectures, posters and media programmes, Manama's Gulf Daily News reports.

● The Asian Volleyball Confederation has given BD 40,000 (\$105,990) towards staging the fourth junior men's volleyball championship. The event will be held in Manama from 21-30 October.

EGYPT

France tipped for further metro work

A consortium of French companies is in line for its third big contract on the Cairo metro. The **National Authority for Tunnels (NAT)** is expected soon to announce either an award of the contract to the French group — **Interinfra Arabco** — or a rebid. Interinfra's offer for the estimated \$90 million order was the only complete one. Work entails installing a control system for the northern section of the 43-kilometre line (MEED 1:11:86, page 9).

Interinfra's main contract on the metro has been for construction of a 4.5-kilometre tunnel beneath the centre of Cairo. This links existing overland lines to

Helwan in the south and El-Marg to the north. The tunnel was completed by the revised 26 July deadline. There are to be two months of tests before the metro opens officially on 26 September. In the initial stage, only the southern section and the tunnel will be used.

The French group is also working on the electrification of the northern section of the line, from Ramses station to El-Marg. The new contract being bid is an extension of this work. It includes the supply of a 200/20-kV transformer station for Ramses, and the installation of a 20-kV cable network to serve rectifier and auxiliary stations between Ramses and El-Marg. Besides Interinfra's complete offer, bids were submitted by Japan's **Toshiba Corporation** for the transformers and West Germany's **Kabelmetal** for cables.

If Interinfra is awarded the new contract, financing is expected to include concessionary government loans from the 1987/88 French financial protocol, totalling about FF 1,000 million (\$160 million). The protocol is to be approved after agreement has been reached on rescheduling existing debts to France — much of them for previous work on the metro — according to the recent Club of Paris deal. The rescheduling of about FF 10,000 million (\$1,600 million) in payments to France was discussed at a bilateral meeting in Paris on 28 July (MEED 11:7:87).

Shortlist announced for Alex dredging job

Twenty-four companies have prequalified — individually or in joint venture — for the estimated \$10 million main contract for dredging and filling work in the Alexandria naval base expansion programme. Bids for the US Army Corps of Engineers (USACE) order are due in by 21 August; USACE expects to make the award in early October (MEED 27:6:87).

Six joint ventures and 13 individual companies have prequalified for the project, part of a \$100 million programme to upgrade the navy's maintenance and repair installations in the Mediterranean. Individual prequalifiers are:

- Belgium: **Jan de Nul**
 - Egypt: **Arab Contractors (Osman Ahmad Osman & Company); Canal Harbour Works Company**
 - Japan: **Penta-Ocean Construction Company; Toa Corporation**
 - Netherlands: **Amsterdam Ballast Dredging; Interbeton; Broekhoven; Boskalis International; Zanen Verstoep**
 - US: **George A Fuller Company; Reidel International**
 - West Germany: **Philipp Holzmann.**
- Arab Contractors has also prequalified as joint-venture partner to the Netherlands' **Volker Stevin Dredging**. The **China State Construction Engineering Corporation**

appears effectively to have prequalified on a similar basis; its prequalification request was forwarded by an American company, **Keystone USA Corporation**.

The other four joint ventures are: the US' **J A Jones Construction Company** with the **Suez Canal Authority; Raymond International** and **Great Lakes Dredge & Dock Company**, both of the US; the Netherlands' **Van Oord-Utrecht** and the US office of **Dragados & Construcciones**, and **Billfinger & Berger Dredging** and **Bauaktiengesellschaft**, both of West Germany.

Work calls for the removal of about 1 million-1.5 million cubic feet of material, to create a 300-metre turning basin. Finance is coming from the US' foreign military sales (FMS) assistance programme, provided to Egypt according to the Camp David agreements.

Encorp bids low for Safaga power plant

Low bidder for a contract to install three diesel generators at the Red Sea port of Safaga is the US' **Encorp**, with the equivalent of about \$6 million. Two other US companies — **Harbert International** and **Arkel International** — submitted offers by the revised 27 July deadline. The scheme, financed by the US Agency for International Development (USAID), is seen as a test case for revised tendering procedures aimed at placing greater responsibility for the project on the client (MEED 13:6:87; 21:3:87).

USAID asked the consultant, the US' **Bechtel**, to include the changes to the tender documents. These call for the **Egyptian Electricity Authority** — rather than the supplier — to arrange social insurance cover for local employees and obtain approval for equipment imports. The revisions represent an effort to avoid future claims that might add to the project's costs and lead to delays.

The 3-MW generators will serve a 100,000-tonne grain silo complex, also financed by USAID.

Extra funds sought for Aswan dam refit

The US Agency for International Development (USAID) is seeking approval for additional funds for repairs to the Aswan high dam hydroelectric plant. The agency says it hopes the supplement — of about \$40 million — can be allocated by the end of September. The funds will be for repair work and to finance a shortfall in previous funding (MEED 5:4:86).

About two-thirds of the new funds will be allocated to topping up finance for the main repair work, which entails replacing the dam's 12 turbine runners. The work is being done by the US' **Allis-Chalmers Corporation**. The runners in the 2,100-MW generating plant are being replaced two at a time. The second pair of replacement



Mahsoun Jalal — a sanguine view

group of local firms headed by Saudi Pharmaceutical Industries & Medical Appliances Corporation (Spimaco); a power centre, and an applied technology unit.

Feasibility studies on second-phase projects are due to be completed — and given to the offset secretariat for approval — by the end of 1988. Studies on the biotechnology, telecommunications and medical ventures are understood to be well-advanced. The programme calls for half of the joint ventures to start up by December 1988 and the remainder by the end of 1994. BITG reckons it is on target.

Sitting on the sidelines, but expected to be involved soon, is the UK government. Following the September 1985 signing of British Aerospace's (BAe's) \$7,600 million contract to supply military aircraft, including Tornados, the UK government has gingerly approached the task of devising an offset programme. Although there is no contractual obligation to provide offset investment, there is an understanding that the UK will invest in high-tech industries in the kingdom.

The framework for an offset programme has yet to be agreed by the two sides. However, to show its commitment, the UK government has appointed London merchant bank J Henry Schroder Wagg & Company to evaluate the programme's wider financial aspects. The British are understood to be concerned that many of the best ideas have been adopted by the US team, amid fears that the Saudi market is no longer attractive to UK investors.

On a brighter note, UK companies have expressed interest in telecommunications, health care and satellite ventures. Among the issues still to be settled are the size of the offset programme, the types of project that are acceptable to the kingdom and the incentives available to the equity partners. The US programme extends into the 1990s, but the UK scheme is likely to stretch well into the 21st century.

TOBY ODONE

EGYPT continued from page 5

runners was recently installed. Work started in late 1984, and is scheduled to end by 1991.

A total \$100 million has been allocated so far for Allis-Chalmers' work and for a \$13.4 million contract recently awarded to the US' **Gilbert Commonwealth** to supply protective relay systems for 500-kV transmission lines linking the dam to Cairo (MEED 22:11:86).

The new repair work to be financed from the USAID supplement will include upgrading the water intake structure and gates.

IN BRIEF

● The UK's **Scientific Design Company** is nearing the end of its technical evaluation of bids from three West German companies for construction of an extension to the Abu Qir fertiliser works near Alexandria. The offers — from **Mannesmann, Uhde** and **Linde** — were submitted in late 1986. The client, **Abu Qir Company for Fertilisers & Chemicals Industries**, is expected soon to start its evaluation of the bids' commercial aspect. The project is being financed by DM 230 million (\$124 million) in concessionary loans from Kreditanstalt fuer Wiederaufbau and DM 105 million (\$56 million) in mixed credits backed by the West German export credit agency, Hermes. Work entails installing units to produce ammonia, nitric acid and ammonium nitrate (MEED 6:12:86).

● Bidders for a contract to build a dam across the Nile at Esna in Upper Egypt have been asked to extend the validity of their offers by four months to 22 October. Five groups are understood to have been shortlisted for the estimated \$170 million-200 million contract: two Italian consortia led by **Impregilo** and **Societa Italiana per Condotte d'Acqua; Ret-Ser Engineering Agency** of Taiwan; Yugoslavia's **Energoprojekt**, and **Canadian International Construction Corporation**. The two Italian offers and the Canadian bid have the more attractive financing proposals, industry observers say (MEED 16:5:87).

● The US' **Great Lakes Carbon Corporation** has a \$1.4 million contract to supply 800 graphite electrodes for the reinforcing bar mill at Dikheila steel works, near Alexandria. Client is the **Alexandria National Iron & Steel Company**. The order is being financed by a World Bank loan (MEED 6:12:86, page 8).

● Poland's **Chemobudowa Industrial Building Enterprise** has a contract to build a railway siding for a chemicals complex at Naga Hammadi, in Upper Egypt. The Polish company has been working as a subcontractor to Austria's **Swietelsky** on a scheme to modernise an 88-kilometre stretch of railway between Naga Hammadi and Sohag (MEED 3:5:85).

● The US' **Freeport Sulphur Company** has become the first foreign firm to sign an agreement to explore for sulphur. Under the agreement, which covers 1,250 square kilometres in north Sinai, Freeport will have to invest \$6 million over six years. After cost recovery, output will be shared between the US company and the **Egyptian Geological Survey & Mining Authority (EGSMA)**. Freeport will take 39-49 per cent, according to the total volume of production. The company is also bidding for a concession to explore for sulphur in the Gulf of Suez area (MEED 25:7:87).

● The US' **Sheraton Corporation** says it has paid out £E 1.25 million (\$570,000) to meet the 1986 losses of the Amoun tourist village in Aswan. Sheraton cancelled its management contract for the village in early 1987. The US company says the owners failed to carry out the improvements and alterations necessary to make the hotel a going concern. According to the contract with the owner — **Misir Aswan Tourism Company (Matco)** — Sheraton was liable for losses (MEED 18:7:87).

● An August meeting in Baghdad will discuss the setting up of a factory in Egypt to make telephone exchanges for the local and Arab markets. The **National Telecommunications Organisation (Arento)** is studying offers from two shortlisted bidders — **Ericsson** of Sweden and West Germany's **Siemens** — to set up a digital telephone exchange plant. The Baghdad-based **Arab Industrial Development Organisation** is backing the project.

● Coal deposits have been discovered in the Samir region in north Sinai and further exploration has been authorised to assess their commercial viability. Coal production has started at the Meghara mine in Sinai, which is being modernised with UK help.

● A total £E 333 million (\$150 million) has been allocated to upgrade the Suez Canal in the 1987/88-1991/92 five-year plan. The figure includes the equivalent of about \$76 million in foreign currency. **Suez Canal Authority** chairman Mohamed Ezzat Adel says a decision on whether to widen and deepen the canal will be taken in the light of the growth in the world economy and the development of international tanker traffic.

● France has agreed to give 5,668 tonnes of flour.

● The government has denied a report, published in the opposition daily Al-Wafd, alleging that the finalisation of the five-year plan has been postponed until November. Al-Wafd said the delay resulted from problems over financing projects in the plan, which runs from 1987/88-1991/92.

● Italy's **Ansaldo** has signed the final agreement covering finance for its contract to build a 320-MW power station at Demanhour, in the Delta. This entails a IL 190,000 million (\$142 million) concessionary loan from the Italian government (MEED 31:1:87).

● A trade agreement — from July 1987 to June 1988 — has been signed with Lebanon. The deal requires both countries to import goods to the value of \$5.5 million. Exports to Lebanon will comprise \$4.5 million of potatoes, \$500,000 of assorted fruit and vegetables, and \$500,000 of textiles and clothing. The food is to be supplied over the winter months.

● The government has approved a plan to issue dollar-denominated bonds, targeted at Egyptians working in Gulf countries. The bonds, which will carry competitive interest rates, are expected to be issued in the next few months.

● President Mubarak held talks with PLO Chairman Yasser Arafat at July's summit conference of the Organisation of African Unity. The meeting, held in Addis Ababa, is said to have resulted in an improvement in relations between the two sides after a period of tension.

● Tewfik al-Hakim, one of Egypt's leading literary figures, died in hospital in Cairo on 26 July. He was 88.