THE MIDDLE EAST~LATIN AMERICA~ASIA~AFRICA

NEW MARKETS REPORT

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EXPORT OPPORTUNITIES ADVANCE INFORMATION

Contents

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● LETTER FROM THE PUBLISHER:

NICHOLAS FAITH DISCUSSES THE BUSINESS OF SLUSH FUNDS BIG AND SMALL, THE CREDIT PROBLEMS OF SMALLER EXPORTERS – AND DISCERNS HOPEFUL SIGNS IN LATIN AMERICA.

BUSINESS, NOT MORALITY

There's nothing so ridiculous, so the old saying goes, as the British public in one of its periodic fits of morality. If that's true, then the whole row over payments to foreign officials by British Leyland has been as ridiculous as anything seen for decades. Nevertheless the episode does provide an opportunity for looking at useful guidelines for exporters on the whole delicate subject.

Example: if you want to do business in one little, though oil-and-uranium-rich West African state, then the Preseident expects his cut. This varies between 5 and 10 per cent of any business going, and is sufficiently institutionalised for His Excellency to have set up his own bank in Luxembourg so that the sums can be systematically channelled out of his own country. In one Middle East state – for the bigger contracts – it has, until recently, always been assumed that the Royal Family would feel itself entitled to payments of up to 20 per cent of the gross.

While these may be extreme cases, at the other end of the scale are the standard payments (which add up to 'the B-factor' as it is known in the Gulf) used in routine fashion to oil the wheels of commerce, or more crucially and frequently, to ensure that government and other officials actually provide the permissions, documents, and rubber stamps necessary for quite routine transactions to be carried through.

Given this side of reality – which is often overlooked by many politicians and the worthies who have drawn up codes of conduct on the subject, what can the exporter do? NMR's sources stress that only the broadest advice is valid, and advise that some basic questions should be asked about any payment made other than the routine standard commission to a middle-man.

(1) Is it in return for a service actually rendered?

(2) If it is, then is it worth it in business terms, or should it be written off as a one-off business expense?

(3) Is the payment in return for some future service – ranging from an introduction, to the clearing of muddy official channels, to the actual placing of an order.

(4) What guarantee is there that the service will actually be performed? What check will you have subsequently that anything was done in return for the payment?

(5) Even if you are sure that the service will be performed, was there really no other way of getting it done?

This sort of questioning implies that your attitude must be neither holier-than-thou-moral, nor well-everyone-else-is-doing-it fatalistic, but simply applying the rules you apply to every other aspect of your business. Very often you will find that the proposed method of doing business will simply be ineffective. The most obvious case of that was the sale of Lockheed Tri-Stars to the Japanese. Enormous bribes amounting in total to over $10 million were paid. But the truth of the matter was that the deal was clinched, not through the large-scale and systematic greasing of political palms, but as a result of the visit by Mr Heath to the Prime Minister of Japan, urging him to buy an aircraft with British engines and thus lessening their dependence on the Americans.

However if you have decided that some payment beyond strictly commercial terms is inevitable, and is to be done without in any way implicating yourself or your company, then it is imperative to ensure that payments are made through local agents who imitate the practice used by one big company, which "includes a requirement that every agent should sign an agreement to comply with the laws of the country he is in".

In the end, judging from analyses of a number of major companies, you will find yourself paying, in a routine fashion, small sums of money to many of the officials you are dealing with, not to get business, but simply to ensure that bureaucratic blockages don't hinder efforts to do business at all. Less frequently, you will also find yourself paying commissions to unlikely middle-men, but this sort of payment should have been built into your costs if your local agent was any good.

And, finally, if you do fail in contracts, you will inevitably find that your local man will attribute your failure not to objective causes but simply to failure to grease the right palms. But then, if you can ensure that any irregular payments come out of the pockets of the local agent, you can force him to decide whether these payments are really necessary.

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● MARKET DEVELOPMENTS

WASHINGTON

President Carter's new arms sales policy has severely hit U.S. arms exporters, causing them to lose so far a total of $4.4b.

The White House recently blocked sales of 250 F-18L fighter-interceptors to Iran and 75 to 100 A-7 attack bombers to Pakistan and both these countries are now expected to look to Britain and France to fill the void.

The new U.S. policy, which is aimed at limiting the spread of advanced technological weapons in an effort to curb the arms race, is expected to include many of the new weapon systems sought by the developing nations.

LONDON

The British Overseas Trade Board has confirmed that over 2300 companies participated in Export Year which was launched last June, and that, overall, the UK's volume of exports rose by 12 per cent, two points higher than the originally stated target.

However, the board's chairman, Sir Frederick Catherwood, warned that the continuing inflation and the current stability of sterling at £1.71 are combining to reduce Britain's export competitiveness because our export success depends upon the unit cost of production in the currency of the customers.

ANKARA

The Turkish Government is having to delay payments for certain imports from between two weeks to a month because of a shortage in foreign currency. Close to $1 bn worth of orders are waiting at the Central Bank in Ankara, whose foreign currency reserves are at their lowest since 1973.

CARACAS

The Venezuelan government, after months of haggling, has turned down the bids of six international groups to build a 675km railway at a cost of $1bn, and has asked two of the original bidders, the Canadians and a Spanish-Venezuelan consortium, to form a new group.

The line will link the industrial zone of Ciudad Guayana with Caracas, and is only the first stage of a nationwide rail network, which the Venezuelan government hope will cover more than 3,300km by 1990.

It is felt that the Venezuelan government is trying to marry the advantages of the lowest bid, which was made by Canada at $959m, and the technology from a Spanish speaking country. Canada will supply the equipment for the project, while Spain will build the road bed and complete supporting work. However, it will take another six months before the consortium's plans are finalised and work can begin.

Whatever the reasons for the delay in Venezuela's development plans have been, the problem does not seem to be with finding the money.

Their state owned oil monopoly, Petroven, have just announced plans to spend $1.4b on exploration and the modification of product lines in the country's principal refineries.

This sum will be in addition to Petroven's regular operating budget for 1978 which is expected to exceed $2.5b.

While no tenders for any of the new oil projects have as yet been issued, it is clear that Exxon, Royal Dutch Shell, Mobil and possibly Gulf Oil-all of whom have an existing stake in Venezuela's oil industry – will be involved to some degree as technical advisers.

ASUNCION

The Soviet Union bid to supply the equipment for the multi-billion Itaipu hydro-electric scheme being built by Brazil and Paraguay on the Parana River has been turned down because it was felt that they tendered an unrealistically low price for the supply of the turbines, and that they would try to make up the money by overcharging for spares.

Paraguay, which is ruled by a right-wing military regime, felt that the Soviets would take the opportunity to infiltrate local politics.

The hydro-electric scheme is estimated to cost more than $6b and will produce 12,600MW of power through 18 turbines.

SINGAPORE

Japan's Overseas Economic Cooperation Fund is extending Singapore $11m through a low interest loan to help develop a large petrochemical complex on the offshore island of Merbau.

KABUL

By the end of the summer, the French company, Sofrail, is expected to finish a feasibility study for the Afghanistan railway.

The railway, which is one of the mainstays of the country's seven year economic development plan which started last year, is expected to cost $2b.

Initial plans call for 1,810km of track to run from the Iranian border to Herat, then south avoiding the mountains to Kandahar and then north to the capital Kabul. Another branch line will run from Kandahar to Spin Boldak where it will link with the Pakistan railway network at Quetta.

The impetus and the financial backing for the project comes from Iran, in the hopes of luring Afghanistan away from the clutches of the Soviet Union, who currently account for 40 per cent of her trade.

However, some foreign observers seem to feel that with the Iranians getting caught up in their own over ambitious development plans, coupled with a decline in oil revenues, that they will be less enthusiastic when the time comes to start paying out for the project.

KUALA LUMPUR

The Fisheries Development Authority (Majuikan) will shortly be selecting a management consultant for its fisheries development project off the east coast of the Peninsular Malaysia. The project, which will be backed by the Asian Development Bank, is aimed at exploiting new fishing grounds in the South China sea.

Another long range project in this country worth bearing in mind is a $1.4m rural electrification study which was started in February by Middle West Co. of Chicago, in conjunction with Perunding Bersatu of Kuala Lumpur.

The report which is being done for the National Electricity Board and will forecast load, energy and consumer growth of existing and future rural electrification schemes, as well as estimating capital and operating costs, cash deficits that would be incurred until a breakeven point was reached and the overall economic internal rate of return on the programme.

The study, however, is not expected to be completed for another 18 months.

NEW WORLD OPPORTUNITIES

SUDAN
Railways and tractors

The Sudan Railways is shopping for four diesel driven inspection cars by July 2. Bids should be sent to the Office of Controller of Stores. PO Box 65, Albara, Sudan.

The Agricultural Bank of Sudan is seeking to buy 800 tractors. Offers can be made directly to them.

TURKEY
Tractors and trailers

Part of a $55m loan by the International Bank for Reconstruction and Development and the International Development Association to the Turkish Government has been allocated to the Turkish Cargo Lines who are looking for terminal tractors, roll trailers (20' and 40'), and forklifts capable of manipulating 20' and 40' containers at the terminal area.

Tenders for this equipment should be in by July 4, and can be made to their London agents, Walford Lines Ltd.

EGYPT
Construction Equipment

The Arab contractors Osman Ahmed Osman and Co. are in the market for construction equipment including bulldozers, tower cranes, concrete dumpers, combined man and material lifts, concrete hoists, foundation equipment and truck mounted cranes.

Offers should be made to the Co-ordination Department, the Arab Contractors, 29 El Galaa Street, Cairo, marking the envelope Tourah Portland Cement Company.

Also in the market is the General Organisation for Industrialisation, who are looking for offers for the design, supply, supervision, start-up and taking over tests of one complete horizontal rotary oil-fired kiln plant, with a capacity of 240 tons per day calcium oxide for providing carbon dioxide and lime for the soda ash plant of Misr Chemical Industries at El-Mex, Alexandria.

Tenders should be submitted by July 11 to GOI at 6 Khalil Agha Street, Garden City, Cairo.

KUWAIT
Tankers

Tenders will be issued soon by the Kuwait National Oil company for seven second hand product tankers.

PAKISTAN

After obtaining $50m for their 500kV Lyallpur-Guddu Transmission Line Project, the Pakistan Water and Power Development Authority are now shopping around for line construction equipment, ACRS "Drake" conductors and accessories, overhead shield wire and accessories and insulators and hardware.

They would also like someone to design, supply and build a 220kV section of the Multan 500/220kV substation.

Offers can be made to the Water and Power Development Authority, WAPDA House, Lahore, Pakistan.

IRAN
Sewage plant

D. Balfour and Sons and Bornaa Consulting Engineers, joint venture associates in pollution control engineering in Iran are preparing designs for a surface water drainage, sewage and sewage treatment system for the Port of Bushehr.

The scheme has been commissioned by the Ministry of Energy and the Fars Regional Water Board, and is being designed for a population of 100,000.

The contract will be worth £20m and the plans should be ready by next spring.

KENYA
Cement works

The East African Portland Cement Co. is planning on expanding their cement works near Nairobi. They have just secured a loan from the European Investment Bank, and, with the expansion, they hope to step up the company's production capacity at the Athi River plant from 250,000 to 375,000 tons per year.

The British group, Associated Portland Cement Manufacturers are major shareholders of the East African company.

LEBANON
Reconstruction

It will take billions of any currency you wish to calculate it in to reconstruct war torn Lebanon, but the will to lend the money is certainly there.

The Arab Fund for Economic and Social Development has granted a $66m loan for electrification projects, and negotiations between the government and the AFESD for a similar loan to cover the reconstruction of the Port of Beirut is expected to start soon.

The World Bank will be lending $49.2m for reconstruction projects, and the government has allocated $32.8 of the loan to cover highway projects which include the Tabarja-Batroun section of the Tripoli highway, the Hamat tunnel and the Khalde-Damour and Beirut-Jiyyah highways.

Plans are also being drawn up to expand Beirut International Airport. The project which will cost $165m will include the laying of a runway, strengthening existing runways and extending the terminal building. The Paris Airport Authority are acting as advisors on this project.

JORDAN
Port Expansion and motels

Tarmac International is expected to start work in two months time on a $55.6m expansion project at the Port of Aqaba.

Alia, the Royal Jordanian Airlines and Syrian Arab Airlines are to participate in a motel building programme. Initial plans call for ten motels, the largest of which would be in Damascus, Amman, Aqaba and Aleppo.

SAUDI ARABIA
Radio stations and railways

Preece, Cardew and Rider (UK) have signed two contracts worth $3.3m to design and supervise the construction of two radio stations. One, the Islamic Call studios in Jeddah, the other a medium-wave station at Jizan.

Plans are now being drawn up by an unidentified international consultant for an extension of the railway from Riyadh to the west coast, which will link the two future industrial zones of Jubail, on the Gulf and Yenbo, on the Red Sea.

Work on the line, which will eventually extend into Jordan and Syria, is expected to begin in a years time.

NIGERIA
Printing company

The Government is planning to establish a national publishing and printing company to undertake the publication of manuscripts of low sales potential, the sort of jobs which publishers cannot take on because there is no financial return, but which the Government feels should be made available to the public.

● ADVANCE NEWS: CAPITAL PROJECTS

Subcontract and supply opportunities

MAURITIUS

Sugar Terminal

The Ministry of Agriculture is planning on building a bulk sugar terminal in Port Louis and will be asking contractors to submit bids by August 3 for the construction of two horizontal storage sheds 365m x 46m, a 40m square receiving station, water tanks with pump house and foundations for trestles for elevated steel galleries. A drainage system and some minor steelwork is also included in the contract. Tenders should be sent to the Mauritius Sugar Syndicate, Plantation House, Place D'Armes, Port Louis.

NIGERIA

Port expansion and water system

In an effort to avoid the months of delay shippers to Nigeria are experiencing when they arrive to unload their goods, the Government is starting a two year dredging programme at the ports of Lagos, Warri, Sapele, Burutu, Harcout and Calabar as part of an overall expansion project which will also be aimed at accommodating the larger ships with heavier loads.

The Kaunda State Water Board has appointed MRT Consulting Engineers (Nigeria) to prepare a master plan for the state's water supplies.

The plan will cover an area over 100,000 sq. miles of territory and is aimed at providing drinking water to the entire rural population.

Another state government in Nigeria, Bauchi, has awarded a £5m contract to George Wimpey (Nigeria) to construct a 25km highway between Magama and Gamau. The project will take 18 months to complete.

RWANDA

Tea factory

The African Development Fund will be backing a plan to construct a tea factory which will produce 1200 tons of dry tea a year. Plans for the project are being handled by Bayer Ingenieur Ges MBH, Postfach 2228, D-6750 Kaiserslautern, West Germany.

QATAR

Shopping centre

Midmac Contracting, an associate company of Plumb Contractors (UK), have begun construction of an 80,000sq. ft. air conditioned shopping centre in Doha, which will be run by the Jashanmal Group, who are the largest department store operators in the Gulf. The centre will include a large supermarket, a restaurant, and shops for fashion, sports, electrical equipment, books and household goods. The project, which was designed by Fitch & Co (UK) is expected to be completed by April next year.

EGYPT

Transport and Communication

The Egyptian Civil Aviation Authority have unveiled plans for improvements and expansion of the nations major airports. Cairo International airport is to have a $101m computerised radar system for its air traffic control and a new passenger terminal is to be built by 1985.

The airports at Luxor and Aswan are also to be enlarged, and the government will spend $63m on a new airport to be built 30 miles west of Alexandria.

As part of the country's overall long range development plan, $215m has been allocated to improve the rail and telephone system. Of the overall amount, $46m will go to renew the central Cairo telephone exchange and $154m will be spent on renewing and doubling railway track and importing rolling stock and plant for new workshops.

All indications of a recent UK trade mission to Cairo show that $225m worth of joint venture projects are to be concluded. So far a number of the 10 proposed projects have been approved. Among them are a $1.7m bottling plant involving Cadbury-Schweppes, a $3.4m door and window frame factory involving the Bowater Corp., a $5.1m razor blade factory with Wilkinson. Bowater is also preparing a feasibility study for a $129m pulp plant. It is also thought that Trafalgar House Investment Group will be involved in a property development project in Cairo.

YEMEN A.R.

Flour Mills and Water projects

Bakeries processing 10 tons of flour per day into finished products using high energy batch mixing equipment are to be built at Sana'a and Taiz as part of the country's national grain programme. Small wholemeal grinding mills, capable of producing 10 tons of flour daily from a mixture of wheat and sorghum will be built adjacent to the bakeries. Consulting engineers for the project are Oscar Faber & Partners of St. Albans, Herts.

Backed by the World Bank, the UN, The United States, West Germany, Holland, Saudi Arabia and the UAE, Yemen plans to spend $42.5m as part of its five year development plan on 125 water projects. Bids are now being sought for the supply of cast iron manhole covers, water meters and fire hydrant equipment for the Hodeida water supply and sewerage scheme.

ABU DHABI

Water pipeline

Binnie & Partners (UK) have been awarded the consultancy contract for the 100-mile Abu Dhabi to Al-Ain water pipeline, and the Braham Miller Group (UK) have been awarded a contract to build a 150-ton mobile rock-crushing and screening plant in the country.

MOROCCO

Dam

A dam cost $11m will be built in the lower Moulouya region with a capacity of 2m cubic meters and will supply the Nador steelworks for one month a year, when the canal which will normally supply the plant is being dredged. The project is expected to begin around the first of the year.

IRAQ

Pharmaceutical plant

The Arab Company for Drug Industries and Medical Appliances has chosen Indian Drugs and Pharmaceuticals to be the consultant engineers for pharmaceutical manufacturing plants to be set up in 13 Arab countries. One of the plants will be for producing antibiotics in Iraq. However, tenders for the project have yet to be requested.

TAIWAN

Oil industry

The Chinese Petroleum Corp. is planning an expansion of their oil port facilities at Shenao and the construction of storage and transport facilities at their Taoyuan refinery.

MALAWI

Sugar refinery

The Dwangwa Sugar Corp, a joint venture of Agricultural Development & Marketing Corp. and Lonrho Sugar, is planning a 67,000 metric tons per year sugar mill in the Dwangwa river delta on the west side of Lake Malawi. So far $9m worth of loans for the project have been approved by the International Finance Corp.

● LATE REPORT: CONTRACTS AWARDED
Subcontract and supply opportunities

DHABI PORT

The Howard Algeemi Construction Co, part of the Howard Group, has won an £18½m contract to build five deep water berths in the Port of Mina Zayad. The contract also includes the construction of roadworks, fresh water reservoirs, a water tower, port services and miscellaneous buildings. Consultants for the project are Sir Alexander Gibbs and Partners.

PAKISTANI TRACTORS

A considerable supply of components from the UK will be needed for a £47m tractor factory which is to be set up jointly by Massey-Ferguson (UK) and the Pakistan Tractor Corp. Massey-Ferguson will supply 49 per cent of the cost of the factory which will build up to a production of 20,000 tractors a year over the next four years.

Aveling Marshall, the Gainsborough firm saved from closure 18 months ago when it was taken over by the Leyland Special Products Group, has won a £3¼m order for 25 bulldozers and spare parts to be delivered by the end of the year. The equipment will be used on a five year land clearance project in Sind province to irrigate 1/2m acres of barren scrubland in the Indus valley for growing cotton, rice and bananas.

Aveling Marshall will also be supplying the Kenyan Government with 27 bulldozers worth over £1m.

IRAN

Agriculture plans

Booker Agricultural International (UK) has won their eigth contract in Iran, this time to prepare agricultural plans in the 10 main agricultural zones of the country. The project which will start in August, will take ten months to complete.

In another development, the Gharb Cement Industrial Corp. of Tehran has awarded Hawker Siddeley Power Engineering at £1.5m contract to supply 6MW generating stations, to be installed by an associated company, Mahyar Industrial of Tehran. The Iranians will be shopping around the UK for other major components for the power stations as well.

Shell and the National Iranian Oil Co. are to build a lubrication plant next to the Abadan refinery at a cost of £135m. The plant, which is expected to be completed by 1981, will manufacture and blend lubricating oils for the automotive, industrial and speciality sectors.

EGYPTIAN PHONES

The Arab Republic Telecommunications Organisation has awarded Standard Telephone Cables a £5.5m contract for the supply of multiplex equipment, coaxial cable and associated equipment.

The contract is divided into two parts, one will link Cairo, Suez, Ismailia and Port Said, the other will connect Alexandria to El Saloum.

One the other side of the world, STC has also won a £28m contract for an undersea telecommunication system between Singapore and the Philippines. STC will design, manufacture and implement the entire system on a turnkey basis, supplying the cable, some 230 repeaters and terminal equipment. The major part of the work will be carried out by the company's submarine systems division factories at Greenwich and Southampton.

It should be noted that unlike its main UK competitors, STC has virtually no overseas production capacity.

PAN-PHILIPPINE HIGHWAY

Frederick Parker, the UK based quarry and builders plant manufacturer, has won a £6.7m to supply 84 mobile crushing and screening plants and asphalt producing units for a 2,000km pan-Philippine highway to run from the northernmost tip of the main island of Luzon to the southernmost city of Davao on the island of Mindanao. The equipment will also be used for the reconstruction of roads and bridges damaged by recent floods in the central plains of Luzon and earthquake and tidal waves on Mindanao.

Also being supplied with this order are 72 Ford powered skid-mounted diesel generating sets manufactured by Ringrose Electrical Co. of Leicester.

The contract, which was concluded by Parker's agent in Manila, Asia Industries Inc., calls for thousands of pounds worth of spares to be supplied for the project.

NIGERIAN ROADS

Tilbury Contracting (Nigeria) has been awarded a £20m contract by the Military Government of Oyo State to build the south-west ring road and Lagos road at Ibadan. Ove Arup and Partners (Ibadan) are the consulting engineers on the project.

QATAR

Radio station

A new radio station is to be built at a cost of £4.7m by Bernard Sunley and Sons. The project was designed by International Broadcasting Consultants and White Young and Partners.

The contract calls for a five-storey office building, a service block and a covered car park to be completed in 21 months.

SAUDI ARABIA

Airport extension office block

The second phase of the development of the civil airport at Abha in the southern part of the country is to get underway with a £22.5m contract award to Laing Wimpey Alireza.

Seventeen million pounds will be allocated to a 300 metre extension of the main runway, and the construction of a 3,500 metre taxiway and high speed turn-off.

New buildings including a housing for a radio transmitter station and a maintenance building for Saudi Arabian Airlines will be built at a cost of £5.5m.

The contract also calls for the installation of security floodlights, runway lights, extension of water supplies and treatment plant and the boring of two deep water wells.

LWA is a joint venture of John Laing Construction, George Wimpey and Haji Abdullah Alireza and Co.

After forming their own local construction company to carry out building and civil engineering work, Tarmac has won a £44m contract to build a 47,500 sq.metre multistorey office complex which includes an undercover car park for 340 cars. The new Saudi Tarmac includes the Al-Ahlia Development company and the Bin Mallouh Trading Co.

U.A.E.

Power plant

Keir International has been awarded a £5.6m contract by the Water and Electricity Authority of the U.A.E. for civil works involved in the addition of two 75MW generators for the Ras al Khaimah power plant.

Recent U.S. Legislation that would restrict compliance with the Arab boycott by American companies is forcing the Arab league to draft new regulations aimed at tightening their control over companies who wish to trade with Israel.

In the next issue of NMR we will examine these new restrictions and how the boycott affects British exporters.

● EXPORT CREDITS: FUNDS FOR DEVELOPMENT

BRITISH DOLLAR LOANS

In an attempt to save money where it can, the British Government, through the Export Credit Guarantee Department (ECGD) has begun to grant credits in dollars instead of sterling.

The plan is controversial to say the least, because British clearing banks who will fund loans by borrowing short term in the Eurodollar market, will reimburse ECGD if they can borrow below the fixed rate cost of each buyer's credit. However, if the short term funding costs are higher, then ECGD, and ultimately the British taxpayer, will reimburse the banks for the difference.

So far, three such loans have been approved. A syndicate of banks headed by Morgan Grenfell has granted Dubai a $40m line of credit for construction of a gas gathering and processing plant at Jebel Ali for the Dubai Natural Gas Company, the Korean-Iran Petroleum Co. has received $13.5m from Grindlay and Brants Bank for the construction of a petrochemical refinery, and Brazil's Petroleo Brasileiro was provided with $40m by Lloyds Bank International.

IRAN

Housing project

Cementation International has been awarded an £11.3m contract for the construction and equipping of two 28 storey blocks of flats with adjacent car parks in the Farahzad district of Tehran. Each block will contain 104 flats. The project is backed by a £6m ECGD loan and is scheduled for completion by October 1979.

QATAR

Fertiliser complex

A £4.4m ECGD loan will help finance the supply for equipment and services for an extension of the ammonia and urea plant to be built by the Qatar Fertiliser Co. at the Umm Said industrial complex located 30 miles south of Doha. This project has already consumed £21.6m worth of ECGD loans for the provision of UK equipment.

BAHRAIN

Luxury complex

A £7.6m ECGD loan will help finance the UK portion of a £20m contract awarded to Taylor Woodrow International for the construction of a 350 bedroom luxury hotel with an adjacent shopping centre incorporating a cinema and six lane bowling alley. The project is scheduled for completion in late 1979.

MEXICO

Diesel engines

Cummins Engine Company of Darlington has been awarded a £13m contract to supply diesel engines and engine kits to Diesel Nacional S.A., Mexico. The deal will be backed by an £11m ECGD loan. This is the second ECGD buyer credit to finance diesel engines supplied by Cummins to this buyer. The first was in 1976.

WORLD BANK DEVELOPMENT LOANS

Mali. Borrowed $10.5m for a railway project.

Guatamala. $55m for an electric power project. The Venezuelan Investment Fund and the Central American Bank for Economic Integration are providing an additional $38m. for the project.

Mexico. Borrowed $42m for tourism development in the Baja.

Bolivia. Borrowed $35m to help continue a programme of technical and financial rehabilitation of the national railway, and $25m for development of aviation.

Malawi. Borrowed $7m for a water supply project in Balantyre.

Algeria. Borrowed $80m for a port project which includes the construction of a new port near the town of Jijel, acquisition of cargo handling equipment and consultants services.

Ecuador. Borrowed $17.5m to help finance a highway project.

Yemen Arab Republic. Borrowed $6m to develop the ports of Hodeidah and Mocha.

Benin. Borrowed $5.5m for road improvement projects.

Indonesia. Borrowed $98m for irrigation and drainage systems in Central, East and West Java and $19m for teacher training programmes.

EXHIBITIONS AND TRADE MISSIONS

Morocco

The London Chamber of Commerce is organising a trade mission to Morocco from November 27 to December 6.

Venezuela

Following the success of the British Industrial Exhibition in March, The Federation of Sussex Industries and Chamber of Commerce has arranged a trade mission to Venezuela from November 15–25.

Peru

Lima will be the host city for this year's Pacific International Trade Fair to be held in November. The fair represents the Andean countries of Venezuela, Columbia, Ecuador, Peru and Bolivia.

Twenty three countries have their own permanent pavilions within the fair, and the British Government will offer special terms for participating UK companies. Further information can be obtained from Norman F. Keenan & Associates, Crown House, Morden, Surrey.

Germany

The World Association for Element-Building and Prefabrication (WEAP) will be held September 19–22 at the Congress Centrum Hamburg. Coincidently, the Congress of the International Union of Local Authorities, at which around 1,500 mayors and councillors from all over the world are expected to attend, will be held in the Congress building at the same time, (you wonder who is leading whom to water). WEAP is being organised by H.S. Beisemann, Communication Management Consulting, Jungfernisteig 44, 2000 Hamburg 36.

Bahrain

Bahrain will host the Middle East Oil Show, March 25–29, 1979. And as could be expected at such a show, the exhibits will include petroleum and natural gas equipment and service, both onshore and off.

THE GULF AND SOUTH-EAST ASIA

One of the more unique exhibitions will be held in February and March 1978 on the deck of the Tor Liner M/V Tor Scandinavia, when she sails to the Gulf and South East Asia with the World Wide Expo.

The decks will be transformed by carpeting, walls and false ceilings into an exhibition area for 250 stands and will start in Kuwait on February 10, and will then call at the ports of Bahrain, Damman, Dubai and Abu Dhabi in the next 13 days. The exhibition, which cover a broad range of industrial and consumer products, will then sail to Singapore by March 5, and will spend the next 12 days touring Kuala Lumpur (Port Kelang), Djakarta, Manila and Hong Kong.

● TENDERS, SUPPLIES & AGENCIES

Toys and gift items. Agencies sought by Agre Impex, Apartado 1126, Tegucigalpa D.C., Guatemala.

Automatic nylon bag packing machinery. Sought by Ali H. Dashty & Sons, PO Box 749, Bahrain.

Hand and electrical tools. Sought by Promotora International de Equipos Industriales, Apartado Aereo 54191, Medellin, Columbia.

Container port. Plans sought for container port using electronic data processing for service functions. Finance Ministry, PO Box 5, Manama, Bahrain.

Telecommunications system. Tenders for 132-kV substations sought before August 1 by the State Organisation of Electricity, Nafoora Square, Baghdad, Iraq.

Agricultural machinery. Agencies sought by Groupe des Commerceants Internationaux, Groci, s/cBP7078, Lome, Togo.

Marine diesel engines. Sought by Sea International Agencies, 29 DIT Avenue, GPO Box 2086, Dacca, Bangladesh.

Whiskey, brandy, cigarettes and sardines. Sought by Aim, BP136, Cotonou, Benin.

Baby care products. Sought by H & S Stempler, 87 Allenby Road, Israel.

Edible oil mill. Feasibility study sought by S.A. Zubeidi, managing director, International Office for Trading and Agencies, PO Box 2544, Riyadh, Saudi Arabia.

Bakery and milling equipment. Sought by Yemen General Grain Corporation, PO Box 710, Sanaa, Yemen.

Curtain materials. Agencies sought by Salem Mohamed Lajam, Inport Export Agencies, PO Box 3721, Hodeidah, Yemen AR.

Carpenters tools. Sought by Raimi Alabi Olowonilara & Sons, 6 Idumagbo Avenue, Lagos, Nigeria.

Cosmetics. Sought by Anani Trading Corp., PO Box 1347, Amman, Jordan.

Facing materials. Sought for five blocks of apartments by Shehabuddin Nassim, Consulting Engineering Office, PO Box 2303, Doha, Qatar.

Electricity meters. Tenders sought by the Electricity Authority of Cyprus, PO Box 4506, 15 Photiou Stavrou, Pitta Street, Nicosia, Cyprus.

Lace table cloths (100% cotton). Sought by Abdulla Habib Ghulam, PO Box 1098, Kuwait.

Hoes and wheelbarrows. Sought by the Global Trading Agency, PO Box 251, Port Louis, Mauritius.

Plastic injection moulding machines. Sought by Shear Trading Corp., PO Box 687, Sialkot-1, Pakistan.

Clutch plates. Sought by Fouad Georges Shameih, PO Box 2931, Damascus, Syria.

Electricity cables and accessories. Tenders for 33-kV XLP cable sought by the Water and Electricity Department, PO Box 2449, Abu Dhabi.

Educational equipment. Supply of audio-visual aids, text books and practical demonstration models in English and general education sought by the Qattan Training Centre, Abu Dhabi Marine Areas, PO Box 303, Abu Dhabi.

Felt. Sought by Ulus Anafartalar Ishani, Kat 10, Ankara, Turkey.

Water purification plant. Tenders sought for the construction of a 3,350-cubic-meter-an-hour water purification station, including civil engineering and supply of mechanical and electrical equipment by the Office National de l'Assainissement (ONAS), 8 Rue du Senegal, Tunis, Tunisia.

Drainage and sewerage. Tenders sought for the construction of drainage and sewerage networks in the Benghazi municipal area, by the Municipality of Benghazi, Benghazi, Libya.

Domestic appliances. Agencies sought by Mina Najeeb Elia, PO Box 113/6014, Beirut, Lebanon.

Aluminium doors and sliding windows. Sought by Alssad Alqawi Alomani Co, PO Box 8138, Dhofar-Salalah, Oman.

Cutlery. Sought by Mathew Ayinda Atoyebi Trading Brothers, 44 Docemo Street, Lagos, Nigeria.

Sanitaryware. Sought by Samir Trading Co., Shah Abbas Avenue, Alvand Street, Tehran, Iran.

Acrylic hand knitting yarn. Sought by C.S. Chong Co, Sdn, Bhd No4 Lorong Haj Taib Empat, Kuala Lumpur, Malaysia.

Advertising materials. Sought by Green Sea Trading Co. PO Box 21721, Safat, Kuwait.

Automobile spares and accessories. Sought by Wakin & Jarous, PO Box 2931, Damascus, Syria.

Ice cream making machinery. Sought by Abdoul Hamid Sinan, Boite Postale No. 317, Djibouti, French Territory of the Afars and Issas.

Scientific Equipment. Supply of equipment for electronics laboratories of Bab Ezzouar University sought by September 30 by Direction de l'Infrastructure de l'Equipement Universitaire, Ministere de l'Enseignement Superieur, Place du 1er Mai, Algiers, Algeria.

Telephone cable. Tenders sought by July 30 for 1,950 kilometers of 0.6mm telephone cable without support by the Telecommunications Company of Iran, Account No. 90018, Bank Melli Iran, Farah Branch, Tehran, Iran.

Furniture. Agencies sought by General Agencies for Commercial & Industrial Co. PO Box 8822, Salalah, Dhofar, Oman.

Galvanised poles and fittings. Sought by Mohammed Akbar and Co, Jade Maiwond-2, 105-106 Kabul, Afghanistan.

Generators. Tenders sought for the supply and installation of two 66-MV steam turbine generators by the Jordan Electricity Authority, PO Box 2310, Amman, Jordan.

Schools. Tenders sought by July 16 for construction of 10 to 20 classroom schools by the Tripoli Financial Services Control Department, Tripoli, Libya.

Tractors. Tenders sought by July 19 for 16 tractors and accessories by the Bureau des Marches de l'Office Regional de Mise en Valeur Agricole du Loukkos, Ksar el-Kebir, Morocco.

Linotype and monotype printing machines. Sought by Dr. Mansoor Ul Haquw, PO Box 5273, Bahrain.

Hand proof and perforating machines. Sought by Jak Fun & Co., PO Box 1032, Hong Kong.

Portland cement. Sought by Four Stars (Chemical) Co, 106 Hafez Bldg, Bourzarjomehri Ave, Tehran, Iran.

Builders and carpenters hardware and tools. Sought by White Nile Trading Co., PO Box 24252, Kuwait.

Food canning machinery. Tenders sought by SS Hassani, PO Box 3192, Hodeida, Yemen.

Incinerator. Tenders sought for oil-fired pathological incinerator with a minimum entry size of 760mm x 760mm by W. Cuthbert, Atto Engineering and Contracting, PO Box 66, Abu Dhabi.

Subsurface surveying equipment. Tenders sought by August 12 by the Syrian Petroleum Company, Damascus, Syria.

Canned foodstuffs. Sought by Foh Foh Corp., 370 Commonwealth Drive, Blk 46-2, Singapore 3.

Chewing and bubble gum base. Sought by Leveewood Products Co, CPO Box 1550, Taipei, Taiwan.

Telecommunications consultancy. Tenders sought by August 1 for a regional satellite telecommunications system by the Arab Satellite Communication Organisation, Riyadh, Saudi Arabia.

Subsurface pumps. Tenders sought by July 16 by the Syrian Petroleum Company, Damascus, Syria.

Sun glasses and metal frames. Sought by Shaheen Enterprises, Shalamar Town, Lahore-9, Pakistan.

● NEW MARKETS ANALYSIS

THE CAMEROONS: FERTILE AFRICAN SOIL

This month NMR publisher Nicholas Faith spotlights the export possibilities of one of the most flourishing states in West Africa.

Happy, they used to say, is the country without a history. Happy, they ought to say is any former colony which is a developing country, whose history before independence is more interesting than events since. In that case the Cameroons would qualify as a happy country.

Colonised by the Germans until the end of the first war, it was then divided between the French in the Eastern half of the present country and the British in the West until 1961. Add to the mixture a largely Muslim northern region, and you have a classic recipe for instability.

Instead the country has rarely been in the news since it gained independence.

The 7½ million inhabitants of the Cameroons provide one of Africa's success stories. In the early 1960s they opted to join together in a country with two official languages, a decision which has had far more peaceful results than the similar experiment in supposedly more sophisticated and stable Canada. The Northern region left to join Nigeria and apart from some sporadic tribal warfare which rumbled on through the late 1960s and early 1970s the country has been at peace with itself and with its neighbours ever since.

Inevitably the success has a lot to do with one man: in this case the President, Ahmadou Ahidjo, who has tactfully steered a country which inherited two very different traditions from their respective colonial masters into, first, a federation, and then, speedily enough, into a single country.

Ahidjo's successful political balancing act, external and internal, reflects the country's geographical position, tucked like a triangular wedge, into the West Coast of Africa where it turns south. It reflects too, the fact that the Cameroons contain every variety of African scenery (except, to no one's regret, desert) and that the country can live, happily enough, off the varied agricultural cash crops it grows. Until recently dependence on coffee, cocoa and rubber has been seen as a sign of a weak or unstable economy. But, even when prices for coffee and cocoa were far lower than they are now, the Cameroons had a record of scrupulously paying its way and incurring only minimal debts – foreign debt amounts to just 2½ per cent of the value of exports, against ten times as high a figure in other promising markets in the underdeveloped world, and servicing foreign credits accounts for only 5 per cent of the budget. Nor is this swollen by undue military expenditure – the army consists of a mere 5,000 men, and the air force, with only 250, must be one of the smallest in the world.

What's more, the general political and economic climate of the place is friendly. Officially money can flow to and fro with minimal official interference. And a country where the biggest single business is a brewery starts with a major advantage in image terms.

MONEY – AND WHAT TO DO WITH IT

But none of these natural advantages would be of any use if the country didn't have money and plans. Money, the Cameroons now noticeably possesses. Even before the price rises, coffee and cocoa accounted for three-fifths of all exports, and the country is the world's fourth largest coffee exporter, producing around 100,000 tons a year of the precious beans.

● LETTER FROM THE PUBLISHER *continued*

EXPORT CREDIT – NOT AS DIFFICULT AS ALL THAT

The second biggest excuse for not getting a contract, coming only just after the failure to pay local middle-men, is the failure of British financial institutions, especially the government-backed Export Credit Guarantee Department, to match the credit terms offered by your competitors.

Stung by these criticisms, ECGD is going out of its way to help smaller exporters, and will certainly try and bend the rules in your favour if it can. But even before the stage is reached of asking for exceptional treatment, many exporters are unaware of the routine help it can offer.

First point is negative: it is useless asking ECGD to help with costs incurred before the goods actually start to flow and invoices can be sent out. This, the biggest single gap in export financing, can be filled only by your friendly bank manager. But, once the invoice is sent out then ECGD can be used in concert with your bank to avert any further financial difficulties.

Key to success is ECGD's Comprehensive Insurance Policy. This (which covers all risks, including political ones, an area where British cover is notably superior to anything your foreign competitors can obtain) is expensive for small exporters, for there is a minimum annual fee of £50. But above that figure, the premium – around 32p per £100 of goods covered – is not insupportable.

You have to offer ECGD all your export business, but holding this cover can prove remarkably useful. In itself it is ideal as a way of ensuring that your bank will take your invoices as security. In addition, once you have held this policy for a year, you are eligible for ECGD's direct Bank Guarantee scheme – which costs a bit more. But you do then get preferential treatment from your bank – finance for up to two years at a mere ½ per cent above base rate.

In other words, the exporter starting to sell in a wide range of markets, unsure of the credit rating of his newly-acquired agents, can use ECGD to cover himself almost from the word go. It will check on any credit ratings required, cover all shipments, and after a year, ensure that you can finance the flow of goods at a reasonable rate.

LATIN AMERICA – LESS DEBT-RIDDEN

Brazil owes outside creditors $30 billion; Mexico $24 billion. A lot of money, particularly when you reflect that most of the debts are owed to supposedly canny private financial institutions. And last year both totals rose by over a fifth. But don't let this worry you too much.

Market forces have ensured that the rate of growth of countries' debts has slowed down enough to ensure that, within a few years, they ought to be reducing their debt levels – at least by the yardsticks normally employed, which include the relationship of debts to national income, and the cost of servicing the debts relative to a country's total exports.

In this race against financial time, both Brazil and Mexico appear well placed: Mexico has its oil (which has encouraged international financiers to be noticeably more lenient towards the country recently); and Brazil has industrial dynamism, plus a proved ability to peg its exports. So forget the total level of debt. Remember only the underlying assets – or the proved ability to create wealth.

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THE MIDDLE EAST~LATIN AMERICA~ASIA~AFRICA

NEW MARKETS REPORT

Publisher: NICHOLAS FAITH
Editor: SAM PASSOW

EXPORT OPPORTUNITIES ADVANCE INFORMATION

LETTER FROM THE PUBLISHER

THIS MONTH, NMR PUBLISHER NICHOLAS FAITH DISCUSSES THE QUESTION OF ARAB PETRO—AID, GIVES A CYNICAL BUT REALISTIC VIEW OF THE FATE OF THE PALESTINIANS, AND PREDICTS WHAT'S GOING TO HAPPEN ON THE JAPANESE IMPORT SCENE IN '78.

Contents Issue No.18 December 1977

TO HIM THAT HATH

To the astonished surprise of the world's do-gooders, it turns out that the newly-rich petro-countries are no better, no more objective in distributing their new riches than were the countries of the industrialised West before them. Like the French, the Americans (and ourselves) they tend to concentrate their aid on countries with which they feel some form of affinity, or whose present government they feel it necessary to support because of strategic reasons. So it is that Oman — itself a modest exporter of oil — receives vast sums from the Saudis, whose Indian Ocean frontier it forms. Similarly, the Iranians are lavish in their help to Afghanistan, as crucial to them as it was to our Indian Empire.

More broadly, of course, money goes where the Koran is read. As we never tire of pointing out — truisms are still true even if you get tired of reading them — it's countries like Oman, the Sudan and Egypt which have in the past benefited to an exaggerated extent from Arab generosity. But now the pressure is on the Arabs to broaden their aid. They refused to attend a meeting of UNCTAD (the United Nations Conference on Trade and Development) last month precisely because they knew they would be under attack for not helping more the very poorest countries — the ones whose oil bills form such a large part of their import bill that their economies can be effectively crippled by shipments of quantities which would keep only one large power station going for a few days.

For the figures with which UNCTAD was going to confront the OPEC countries (sorry about the initials) were pretty frightening. Although the total aid flows from the oil countries looks pretty impressive — both in money terms and as a percentage of their total national income — yet a staggering part of it goes only to religiously friendly countries, and only a fifth went to non-Muslems. Evev worse only 23 of the 42 countries most affected by the oil embargo received any help and over half of that went to Egypt.

The Arabs are obviously sensitive to the charge of favouritism — or they wouldn't have walked out of the UNCTAD meeting) and, equally obviously, they will continue to give most of their money to the elite few on a bilateral basis. But it is likely that the attitude will change in a number of ways: more aid through the various Arab aid clubs pinpointed in last month's NMR; more aid to the poorest countries; and, most importantly, less casual and lumpy a distribution of aid. Less of a series of doles in fact, more of series of normal aid programmes.

WHO'S AFRAID OF THE PLO?

The hoo-ha about the Sadat-Begin love affair has missed one vital point: it is very difficult for any Arab states to deal with the Palestinians, because these unhappy refugees are more of a menace to the Kuwaits and the Saudi Arabias of this world than they are to the Israelis.

The crucial point is this: the Palestinians were and indeed remain by far the best-educated members of the Arab world. Because they couldn't find work worthy of their undoubted talents in the refugee camps they had to call home, they looked round the rest of the Arab world and were welcomed with open arms by their rich and less-well-educated brethren in the Gulf. Indeed they form a solid and absolutely vital official class everywhere East of their ancestral home, especially in Kuwait and Saudi Arabia. But this does not make them loved: like the Indians in East Africa, like the Chinese in Malaysia, they are hated and feared precisely because of their talents, their quickness, their intelligence, their hard work. So, even though the Palestinians are their religious brethren, and the governments involved are loud in their help and admiration for their cause, the Palestinians are carefully deprived of any but the most minimal rights. They may not be refugees any longer, but they most certainly are not citizens; like the guest-workers of Continental Europe they are tolerated for their usefulness, but there is never any question of accepting them into the host community.

continued on page two

Unfortunately the Sadat-Begin affair is going to force the governments to choose: no longer can they support the Palestinian cause from the comfort of their petro-luxury while keeping the Palestinians in their midst firmly in their place. The obvious answer — to integrate the homeless ones — is unthinkable: the Palestinians are feared, not only for their brains, energy and talents, but also for their radical views. Indeed it was largely because of fears of radical Palestinian-inspired unrest that Kuwait and Bahrain have been clamping down in the past few months on any pretence at elected assemblies or representative government.

Oddly enough, the most obvious and practical solution has already been found by the Syrians. Having brutally suppressed their Palestinian 'brother' in the course of the Lebanese civil war, they have ensured that 200,000 of the refugees have been pushed out of the Lebanon, where they were in a position to make a great deal of trouble, and into Syria itself, where they are relatively helpless.

The same sort of choice is going to confront the other Arab countries: do they want to encourage the setting-up of an independent state on the West Bank of the Jordan, with all the risks this implies of being dragged into further conflict with Israel by the extremist nutters of the PLO? Or — and this seems to NMR's contacts the most likely outcome — will they simply make a lot of loud noises while the Egyptians (and probably the Jordanians) do a deal with the Israelis over the PLO's head? Then all the other Arab states could react with varying degrees of shock and horror, while not actually doing anything.

All, apparently, a long way from your export problems. But it isn't: because the likelihood is for a much greater effective stability in the Middle East, and a much less sharp division between the Arab and the Israeli markets. Indeed, the creation of a 'tame' Palestinian state — without the PLO — on the West bank of the Jordan river sandwiches between Jordan and Israel, could form a major entrepot for trade between Israel, the Middle East and the outside world — after all the Palestinians and the Israelis are both great traders.

BACKING THE FAVOURITES

The real professionals in racing make their money by putting large sums of money on a very few horses, and those, more often than not, are short-priced favourites scorned by less money-conscious punters who long to have a fling or beat the system.

As with racing so with exports: we've been banging on about Mexico and Japan for a year now. And merely because the rest of the press has now caught up with us does not mean that we are going to avoid the subjects, especially because recent developments in both countries encourage us even further.

In Mexico they have given up trying to estimate their country's total oil reserves. They're now spending the time working out how to develop them. More important, the President, Luis Portillo, who had to pursue a very cautious financial policy following the extravagances of his predecessor, now feels confident enough to throw off the shackles. That was the clear lesson from the sacking of two of his - overly cautious - financial ministers a couple of weeks back. From now on the President was proclaiming, Mexico is rich enough to afford steady development, however large its debt bill. And who are we to argue with the president of a country whose oil reserves are now above the Iranian level?

But even more intriguing is the case of the wretched Japanese who are now running truly scared. They keep coming up with plans to increase their imports, but they still do not dare buck their most important local pressure group, the farmers. Hence the continuing restrictions on such apparently un-Japanese products as oranges.

But retribution is at hand: early in the New Year the US Congress is due to explode in an orgy of anti-Jananese restrictionism. Then, and then only, will the Japanese really jump. For the moment they still do not believe the simple truth: that they are universally considered a menace on the world trade scene, and will have really to put their industrial machine into reverse, to make it as effective in sucking in imports as it had been in encouraging exports.

But don't jump the gun by hiring a sole agent in Japan. A recent and fascinating study by the Japanese govenment showed how the soaring prices of imported goods in Japan owed a great deal to the use of these people. So don't worry if you haven't got an agent, chances are that within a few months you'll have some of the all-powerful trading houses queuing for your business — and even they are greedy, so avoid exclusivities.

NEWS AND ANALYSIS

ADVISING THE ARABS: ROUND TWO

Following up on an item in the last issue on NMR in which the unsuccessful attempt by major contracting organisations representing the Western world's leading builders now operating in the Middle East to discuss ways of working out a standardisation of business practices with the governments of the area, we have just learned that the Standford Research Institute (SRI) of Menlo Park, California, has just presented a report to the Saudi Arabian Ministry of Planning which says that the Kingdom has the capacity to do more construction than it presently is doing, if constraints in the process of letting and administering contracts can be eased. The report recommended the following eight points to ease the flow of work:

(1) Allow contractors to choose between bank guarantees and surety bonds — the latter being a more preferable option.

(2) Move toward lump sum contracts with fixed amounts of profit and incentive clauses, assuring contractors a negotiated profit while holding contractors costs under control.

(3) Establish rules for adjusting contract disputes, such as those used by the London Court of Arbitration, the International Chamber of Commerce or the Swedish Arbitration Court, and let the Kingdom's existing Greivance Board act only on appeals following arbitration.

(4) Develop and publish simplified invoice and contract administration procedures, reducing to 60 days the time between invoice and payment.

(5) Hire a large number of contract administrators, project managers and construction managers. (The report noted that if 2,000 such people had been hired, each could have handled the administration of some $5.7 million worth of government work.)

(6) Standardise bidding regulations that relate to advertising for bidders, and not requiring that a contractor begin work before a contract is signed.

(7) Put a moratorium on the 27 percent tax on prefabricated construction and the 3 percent tariff on construction goods at least until 1983.

(8) Consider phasing out the requirement that contractors with 50 or more employees provide housing for them.

The SRI report analysed the 215 large contractors who were each doing $3 million or more work in the

Kingdom in 1976. Over half were general building contractors, 9 percent were in industrial and marine work and the rest in civil works, highways and municipal. Only 30 percent of these contractors were Saudi Arabian.

Of the remaining 70 percent, 40 percent were largely European-owned or European-managed joint ventures. US companies accounted for 18 percent of the total, followed by 7 percent Asian contractors and 4 percent Mideastern firms.

European companies, says SRI, are the most efficient. They get 147 percent of average output per employee, using 86 percent of the average number of employees.

Americans reportedly get 124 percent of average output per worker per year by SRI's measure of dollar value of construction per worker. Mideastern companies were found to be as efficient as US firms.

Saudi companies were found to be least efficient, and the 16 Asian contractors, who were mainly Korean, Chinese and Japanese had not been there long enough for SRI to gauge their efficiency.

Some 4,200 small Saudi general building contractors do about 56 percent of private sector construction which about 20 percent of the total construction done in the Kingdom. The average equipment capitalisation of these firms is about $120,000.

But by far, the most interesting conclusion of the report is that the potential social cost of capacity-level construction could mean that as many as two million foreign workers will have to be employed by the year 2,000, or 20 percent of the total population. This sudden rise in the population, plus congestion, noise, and air pollution leads the authors to suggest that perhaps the Kingdoms rapid development may not be worth the confusion.

CHANGING THE VALUE OF MONEY — HOW MUCH DIFFERENCE DOES IT MAKE?

Its as though one had been sitting through a Wagerian opera and you suddenly recognised the closing theme. Your first reaction is one of disbelief, that it is actually ending, this is immediately followed by a sudden flash of scepticism that you heard it all before. Well that's how most people felt when the British Government allowed the pound sterling to revalue upwards after its dramatic collapse 18 months ago, and the endless diatribe of woeful news that followed.

So unused to good news, the initial general reaction of Britain's major exporters was that Sterling must not be allowed to stick at much over $1.80 and should sink back to $1.75 within six months.

The director-general of the Confederation of British Industries, Mr. John Methven, claimed that 61 percent of exporters think their prices compared with those of their overseas competitors were a major factor limiting exports at the old exchange rate. "We had urged the Government to seek a period of stability in the exchange rate. Our inflation rate is still well above that of our competitors. The further loss in competitiveness of a rising pound will not be welcomed by Industry," he said.

However, the Chairman of the British Overseas Trade Board, Sir Fred Catherwood, was closer to the mark when he noted that "we still rely more on price than many other advanced industrial countries because of the recent weakness of sterling. But in the long run, we should be selling more on technological content, on quality, and on design."

At the start of Export Year, in June 1976, Sir Fred told NMR's editor the pound (which was then around the $1.60 mark) was vastly undervalued and should settle back at the $1.90 mark, which he felt would more accurately reflect the currency's true market value. But before that could happen, he said, the volume of British exporters must increase by at least 10 percent in the next 12 months, and that firms should not be lulled into a false sense of security by the sudden gains they would make through currency speculation.

The bad reputation that British exporters had gained, said Sir Fred, was not due to their pricing policies, even with the high rate of inflation, but because of poor delivery dates by leading manufacturers which cast a shadow on the country's industry as a whole.

In 1976, NMR visited 14 countries in Scandinavia, Europe and the Middle East, and an almost universal reaction by top industrialist in those countries was that while they liked the quality of British goods very much, they were either too difficult to get hold of because of poor deliveries, or that the firm they were dealing with did not have the capacity (due to outdated machinery) to cope with the prospective order, and that it was more reliable to find someone else, even at a higher price, who could handle the whole order and deliver on the agreed date.

What is bothering British industrialists is that in order to keep with their competitors they will now have to increase their productivity, and if government statistics are anything to go by, the prospect is bleak. In August 1976, industrial production in the UK was 101.2 (1970 = 100). In April 1977 it rose to 103.2, but by August, it had dropped back to 102.7. In terms of output, in the last seven years, British Industry has hardly moved at all. As a matter of fact, they were producing more during the three-day week in February 1973 than they are today.

In the last few weeks, leading City financial analysts have told NMR that they are advising their clients to sell short stocks of companies who have gone headlong into the export boom and have returned company profits in the past 12 months based on currency gains rather than increased volume of orders over the previous years total. For those companies, the news of the revaluation is indeed bad, and their balance sheets in the next quarter will certainly reflect it.

MIDDLE EAST/MARKET DEVELOPMENTS

● Israel — Menachem Begin's Likud Government has gambled its chances of winning the next election on a lurch into market economics. With the Gross National Product growing at less than 2 percent a year and an inflation rate of 40 percent, the Government has abandoned the policy of mini-devaluations (about 2 percent every two months) which it inherited from the previous Labour Government and devalued the Lira by 33 percent, making the price of imports a third dearer. Israel's elaborate web of foreign currency controls and incentives has also been slashed in the hopes of attracting more foreign investment. The Finance Ministry reckons that the devaluation will bring in an extra $300 million a year from exports and will result in a 5 percent jump in the GNP. The country's exports were up 30 percent over the last year. Nevertheless, it suffered a trade deficit of nearly $3 billion (the trade deficit is divided evenly between civilian and military spending). Internally, the effects of the devaluation have been devasting. VAT has been increased from 8 to 12 percent, the price of petrol has gone up by 25 percent and basic food prices have risen by 10-15 percent. The Government is in for a long fight with the unions in trying to keep their pay claims in line with their anti-inflation policy. The unions are demanding three monthly cost of living reviews in place of the present six monthly bonuses, as well an an immediate increase in thier pay packets. After nearly 30 years of a government dominated economy, Israel and their trading partners will have to get used to a more liassez-faire attitude in the market place.

● Turkey — After eight weeks of negotiation, it looks like the International Monetary Fund will finally have its way after all despite the precarious nature of Turkish politics. However, the austerity measure sought by the Fund will have to wait until after the December 11 local elections. Even though the Government pushed through a 10 percent devaluation and an increase in the price of State-produced goods in September, an additional devaluation is being sought by the Fund after the elections. With 97 percent of the country's imports being raw materials for industry and investment goods, import curbs in the new year will lead to a further slowdown in growth. The present aim now is to limit growth to around 5 percent, well below the 7.9 percent average between 1973-76. Government officials say that the 1978 programme is to be prepared on this basis, and that the fourth five year plan is to be delayed until at the earliest 1979. In return for accepting the IMF terms, Turkey will have access to $300 million to be followed up by arrangements of medium term loans of up to $500 million on the Eurodollar market.

● Oman — The Committee for the Settlement of Commercial Disputes, a quasi-judicial body, has been set up in Oman to supplement the traditional Islamic courts. The committee's original jurisdiction was confined to dealing with commercial companies' law, but now has been extended to include commerce in the broader sense. The Islamic courts are now referring commercial cases to the committee, which is made up of lay representatives. The committee decisions tend to be based on a pragmatic approach rather than one based on legal rights and obligation. Neither the committee nor the Islamic courts will enforce a foreign court's judgement, although this can be tendered as evidence.

Middle East trade with major industrial countries ($ million)

	Exports	Imports	Balance	Exports	Imports	Balance
		(January — June 1977)			(January — June 1977)	
Canada+*	252	620	— 368	202	749	— 547
France	3,134	5,486	—2,352	2,752	5,320	—2,568
West Germany	4,699	4,573	+ 126	3,603	3,967	— 364
Italy*	2,226	3,944	—1,718	1,576	3,465	—1,889
Japan	4,327	10,126	—5,889	3,356	9,047	—5,691
Netherlands*	760	2,757	—1,997	534	2,123	—1,589
Switzerland	840	284	+ 556	592	191	+ 401
UK	2,907	3,500	— 593	2,424	3,509	—1,085
US	6,199	10,799	—4,600	5,433	6,552	—1,119

+ Imports fob, all others cif

* End May 1977

Source: Mid East Markets

MIDDLE EAST/CONTRACTS

● Yemen — UK consultants Kennedy & Donkin have won a contract to advise the Yemen General Electrical Corporation on a national power generation and distribution system. The national generating capacity, excluding private generators, is now only 17.5mw. The consultants have already submitted a preliminary report, and their plans are likely to include a steam powered generating system at Hodeida with a transmission line to the capital and the possibility of later extensions. Backed with Saudi and Kuwaiti financing, the generating station should be completed by 1981.

● Israel — the country's public transport bus cooperatives, Egged and Dan, will have to buy 2,500 buses over the next five years to replace 2,000 worn out ones and 500 to cope with the expected increase in traffic. This figure is in addition to the several hundred buses which will be needed by various private companies organising tours for tourists on behalf of travel agencies.

● Oman — is to build a 1 million ton a year cement plant in a joint venture with the Kuwait cement company, which recently took a 40 percent stake in the newly formed Oman cement company. The plant is expected to cost about $100 million and will be financed partly with aid from Arab Development funds.

● Turkey — backed by a $70 million dollar Swiss loan, plans have now been given the green light for a hydroelectric dam to be built on the Euphrates at Karakaya in South-east Turkey.

The Turkish Petrochemical Organisation, Petkim, says its considering building a third major petrochemical complex. Meanwhile, Petkim is in the market for equipment for their new complex at Aliaga, located north of Izmir.

● Libya — Occidental of Libya has awarded the UK firm Worley Engineering, a member of the Press Group, a contract to provide project management, design engineering, procurement and construction supervision services for development of the Zella-Aswad and Sabah oil fields. The $120 million project will include 114 miles of 16 and 20 inch pipeline flowlines, equipment for gas oil separation, gas injection, crude oil stabilisation, pumping and metering facilities, plus power generation, diesel topping plant, camps and related ancillaries.

● Saudi Arabia — tenders for the Bahrain to Saudi Arabia causeway are due to be called in November 1978. The 25 km causeway will cost an estimated $800 million, which will make it one of the largest projects in the Arabian penisula. Present estimates puts the construction time at four and half years. Designs for the four lane causeway began in July, and are known to incorporate several bridges to allow the passage of ships. Sources in the area say that the contract will be awarded on a turnkey basis.

● Iran — The French State railways company SNCF, will act as technical consultants and supervisors of the 900km rail network modernisation programme between Tehran and the Gulf, which has been entrusted to a European consortium led by Spie-Batignolles of France.

● Sudan — Feasibility studies are to start soon for an Egyptian-Sudanese caustic soda plant to be built in Sudan. The plant was recommended by the Egyptian-Sudanese technical committee for industrialisation and mining development who are also studying setting up a joint mining company.

● Algeria — an $80 million World Bank loan will help finance construction of the port of Jijel, about 300 km east of Algiers. The project, which will cost $435 million will start next year, and will serve mainly the iron and steel complex set up nearby by the Societe Nationale de la Siderurgie (SNS) and will also help relieve pressure on other ports. The ports annual cargo capacity will be 5.8 million tons, of which 4.6 million tons will be for SNS.

ASIA/MARKET DEVELOPMENTS

● China — The Chinese Government is asking US and other Western publishers to send books on medicine, science and technology on tour to Peking and five other Chinese cities in February 1978 in an effort to update the knowledge of its teachers and scientists. Publishers are attributing this sudden interest into the Western way of life to the ascendancy of Premier Hua Kua-Fung, who wants rapid industrial development for which China will need foreign know-how.

● Pakistan — The nation's railway system is to undergo modernisation at a cost of $200 million, in a programme that is due to be completed by 1979. Plans for the project call for track rehabilitation, new coaches, new diesel engines for present locomotives, marshalling yard equipment and a new telecommunications system. The foreign exchange component of the programme is about $90 m and covers the import of equipment, technical assistance and staff training. The project is backed by a $35 million World Bank loan and a $25 million grant from the International Development Agency, both of which are located in Washington, and can be contacted for further information about tender dates.

● India — IBM's decision to close down its operation in India rather than dilute its foreign equity holdings under the government's 1974 Foreign Exchange Regulation Act is another indication that multinationals will find it most cost effective in the future to sell only through distributors in those countries which insist on having a majority claim on their profits. As we noted in issue No. 15 of NMR, the Desai's government's refusal to scrap the legislation when they took over from the Congress Party last spring, will prove to be their undoing as far as attracting foreign investors and establishing a favourable climate for foreign traders. Todate, about 670 foreign have been asked to dilute their foreign holdings, and the great majority have agreed to do so. At the same time, though, 52 companies have decided that its just not worth their while and have wound up their operations.

The shipping and transport Ministry has been allocated $700 million to buy ships from foreign shipyards so that the country's total shipping tonnage reaches 7 million gross tons. As a result of projections of requirements of ships for the next 15 years, the Government is considering expanding the capacity of the existing shipyard at Vishakapatnam from three ships to six ships a year end at the Cochin shipyard, from two ships to four ships a year. Project reports have also been commissioned for two additional shipbuilding yards at Paradip in Orissa state and Harjira in Gujarat state. The Government has also decided on a massive aid programme for public and private sector shipping lines now facing heavy losses as a result of the recession in the world freight market. The main problem facing Indian shipping lines is the surplus capacity they have in large bulk carriers ordered some time ago when the charter market was brisker.

● Korea — Royal Insurance has become the first foreign insurance company to enter into partnership with a local insurer in the expanding South Korean insurance market. The move is as a result of an agreement to acquire 20 percent of the ordinary share capital of the Oriental Fire and Marine Insurance Company. This follows the recent decision of the Koran Government to permit the entry of a limited number of foreign insurers into the local market. Oriental is a member of the Hanjin Group of companies and is the biggest of the ten privately owned non-life companies.

● Malaysia — In an effort to stimulate private investment, which has been below official expectations for the past three years, the tin, rubber and palm oil industries have received wide-ranging tax concessions, Malaysia tin mines emerged as the biggest gainers. The Government announced that it would take over the burden of contributing to the international tin buffers stock under the terms of the fifth Tin Agreement, which otherwise would have cost the mines $65.8 million. In addition, the tin profits and export duty has been reduced. While it is not immediately known how much miners will gain from the reduction in the tin profits tax, they had been complaining that the heavy taxes on the industry had been inhibiting new investment. The export duty on rubber and palm oil has also been reduced. Foreign investors will also be pleased to learn that the Government has announced that non-resident companies undertaking construction schemes would be exempted from the real property gains tax in order to encourage them to transfer their domicile to Malaysia.

ASIA/CONTRACTS

● Indonesia — Giffels Associates, of Detroit, Michigan is negotiating with the Indonesian Government to be the nation's primary master planner and designer for a $10 billion, five year development programme that will see the construction of an international airport, two nuclear power plants, sugar refineries, hospitals and housing. Working with Giffels is Martin Associates, a Chagrin Falls, Ohio, general contractor and financier Crosseas Ltd., London.

● Philippines — the National Economic and Development Authority, Manila, is planning port expansion and improvements which will include four primary, 12 secondary and 24 tertiary ports as well as ten fishing port complexes. The total cost of the project is an estimated $1 billion and its scheduled for completion by 1983.

● Korea — the Government of Korea Maritime and Port Authority, 263 Yonjidong, Chongroku, Seoul, is planning port facilities expansion 280 miles south of Seoul on Cheju Island in the Korean Strait. The expansion is part of a $286 million project to improve tourism. This particular project will cost $30 million.

Kaiser Aluminium and Chemical Corporation, 300 Lakeside Drive, Oakland, California, will provide technical assistance for two plants at Lichon, planned by the Yulsan Aluminium Company Ltd., Dongbang Building, 2-250 Taepyong-Ro, Chong-ku, Seoul. The cost of the project is estimated at $49 million and is due to be completed by 1979.

Companies interested in engineering, procurement, erection and construction supervision of a caprolactam plant to be built at the Yochon Petrochemical complex Industrial Zone on the south coast should contact Lee Ok Suk, Director, Chemical and Petrochemical Plant Department, Hyindai International Inc., 200 Dangjung-Ri, Nam-Myun, Si-heung-Gun, Kyunggi-Do, Korea. The total estimated cost of the project is $168 million.

AFRICA/CONTRACTS

●Niger — In the midst of its uranium boom, this one impoverished West African country has also discovered that it is sitting on enough coal reserves to decrease substantially its costly dependence on imported oil. To exploit the 4.5 million tons of coal at Anou Araren, 600 miles northeast if Niamey, Niger has borrowed $56 million to fianance a newly formed coal company called Sonichar. The country now hopes that its coal will help boost its uranium development by generating electricity for the country's two existing uranium processing plants and for the five plants that are now on the drawing board.

● Cameroun — the Societe Hoteliere du Littoral, Yaounde, a joint venture between the Societe Nationale d'Investissement du Cameroun, Caisse de Stabilisation des Hydrocarbures, Caisse Nationale de Prevoyance Sociale, Novotel and Texunion is planning a 257 room hotel to be built on the edge of the river Wouri near the centre of Douala at an estimated cost of $10.4 million.

●Togo — the Societe Nationale pour le Developpement de la Palmeraie et des Huileries, Lome, is planning a palm oil mill and oil storage installations at Agou and the port of Lome. The estimated cost of the combined projects is expected to be around £7.6 million.

LATIN AMERICA/MARKET DEVELOPMENTS

●Ecuador — the Government has approved a $1.7 billion plan for the development of electricity supplies, including four major hydroelectric projects and a national grid system. However, the national electricification institute, Inecel, will need nearly double that amount if the 10 year project is to be carried through. Only about 35 percent of the population is currently supplied with electricity and Inecel plans to double this figure by the time the projected is completed. The urban population will receive the greatest attention with a coverage target of some 95 percent by 1985, while it is hoped that the rural coverage can be brought up to 40 percent.

Inecel has estimated that the demand for electricity will grow by 12 percent a year for the next decade reaching a total of 1.2 million kw before 1986. Including an extra 15 percent as a safety reserve, demand levels are likely to exceed supply at several stages during the development period.

Only 29 percent of Ecuadors electricity is generated by water resources, with the remainder coming from oil derivatives, and Inecel's top priority is to reserve this situation. Investment in three thermal power station with a total output of 470,000kw costing $156 million have been planned to cover the essential short term needs of the country, but the bulk of the investment, $1.3 billion, of which nearly half may come through foreign loans, is to be channelled into the construction of hydroelectric schemes at Pisayambo near Ambato, Paute near Cuenca, Toachi near Santo Domingo and Coca and Guayllabama near the capital, Quito (see chart). At the same time, transmission lines are to be built between Ecuador's major cities at a cost of $200 million.

The first of the new hydroelectric stations at Pisayambo, is due to go into operation early next year, alleviating shortages in the northern part of the country. But the rest of the plans are slow getting off the drawing board, and electricity rationing in the major cities will soon become a way of life.

Ecuador's electricity supply plans

Project	Type	Capacity (mw)	In operation
Pisayambo	hydro	70	1978
Guayaquil	steam no. 1	70	1978
Guayaquil	steam no. 2	70	1980
Santo Domingo	gas no. 1	100	1981
Paute 1	hydro phase A	300	1982
Paute 1	hydro phase B	200	1983
Santo Domingo	gas no. 2	100	1985
Santo Domingo	gas no. 3	100	1986
Toachi	hydro	300	1986
Guayllamba	hydro	400	–
Coca 1	hydro	500	–
Paute 2	hydro	500	–

Source Inecel

The Ecuadorian oil company (CEPE) is to be reorganised in order to limit its sphere of activities. According to proposals by the Ministry of Finance and natural resources, matter of sale, transportation and marketing would now be left entirely in the hands of the private sector. The reorganisation followed a severe petrol shortage in the country during September and October and the resignation of Guillermo Bixby, technical director of the state-owned company.

● Mexico — the fast growing oil industry, faced with a refinery shortage is seeking processing help from the world's oil companies. Senior officials of the Mexican National oil company, Petroleos Mexicanos (Pemex) have announced plans to increase its production to 2.25m barrels a day by 1982, which is about the same level as UK North Sea oil production. Unlike the UK, however, Mexico lacks the refinery capacity to cope with the output. Eventually, Mexico plans to produce 2.5m barrels a day, three times current production. Pemex officials have started a world-wide tour to see which countries and companies might be prepared to help them refine their crude. So far they have seen officials in Britain, Brazil, Israel, Iran, Italy, Sweden, Yugoslavia, Spain, France, and Venezuela.

● Trinidad and Tobago — the Government's decision to impose its own system of restrictions against goods imported from Jamaica and Guyana has raised renewed doubts about the future of the regional economic grouping of the Caribbean community common market (CARICOM). Local manufacturers have been complaining that while Trindad goods were gradually being shut out of markets in Jamaica and Guyana, the Trinidad markets was being flooded with imports from these countries at the expense of local jobs. Since the free movement of goods was the basis on which CARICOM was established, observers now question how long it can survive.

● Cuba — the United States has ended its 14 year old practice of blacklisting foreign ships serving Cuban ports. The blacklist forbade shipment of US Government related goods on foreign ships engaged in Cuban trade.

● Chile — according to a central bank report, private sector investment has started to pick up in the first six months of the year, with a 20 percent increase over the same period last year in the construction industry, which accounts for 60 percent of the country's private sector investment. The construction of housing went up by 15 percent and public works by 30 percent, compared to 1976. Investment in locally manufactured machinery and industrial equipment went up by 9 percent and in imported capital goods by 16.2 percent, of which 54 percent was in machinery and equipment and 45 percent was in cars.

LATIN AMERICAN/CONTRACTS

● Brazil — the Department of Transportation, Gabinete do Governador, Curitiba, Parana, is planning 1,186km of feeder road construction at a cost of $187.4 million with completion scheduled for 1981.

Centrais Eleticas de Minas Gerais S.A., Belo Horizonto, Minas Gerais, is planning the Emboracao Hydroelectric project which will include a dam, two dikes, a power house and a substation on the Paranaiba River, in the State of Minas Gerais. Cost of the project is estimated at $732.2 million and is due for completion by 1982.

● Mexico — the Ministry of Agriculture and Water Resources, Insurgentes Sur No. 4-76, Piso 13, is planning an irrigation project which will include a dam, pumping plants and complementary works in the Cocula, Omtetepec and Nexpa Valleys in the State of Guerrero. Total estimated cost of the project, including is $107.2 million and completion is scheduled for 1981.

● Argentina — A.G. McKee & Co. Argentina S.A., an affiliate of Arthur G. McKee & Co., 6200 Oak Tree Blvd., Cleveland, Ohio, will design and partially construct and intergrated steel mill at Villa Constitucion, Province of Santa Fe, for Acindar Industria Argentina de Aceros S.A., Chacabuco 187, Cordoba.

● Bolivia — the public works agency of Santa Cruz plans to build a cement plant in Yacuces, 582km east of Santa Cruz at a cost of $88.2 million, which, when completed by 1981, will increase the country's cement output by 345,000 tons a year. The project calls for the construction of the cement plant, a 13,320kw thero-electric power plant, the excavation of limestone and clay quarries at Yacuces, the building of 140 housing units at the site of the plant, a 4,000 sq. metre warehouse for the storage of 7,000 tons of cement and the construction of 14 km of access roads and railways lines. Tenders for the project have not yet gone out, but more information can be obtained from the Comite de Obras Publicas de Santa Cruz, Calle Nuflo de Chavez No 174, Santa Cruz, Bolivia.

NEWS AND ANALYSIS Continued

Well, Sir Fred's crystal ball seems to have been well polished. In the last 12 months, British exports rose by 12 percent in volume and if market forces are allowed to have their way, then we could well see a $1.90 in the near future.

But in the interview 18 months ago, Sir Fred also tagged on a warning to his then hopeful outlook for the future. He said the the failing of every British Export boom since the war has been that it had been swallowed up by a boom in the home market.

A strong pound naturally means imported items are cheaper, and to the consumer, it gives the impression that everything is cheaper and that the pound in their pocket is worth more. In order to capitalise while the going is good, the consumer begins to demand more. In the past, British industry has always met this demand at the expense of their export orders. Home commitments always took precedent over foreign orders (hence the reputation for bad deliveries) and productivity was geared solely to meeting the demands of the home market.

What is needed to keep us in line with our competitors says Sir Fred, is investment in new plant and equipment so that our capacity and productivity can be increased to meet both demands simultaneously and with equal efficiency.

The revaluation, coupled with limited wage rises in accordance with the Government's guidelines, should give firms more money to plow back into their business. That's why in the long run, a strong pound is better for British industry than the quick fix of devaluation.

As every exporter knows, once you've lost your place in the market, it takes twice as long to regain it. And time, is one thing, British industry doesn't have on its side.

FINANCE FOR EXPORTERS

BANK PARTICIPATION IN FOREIGN CURRENCY FINANCING — NEW RULES FOR ACCESS

The British Export Credits Guarantee Department in conjunction with the Bank of England has issued new rules which will provide for parity of competition among banks wishing to participate in the foreign currency financing scheme of buyer credits for UK capital goods exports.

In future, all banks authorised under the Exchange Control Act of 1947 and registered as companies in the UK will be eligible to arrange such credits provided that where a managing bank is substantially owned by a non-UK registered company, it shall not extend participation in the credit to other banks within the same group unless such other banks are themselves eligible to arrange financing under the scheme.

The British Government announced last December its intention to encourage a switch from sterling to foreign currency financing for exports sold in medium or long term credit, at a time when sterling reserves were at their lowest level ever, and the Chancellor of the Exchequer was in the midst of negotiating with the International Monetary Fund for a $3.5 billion loan to see the country through the winter. The reasoning in Whitehall then was that foreign currency financed export credits did not have to be refinanced by the Government, involved less expenditure on interest make-up grants to banks and reduced the burden of this item on the Capital Account of the balance of Payments.

Its now a year since those dark days, when it looked like Britain would have to become America's 51st state in order to continue to qualify for such huge amounts of economic aid that was thought to be necessary to keep us level with our trading partners. Today, sterling reserves are at a record level and the pound is slowly moving upwards. With North Sea oil putting the country's accounts in the black, the need for foreign financed credits to back deals no longer seems as imperative it once did in order to secure an overseas deal, yet since the introduction of the scheme, over $400 million of loans have been concluded and a further $3 billion for loans is under consideration.

TENDERS, SUPPLIES AND AGENCIES

Refrigerators and electrical home applianes. Sought by Aziz Ahmed Gull Ahmed Corp., Serai Haji Nazer Jan, Kandahar, Afganistan.

Car radios and portable radio cassette players. Sought by Creditos Limitada, Apartado Aereo 4584, Cali, Colombia.

Office equipment and graphic arts supplies. Sought by Boutique La Moderna, Espana 5909, Casilla 3511, Cochabamba, Bolivia.

All types of clothing. Sough by the Pan African Trading Agency, BP 551, Porto-Novo, Benin.

Games and sporting goods. Sought by the Erquah Commercial House, PO Box 50, Kaneshie, Accra, Ghana.

Stationary and educational merchandise. Agency sought by S. Shambhu Prasad & Co., GPO Box 513, Suva, Fiji.

Locks. Agency sought by Tims Enterprise Co. (Pto) Ltd, GPO Box 3682, Singapore 7.

Pathalogical laboratory equipment. Agency sought by R.S.T. Redlingham, Associated Nigerian Hospital Equipment Ltd., c/o Lonrho Exports Ltd., Wood Street, London EC2.

Office stapling machines. Agency sought by Julio Garriga, Agencies Company, PO Box 3214, San Juan, Puerto Rico.

Switchboard. Tenders sought by 21 December for the supply and installation of a Switchboard for a shoe factory. Details can be obtained from the State Company for Leather Industries, PO Box 3079, Baghdad, Iraq.

Drill pipes. Tender sought by 10 January for the supply of drill pipes to the Syrian Petroleum company, Commercial Department, Damascus, Syria.

Printing Press. Tender sought by 16 January for the construction of a government printing press, offices, laboratory and stores. Details about the project can be obtained from the Public Works Department, PO Box 3, Aby Dhabi, U.A.E., or the P & E Consulting Group, PO Box 6182, Abu Dhabi.

Bakery equipment. Tenders sought by 11 January for the supply of bakery equipment for both local and western types of bread and cakes. The project includes engineering support systems and supplying quality control equipment. Details can be obtained from the Yemen General Grain Corporation, PO Box 710, Zubeiri Street, Sanaa, Yemen.

Secondhand machinery for the manufacture of non-woven fabrics such as woolen felts. Sought by Filterco, Rampura Road, Neemuch 458-441 M.P., India.

Needle felt carpets. Sought by L. Kamali, Manager, Sherkate Tajhizata Amouzesh Raigan, Ave. Pahlavi near Aryemehr No 1/3, Abouali Sina Street, 3rd Floor, Tehran 12, Iran.

Menswear. Sought by Elmor Agencies Ltd, PO Box 16451, Tel Aviv, Israel.

Confectionary products. Sought by the Abdin & Mari Trading Company, PO Box 6403, Amman, Jordan.

Construction materials. Sought by the Korean Overseas Corp., C.P.O. Box 5227, Seoul, Korea.

Decorative building materials. Sought by Zuhair & Hussaini Decor W.L.L., PO Box 24465, Safat, Kuwait.

Agricultural machinery. Sought by the Nile & Gulf Trading Co. W.L.L., PO Box 24357, Safat, Kuwait.

Bolts and nuts. Sought by Wan Kwet Kim Store, PO Box 380, 24 Louis Pasteur Street, Port Louis, Mauritius.

Ice Cream manufacturing machinery Sought by the Awadh Maloot Trading Est., PO Box 8862, Dhofar-Salalah, Oman.

Transfer printing paper for textile printing. Sought by Jan Mahamed Usman, 44, Motandas Market, M.A. Jinnah Road, P.O. Box 5428, Karachi, Pakistan.

Soil and building materials testing equipment. Sought by Scientific Traders, 12-Jan Mohammad Road, Near Bombay Cloth House, Anarkali, Lahore, Pakistan.

Wrought steel shelf brackets and brass curtain rings. Sought by B. Legaspi Trading, PO Box 4553, Manila, Philippines.

Suiting materials. Sought by Metro Trading Agencies, PO Box 2887, Riyadh, Saudi Arabia.

Cellulose acetate and cellulose nitrate sheeting. Sought by Pierre Joseph Bittar, BP Box 2685, Damascus, Syria.

Vacuum Flasks and moulds. Sought by A.A. Fazal, PO Box 271, Tanga, Tanzania.

Whiskey. Agency sought by the Success Trading Company, PO Box 5634, Addis Ababa, Ethiopia.

Plate Glass. Agency sought by M.M. Benady, PO Box 62, 1 Governor's Parade, Gibraltar.

Baking powder. Agency sought by C.M. NNadi, BP Box 5378, Treichville, Abidjan, Ivory Coast.

Industrial machinery. Agency sought by Issac Castiel, Avenida Andres Bello, Residencia Belloral, Apartamento 34, Los Caobos, Caracas, Venezuela.

Chemicals and pharmaceuticals. Agency sought by Sunrays Import and Export Traders, Mahamood Building, 235-1/1 4th room, Oldcott Mawathe, Colombo 11, Sri Lanka.

Nitro celluloce for the lacquer and paint industries. Agency sought by Jose Marie Santistevan A., Representaciones Distribuciones Importanciones, Apartado Postal 3799, Guayaquil, Ecuador.

Nurses unforms. Agency sought R.A. Mambre, Foreign Representatives, PO Box 2022, Curacao, Netherland Antilles.

Insulin N.P.H. Agency sought by E. Zellitch, Foreign Manufacturers Representatives, PO Box 58, Tophane, Istanbul, Turkey.

Pulpers for coffee processing. Agency sought by M.H.M. Shariff, PO Box 20502, Dar Es Salaam, Tanzania.

Electrical and electronic components. Agency sought by Han Sur Trading Co, CPO Box 6378, Seoul, Korea.

Pocket calculators, watches and cameras. Sought by Etabliseementa Ngoiw-wa Kabanza, PO Box 11574, Kinshasa, Zaire.

New products for airport industry. Sought by A.M. Krisharayan, Airport Architect, 1 Edward Street, Port of Spain, Trinidad.

English and European auto spares and accessories. Sought by the Fix-it Corporation, 20 Bay Road, St. James, Port of Spain, Trinidad.

Attache cases and luggage. Sought by Elendu Emma Enyinwa, BP Box 9046, Lome, Togo.

Wood working machines and related products. Sought by Siam Mercantile (1960) Co. Ltd., PO Box 1345, Bangkok, Thailand.

Printing or spray machines for manufacturung coloured wire. Sought by So An Co. Ltd., 2-1 Sec 1, Chang An E. Road, Taipei, Taiwan.

Toilet soaps. Sought by Omaw Abrahim Hamada,, PO Box 5, Gaza, Israel.

Bicycles. Sought by Ahmed Abdo A. Yahya, PO Box 100, Djibouti.

Cellophane and polyprcpylene films. Sought by Chemogan, PO Box 689, Tehran, Iran.

Radios and tape recorders. Sought by Rama Films, PO Box 8085, Ramat-Gan, Israel.

Machinery for making cool car seat cushions. Sought by M.O. Algani, Icoo, Kirkuk, Iraq.

Machinery for manufacturing zips, zipper slides and cotton tape for zippers. Sought by Hadi Mohammed Ali Al-Hashemi, Mamoon Street, Safafeer 1/2/2, Baghdad, Iraq.

Roller bearing grease. Sought by Izadkar Co. Ltd., PO Box 1077, Saadi Ave, Tehran, Iran.

Optical goods (lenses, frames, sunglasses, goggles). Sought by the Odrey Trading Company Ltd., Ave. Vila No 52, 2nd Floor, Tehran, Iran.

Steel reinforcing plain and deformed bars. Sought by Modern Import Office, PO Box 5633, Jeddah, Saudi Arabia.

Articles for a footwear factory (sewing thread, razors, eyeglasses, etc). Sought by Abu Bana Abu, PO Box 68, Mogadishu, Somalia.

Gymnastic and athletic goods. Sought by Sethi International, PO Box 6556, Karachi-2, Pakistan.

Alarm systems. South by International Business Forms S.a.r.l. PO Box 11-2089, Beirut, Lebanon.

Bed sheets and covers. Sought by the Khdair Trading Co. W.L.L., PO Box 6647, Hawalli, Kuwait.

Bakery equipment. Sought by the Jabery Trading Est., Tariq Bin Zeyaad Road, PO Box 22150, Bahrain.

Generating sets. Sought by Ets, Alouane Rabah, 123 Fernandville (Bir-El-Djir), Oran, Algeria.

Locks, castors and hinges for furniture. Sought by Anis G. Suidan & Co., PO Box 11-2734, Beirut, Lebanon.