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AGENCY FOR INTERNATIONAL DEVELOPMENT

Washington, D. C. 20523

COMMODITY, STANDARD FINANCING PROCEDURES

(PAAD)

PROJECT PAPER

EGYPT
(263-K-624)

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AID 1126-1	AGENCY FOR INTERNATIONAL DEVELOPMENT	1. PROGRAM A.I.D. CIP Grant 263-K-624
		2. COUNTRY Egypt
PAAD	PROGRAM ASSISTANCE APPROVAL DOCUMENT	3. CATEGORY Commodity, Standard Financing Procedures
		6. DATE July 1991
4. TO George A. Wachtenheim Acting Mission Director		8. DVB CHANGE NO. Not Applicable
5. FROM Robert Jordan, OD/PS		9. DVB INCREASE None
10. APPROVAL REQUESTED FOR COMMITMENT OF: \$ 50,000,000		10. TO BE TAKEN FROM: Economic Support Fund
11. TYPE FUNDING <input type="checkbox"/> LOAN <input checked="" type="checkbox"/> GRANT	12. LOCAL CURRENCY ARRANGEMENT <input type="checkbox"/> INFORMAL <input checked="" type="checkbox"/> FORMAL <input type="checkbox"/> NONE	13. ESTIMATED DELIVERY PERIOD 3 years
18. COMMODITIES FINANCED		14. TRANSACTION ELIGIBILITY DATE

Items appearing in the AID Commodity Eligibility Listing that will be eligible for financing under this grant. Priority items are expected to include food commodities.

11. PERMITTED SOURCE U.S. only \$ 50,000,000 Limited F.M.: Free hold: Cash:	12. ESTIMATED SOURCE U.S.: \$ 50,000,000 Industrialized Countries: Local: Other:
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15. SUMMARY DESCRIPTION
Egypt's balance of trade and current account remain in substantial deficit. While the Government is implementing corrective economic reforms, the pace of the reform program and the economy's response has been slow. This year and for the next few years, Egypt will continue to require substantial external balance of payments assistance. Although Egypt's large external debt service payments were recently restructured and rescheduled, the economy still needs quick disbursing assistance for the finance of imports. To meet this latter need, this CIP provides \$50.0 million for the finance of priority imports of the public sector. This CIP is part of \$200 million Congressional earmark for CIP from the FY 1991 assistance program for Egypt.

The balance of the CIP's statutory earmark is provided through the Private Sector CIP under the Private Enterprise Credit Project (263-0201).

Controller concurs in the methods of implementing and financing stated herein. Local currency generated from the sale of commodities imported under this CIP will be deposited in a Special Account. A condition precedent to disbursement of the CIP Grant will be a list of Grant fund allocations.

16. CLEARANCES	DATE	17. ACTION
AD/LEG, T. Carter	7/15	<input checked="" type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED
AD/FM, N. Wijesooriya	7/17/91	
OD/TT/CMT, A. Laemmerzahn	7/15	
AD/PDS, C. Crowley	7/22/91	
AD/TL, G. Huger	7/22/91	
AD/EAS, S. Skogstad	7-22-91	
		SIGNATURE: [Signature] DATE: 7/31/91

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 EGYPT: U.S. FY 1991 CIP ASSISTANCE
 Table of Contents

	Page Facesheet
PROGRAM ASSISTANCE APPROVAL DOCUMENT (PAAD)	
I. The Setting For U.S. Economic Assistance	1
II CIP Justification	1
III. Background and Recent Economic Developments	2
IV U.S. Policy Dialogue	4
V. Other U.S. Non-project Assistance	5
A. Cash Transfers	5
B. PL480 Title I, II and III	5
VI. Impact on U.S. Balance of Payments	6
VII. CIP IMPLEMENTATION	6
A. Past Experience	6
B. The Allocation Process	7
C. The Acquisition Process	8
VIII. ACCOUNTING AND LEGAL PROVISIONS	10
A. Local Currency Special Account	10
B. Requirements Precedent to Disbursement	12
C. Covenants	12
ANNEX A. STATISTICAL TABLES (Listed below)	
ANNEX B. STATUTORY CHECKLISTS	

LIST OF TABLES AND FIGURES

Table I.	Principal Foreign Exchange Receipts 1975, 1980, 1984/85, 1987/88, 1988/89, 1989/1990, and 1990/91	2
Table II.	Balance of Payments, 1986/87-1988/89, 1989/90 and 1990/91.	14
ANNEX A. STATISTICAL TABLES		
Table III.	Summary of CIP Agreements: Loans and Grants, by Agreement Number, as of 12/30/90	
Table IV.	Commodities Financed under AID Commodity Import Program to Egypt, FY 1975 through 1990, by Use Category	
Figure I.	Egypt CIP: Cumulative Allocation by Sector, FY 1975 through FY 1990	

I. The Setting For U.S. Economic Assistance

The overall objective of U.S. economic assistance to Egypt is to foster economic and social development. Economic assistance is one of the key elements of broader U.S. support to facilitate and encourage the establishment of a permanent, comprehensive regional peace.

Egypt is a leader in the region and a strong advocate of regional peace. However, her ability to continue this role is influenced by domestic economic conditions. For the past few years, the economy has been very fragile as a result of a long period of subsidies, price distortions and government controls. The budget is in substantial deficit and fundamental imbalances in Egypt's international payments situation are just now beginning to be corrected. Despite a generous restructuring of official debt by the Paris Club creditors, a new IMF Stand-by Agreement and a likely Structural Adjustment Loan (SAL) from the World Bank, there remains a very large external debt and related annual debt service payments. In addition, inflation and unemployment have eroded real incomes and introduced a source of potential social instability and discontent.

The highest priority of economic policy is to change the system from central management and control to a greater reliance on markets in order to achieve sustainable growth in real income and employment. To accomplish this economic transformation without a serious disruption in the social order, Egypt needs a substantial infusion of external resources during the period of policy reform.

As indicated above the Directors of the IMF recently approved a new Standby arrangement with Egypt. This was followed in mid-May by a Paris Club rescheduling of debt service payments. The Standby arrangement and Paris Club rescheduling are also expected to result in the reopening of some lines of international credit. In addition, the government is negotiating a Structural Adjustment Loan with the IBRD and hopes the agreement will be approved by the World Bank next month. The agreements with the IMF, Paris Club and IBRD will significantly ease the government's resource problem. However, additional resources in the form of continued high levels of U.S. grant assistance are required during the period of economic adjustment.

II. CIP Justification

The \$50.0 million grant* proposed for obligation by this PAAD is part of the \$200 million required by Congressional earmark to be made available to Egypt in the form of a Commodity Import Program Grant in FY 1991. The balance of the CIP earmark, (i.e. \$150 million) will be obligated for the Private Sector CIP component of the Private Enterprise Credit Project (263-0201). The proposed FY 1991 CIP is part of the overall U.S. economic assistance package supporting the government's implementation of economic reforms. It is specifically focused on helping to meet the government's import needs.

The \$200 million provided to Egypt through the public sector and private sector CIPs helps maintain imports of needed raw materials and other commodities. Import finance is provided because the correction in the

* It is anticipated that an additional \$2.5 million in deobligated funds will be reobligated for this CIP. This will bring the FY 91 Public Sector CIP total to \$52.5 million.

balance of payments cannot, in the long run, be absorbed solely by a contraction of imports. Such an event would result in a serious economic recession within Egypt, adversely affecting the consumption and employment of the lower income groups. The size of the decline in consumption and employment needed to correct the balance of payments would seriously destabilize the economy. In addition, the adverse investment climate associated with a recession would lengthen the period required for the adjustment. New production capacity would not appear at the rate desired and export growth would not meet the adjustment objectives.

In FY 1991, dramatic events have influenced economic currents in Egypt. The Gulf war resulted in severe interruptions in the supply of foreign exchange. Structural reforms pursuant to IMF and World Bank agreements will undoubtedly strain the demand side of the foreign exchange market. Thus the need for all of the anticipated external assistance, including the CIP proposed here, will play an important role in permitting Egypt to enact the badly needed policy reform without pushing austerity to the point at which it creates social and political threats to the overall reform.

III. Background and Recent Economic Developments

Egypt has had a centrally planned economy since the revolution in 1952. State control has been exercised through a large government bureaucracy and through state ownership or control of a majority of the productive assets. Prior to 1973, the government policy promoted rapid industrialization and a strengthening of the military. Since 1973, the government has expended substantial resources to promote popular consumption and social welfare.

Between 1975 and 1980, Egypt's real economic growth soared to some 8% annually based on a surge in foreign exchange receipts. The principal sources of foreign exchange were petroleum exports, Suez Canal and tourism receipts, supplier credits, worker's remittances and foreign borrowing (See Table 1).

Table I
PRINCIPAL FOREIGN EXCHANGE RECEIPTS AND GOVERNMENT DEBT
(In \$ billions)

	1975	1980	1984/85	1987/88	1988/89	89/90 ^{1/}	90/91 ^{1/}
Petroleum	0.4	2.9	2.9	1.7	1.1	1.3	2.2
Suez Canal	0.1	0.7	0.8	1.3	1.3	1.5	1.3
Tourism	0.4	0.8	0.8	1.6	2.0	2.0	0.6
Supplier Credits	0.4	0.8	0.9	1.2	0.8	0.8	0.6
Worker Remittances	0.4	4.0	3.5	3.4	3.5	3.7	3.0
Government Debt	---	20.0	36.4	43.1	45.8	49.0	36.0

Egypt's economic growth did not result from improvements in the economy's productivity or industrial comparative advantage. Between 1980 and 1984/85, when several important sources of external earnings stagnated or declined, real economic growth tapered off to an annual average of about 3%. In 1985/86 the economy experienced a more precipitous decline in petroleum earnings. The collapse of the world price of oil also restricted the demand for Egyptian labor in the oil producing states. The growth of worker remittances halted after 1984/85.

The large decline in earnings from the sum of petroleum exports and worker remittances occurred at a time when debt service payments were becoming an important outlay in the Balance of Payments (See Table II). The growth in the remaining traditional sources of foreign exchange earnings and non-traditional exports was not sufficient to compensate for the decline in petroleum related earnings and meet rising debt service payments. Also, no new sources of foreign exchange earnings emerged. Consequently, with imports continuing to rise at 20% per year from 1981/82 through 1984/85, the current account deficit remained high during this period at about \$2.5 billion annually.

The deficit in the Balance of Payments Current Account was largely financed by government borrowing, which pushed Egypt's official external debt to a staggering \$40 billion in 1986/87. By 1986, credit sources and donor flows could no longer finance the balance of payments deficit and the government began incurring arrearages in its debt service payments. With a bleak forecast for the balance of payments, slow growth in the economy, and creditor pressure for payments, the government, in 1986, began negotiations with the World Bank for an economic structural adjustment program to be supported by an IMF Standby arrangement and Paris Club debt rescheduling. At the same time, the government introduced a series of measures including trade restrictions to control demand for foreign exchange.

The scarcity of foreign exchange led the government to introduce severe restrictions on imports, resulting in a 20 percent decline in imports and a 50 percent decline in the current account deficit in 1986/87. In addition, after lengthy negotiations, the GOE reached an agreement with the IMF in April 1987. In May 1987, several major economic reforms were introduced and a Paris Club rescheduling was expeditiously concluded.

While the first Standby and Paris Club rescheduling provided significant relief to the immediate balance of payments problems, the government's reform program was not adequate to reverse the deterioration in key economic indicators. After the initial improvement in the balance of payments because of the rescheduling, a rise in imports unmatched by new revenues brought on additional deficits in the current account and new arrearages on debts. Domestic revenue measures were also inadequate to bring the budget under control and the reliance on money creation to help finance the deficit sustained inflation. Real interest rates remained negative. Nominal energy prices averaged only 20 percent of the economic price. The foreign exchange regime remained restricted and contained multiple, overvalued rates. Severe controls remained on the private sector and significant inefficiencies remained in the public sector. Finally, implicit and explicit subsidies continued to fuel consumption and distort investment choices.

By the spring of 1988, the economy's performance in meeting Standby targets was recognized as unsatisfactory. Moreover, without further adjustment measures and debt rescheduling, the government believed that it would eventually be unable to provide a number of subsidies which have long been considered essential for social stability. Consequently, discussion of a stronger reform program to support a second Standby and debt rescheduling commenced with the IMF.

In mid-1989, the government began discussions with the World Bank for a Structural Adjustment Loan (SAL). The policy agenda for the SAL focuses on reforms in industrial policy, pricing and the trade regime and is complementary to the macroeconomic reform program underlying the Standby Agreement with the IMF. In early 1991 the GOE reached agreement with the World Bank on a Structural Adjustment Loan which will go to the Bank's Board in June. The important elements of this agreement include: 1) legislation to permit the sale of non-strategic companies and assets owned by the public sector; 2) the transformation of public sector companies to a more commercial basis of operation; 3) liberalizing investment laws to reduce barriers to private sector investment; 4) significant further reductions in subsidies in energy, transportation, pharmaceuticals, consumer goods and agricultural inputs; 5) significant improvement in the pricing of cotton and rice; 6) a reduced and tightly controlled government investment budget; 7) removal of trade restrictions; and 8) reform of the tariff structure.

IV. U.S. Policy Dialogue

USAID has been conducting a comprehensive policy dialogue with the government since 1984. Our initial objective was to help the government obtain a clearer understanding of the extent of the distortions in the economy, particularly in the exchange rate, the budget, interest rates, energy prices and in the agricultural sector. To this end, USAID provided the government with policy analyses in each of these areas. A further objective was to persuade the government that it should seek the support and resources of the larger international donor community by developing its reform program with the help and support of the IMF and the World Bank.

With the signing of the first Standby, USAID moved the emphasis of its policy dialogue towards supply side measures. USAID's analysis had shown that the centralized and controlled nature of the Egyptian economy had confined the effects of the Standby reforms to a contraction in demand. Controls on business and investment prevented an adequate supply response to the new price signals which had been introduced. Without a growth in production, productivity and employment, further price reform and subsidy reduction would likely be increasingly difficult to implement because of popular discontent over the reduction in real wages. Thus, in USAID's view, liberalizing the economy to encourage investment and growth was critically needed in order to compensate for the inevitable contraction in the inefficient, (largely public) enterprises that is an inevitable part of the structural adjustment process.

V. Other U.S. Non-project Assistance

A. Cash Transfers

Since 1984, \$1,435 million have been provided to the government of Egypt as Cash Transfers. Since 1986, these Cash Transfers have been conditioned on the implementation of economic reforms. The FY 1986 Cash Transfer recognized a significant reform in the trade regime and customs tariffs. The FY 1987 Cash Transfer was supported by a wide range of reforms which led to the first Standby arrangement with the IMF and Paris Club rescheduling. The FY 1988 and FY 1989 Cash Transfers also supported a wide range of reforms including improvements in the exchange rate, improved energy pricing, greater revenue efforts and economic decontrol. Current legislation governing Cash Transfers continues to condition their release on significant additional economic policy reform, and such reforms have characterized the FY 1990 and 1991 Cash Transfers.

B. PL-480 Title I, II and III

From FY 1975 through 1990, the U.S. financed \$3.2 billion in PL480 Title I and III commodities. The FY91 program level is \$150 million. The major portion of this assistance has been for wheat grain and flour. The U.S.-supplied wheat has been a critical element in meeting the demand for this basic foodstuff by the growing Egyptian population.

Title II grant obligations from FY 1975 through FY 1990 totalled 179 million and have been used to support feeding (including MCH) programs in Egypt. Title II assistance ceased in FY 1989.

These PL480 shipments complement CIP-financed shipments of corn, vegetable oil, tallow and of other consumer goods in helping provide a higher level of domestic consumption than Egypt's stringent Balance of Payments situation would otherwise permit. In addition, PL480 commodities directly support the consumption of low income Egyptians and, therefore, directly support the goal of stability.

VI. Impact on U.S. Balance of Payments

The immediate impact of the public sector CIP on the U.S. Balance of Payments will be neutral. The grant will be spent entirely on U.S. goods and services. In a number of cases, such as the procurement of machinery and vehicles, follow-up orders for related machinery and spare parts will result in additional U.S. exports on a commercial basis. Follow-up commercial relationships are more likely if the original CIP procurement results in the buyer standardizing on the U.S. product.

Overall the public sector CIP is likely to establish an enduring, large scale commercial trade relationship between buyers in the Government of Egypt and U.S. suppliers. For capital and intermediate goods, the tendering process normally requires the provision of local maintenance and warranty services. Over the years this has resulted in a strong U.S. dealer network to support the import of American equipment.

VII. CIP Implementation

A. Past Experience

The financial and economic cost to Egypt of multiple conflicts with Israel as well as the burden of a centrally controlled economy have produced a deep economic stagnation. The signing of the Camp David Accords released financial assistance to Egypt from the United States for Egypt's economic development starting in 1975.

Initially, the funds were delivered by way of "soft" loans, but in 1979 the funds were made grants. Part of the financial package was allocated for importation of commodities and items for development. These funds were used to start the Commodity Import Program. The initial items procured were tallow, acetate tow, and polyester products for manufacturing. Tallow was purchased for eight years at a cost of over \$300 million. Procurement of commodities for the Ministries of Education and Electricity were also purchased in the initial stages. Over the years, there has been over \$320 million spent on the procurement of heavy equipment and related items for the rehabilitation and construction of roads and bridges within Egypt as well as the new International Air Terminal in Cairo. Also, rail beds, railroad signal systems, and new rolling stock were included in this rehabilitation. The hundreds of kilometers of roads from Cairo to the canal cities, cities along the Mediterranean, and Upper Egypt as well as the bridges were rehabilitated with the CIP-financed equipment used by the General Nile Companies.

Rehabilitation of the telecommunication network at a cost exceeding \$86 million began in 1976 and continued being financed under the CIP until 1985. Financing for machinery and raw materials for industrial development has been continuous from the beginning of this program until now with a total over \$1 billion. Approximately one-third of the industrial funding is for the coking coal industry. Another \$260 million for commodities is related to the food industry such as tinsplate, kraftpaper, woodpulp, and related items. Over \$136 million of the loan funds were made available to and used by private sector businessmen starting in 1978 and continuing until 1985 under the public sector CIP. From 1976 to 1985, the GOE used over \$35 million for construction materials and equipment for the reconstruction of its cities and the construction of new communities.

Starting in 1984, the Ministry of Land Reclamation began purchasing pumps, irrigation equipment, land clearing and leveling equipment and other items to assist in reclaiming approximately 100,000 acres of desert land at a cost of \$28.6 million. Since the beginning of the public sector CIP, irrigation equipment and related items have been purchased to rehabilitate old irrigation systems as well as building new irrigation canals. Small amounts of funds, \$1.5 million, were made available for the Ministries of Justice and Finance. The funds were used for the procurement of computer equipment for taxation files and record keeping.

The Governorates received \$75 million to purchase refuse vehicles and related equipment, road sweepers, maintenance trucks and equipment, and other items for the rehabilitation of cities throughout Egypt.

A major item for Egypt industry is coking coal. This product has been financed from 1977 to the present. Initial procurement was 400,000 Metric Tons out of the 900,000 MT required. Presently, the CIP finances 450,000 MT out of the 1,480,000 MT being used annually by the industry. With the improvements in the processing facilities, the coking coal processing of 450,000 MT of coal will produce the products listed below.

<u>PRODUCT</u>	<u>METRIC TONS</u>
COKE	346,550
AMMONIUM SULPHATE	4,050
BENZOL	1,800
AMMONIUM NITRATE	24,365
CARBON DIOXIDE	5,175
NITRIC ACID	5,175
AMMONIUM BICARBONATE	1,035
CARBOLIC LIQUOR	346
NAPHTHALENE	276
ELECTRODE PITCH	6,921
ANTHRACENE PASTE 40%	277
CREOSOTE OIL	761
TOLUENE	
XYLENE	

The coal by-products are used in the manufacturing of soft drinks, matches, detergents, leather processing, fertilizer, food processing and many other industries. Former environmental damage caused by the coke processing has now been almost completely eliminated. The eradication of environmental damage by this industry was accomplished by expanding the manufacturing facilities to process former waste products to raw materials.

In the agricultural area, the imports of corn, soybean meal, and fishmeal for the animal feed industry started in 1976 and continued to the 1990's. Funding for these three products during this period was approximately \$660 million. In 1989, corn allocation under the public sector CIP for animal feed was imported by the private sector poultry association. The GOE only assisted the association members in issuance of the tender and financial procedures for payment.

Transportation has improved drastically since 1975. A sum of more than \$60 million was used for procurement of buses and spare parts starting in 1977. The initial procurement was for 1000 buses. Following the success of the original procurement, an additional 400 buses were procured a few years later. Water taxis used on the Nile River were almost non-existent for many years due to lack of diesel engines and spare parts. Diesel engines for these water taxis were procured and are still being purchased today under the CIP.

Between 1976 and 1985, a total of \$44 million of CIP funds was spent on rehabilitating the Suez Canal. Today the Canal is earning a yearly revenue of \$1.4 billion.

Prior to the rehabilitation of Egypt's telecommunication system in 1975, the system was antiquated and of limited value for international use. The GOE used CIP funds to build a state of the art telecommunications system. After the initial investment of \$86 million, the GOE with U.S. assistance continued to improve and expand the system under project financing. Today, Egypt has a very modern telecommunication system which allows easy access to the international community. The improvements in the telecommunication system have helped Egypt to participate in international trade earning Egypt convertible currency for economic development.

In the mid-1980s, the Ministry of Social Affairs used \$4.8 million to procure computer hardware and software to start the National Insurance Numbering System as well as the handling of the Sadat Insurance for senior citizens.

Since 1975, 25 Public Sector CIP agreements have been signed obligating a total of \$3.95 billion. Data on the 25 CIP agreements are presented in Table IV with respect to obligations, disbursements, shipping dates. (CIP financial data excludes the Private Sector CIP obligated under the Private Enterprise Credit Project.)

Breakdown of CIP-financed commodities through FY 1990 is given in Table V.

B. The Allocation Process

The Public Sector CIP program is administered on a government to government basis. The Ministry of International Cooperation (MIC) acts as the coordinating body on the Egyptian side. Proposals for the use of CIP funds are prepared by public sector organizations and ministries and are then reviewed by the MIC. Decisions to steer public sector import needs through the CIP are largely based upon whether the U.S. source is best technically or by a finding that the United States has been the traditional supplier of the items or of closely related commodities.

The MIC approved list is circulated to all USAID Associate Directors for any expressions of concern before final USAID concurrence. USAID technical offices are given an opportunity to make suggestions to MIC and the technical ministries on recommended procurements early in the decision-making process.

In early 1990 the Mission succeeded in removing corn from the list of public sector allocations and informed the Ministry of International Cooperation that henceforth corn would only be financed by the private sector CIP. The Mission also informed MIC that it would not finance highly sophisticated medical equipment pending the outcome of an evaluation of the way in which previously imported medical equipment had been utilized.

C. The Acquisition Process

Once the allocation procedure is completed and the prospective purchasers are identified, the USAID/Cairo Office of Commodity Management and Trade (CMT) works closely with the importers and with MS/OP in AID/Washington to develop and refine technical specifications for the desired commodities.

Procurements are governed by A.I.D. Regulation No. 1 and A.I.D. Handbook 11, Chapter 3, Sections 2.2 and 2.3. When formal tender documents are made final, they are issued through the Egyptian Embassy in Washington. Advertising is made through AID-issued bulletins and the Commerce Business Daily based on AID Regulations. Purchasing committees in the public sector organizations analyze the supplier proposals and notify USAID/Cairo on their decisions of contract awards. After approval of the awards, standard bank letters of credit or direct letters of commitment will be issued to the awardees.

A High Purchasing Committee is usually appointed by each entity's central controlling organization. In some areas, the ultimate end-users form their own buying group with Ministry approval and undertake procurements in the same way as buying associations in the United States. In other areas, the buyer is a single industrial entity and purchase authority may be delegated directly to the buyer after initial approval of the sub-allocation. There are over 120 separate public sector organizations participating in the CIP, purchasing either as the ultimate user or as a buying authority for several satellite members.

GOE procurement practices, traditionally followed with the use of GOE-owned foreign exchange and other donor's aid, do not mesh well with A.I.D. procedures that are designed to promote competition among U.S. firms and to establish formal contract terms that are acceptable to both A.I.D. and the U.S. business community as a whole, while at the same time providing a higher level of protection for the importer. USAID has ongoing programs to brief organizations receiving their first A.I.D. allocations and alert them to the preliminary work required under A.I.D. regulations. These steps did, at first, inhibit procurement and delay disbursements. However, continued use of CIP funds by the same organizations and growing familiarity with each other's (A.I.D. and GOE) procedures, have all contributed to an accelerated CIP utilization.

For sophisticated commodities, the user agency certifies that necessary action has been taken to permit the immediate and effective use of the commodities before a tender is issued (i.e. the equipment site is prepared, the building where the equipment will be installed is erected, there are plans for the installation of the equipment, and for operating and maintaining it). In only rare cases, will procurements be approved for equipment requiring installation at multiple sites or requiring installation time of more than one month.

Other procedures adopted for prompt CIP utilization include:

- Confining low unit-value purchases to high volume orders for standard packages. Screening the intricate and diverse requirements for laboratory equipment and related commodities.
- Concentrating procurement activities on GOE agencies with a proven track record in effective and timely implementation. A reallocation of funds is required if procurement contracts are not produced within six months after allocation. This new requirement has permitted a by-passing of several end-users that have delayed excessively on providing specifications or in making contract awards.
- A streamlined preparation and review of specifications by FA/OP/COMS has accelerated the flow of tender documents from AID/W.
- A reallocation of funds is required if procurement contracts are not produced within six months after allocation. This new requirement has permitted by-passing several end-users that have been excessively slow in providing specifications or in making contract awards.
- The use of direct Letters of Commitment only, to the exclusion of Bank Letters of Credit.

VIII. ACCOUNTING AND LEGAL PROVISIONS

A. Local Currency Special Account

The US/GOE Bilateral Agreement that was entered into on August 16, 1978, required the Government of the Arab Republic of Egypt to establish a non interest bearing Special Account in the National Bank of Egypt and to deposit therein currency of the Government of Egypt in amounts equal to proceeds accruing to the government, or any agency thereof, as a result of the sale or importation of eligible items. (The Special Account was subsequently moved to the Central Bank). The Special Account was established in conjunction with the FY 1979 Supplemental Commodity Import Program Grant. The programming of Special Account local currency is carried out under the terms of a Memorandum of Understanding which is annually amended and agreed to between MIC and USAID or as A.I.D. and the GOE may otherwise agree in writing.*

* It should be noted that the GOE has followed a practice of maintaining a separate account for local currency generated under each CIP program (and for the FY88 and FY89 Cash Transfers). However, these accounts collectively comprise the Special Account governed by the Memorandum of Understanding regarding Special Account. Programming and monitoring by AID is carried out with reference to the aggregate Special Account as contemplated by 89 STATE 185485.

The CIP Grant Agreement will continue to specify that "the Grantee" (the GOE) will make such deposits at the highest rate of exchange prevailing and declared for foreign exchange currency by the competent authorities of Egypt". As of July 1, 1987, pursuant to a letter from the Minister of Planning and International Cooperation, the exchange rate for AID program and project transactions was changed from \$1 = LE 1.35 to the new Free Bank Market Exchange Rate. (As of May 1991, this was \$1 = LE 3.35.)

On October 5, 1988 USAID and the GOE established procedures for local currency deposits to the Special Account based on actual monthly disbursements. Under this system USAID provides the Ministry of Finance a monthly copy of the disbursement authorization report (generated in AID/W) indicating disbursements for a specifically identified month. Upon receipt of this report, the Ministry of Finance deposits into the Special Account, L.E. equivalent to 25% of the total dollar disbursements made for the specified month. The L.E. equivalent of the balance, or 75% of the dollars disbursed shall be deposited in the Special Account in five equal annual installments, the first installment being due one year from the applicable report date. Deposits to the Special Account will be made at the highest rate of exchange prevailing and declared for foreign exchange currency by the Central Bank of Egypt, on the date the Letter of Credit is issued or the financing request is signed.

Importers using the CIP program would not make deposits directly to the Special Account but to a separate intermediate account with the Ministry of Finance in accordance with the credit terms provided for imports under the CIP and set forth in GOE circulars.

The Ministry of Finance has established a Special Account unit for tracking and controlling payments made by CIP importers to the Ministry of Finance intermediate account and to account for deposits into the Special Account.

In accordance with FAA Section 531 (d) as amended, USAID will ensure that, to the maximum extent feasible, no less than 50% of the local currency generated by the CIP will be used for AID-administered activities consistent with the objectives of sections 103 through 106 of the FAA. Viewed together with budget support for development ministries, the percentage of CIP re-flow to be devoted to AID-supported activities in the areas of agriculture, rural development, nutrition, health, population, education, energy and other basic human needs under the Egypt program during FY90 will be well above 50%. In all respects, programming of reflows will be in accordance with AID/W criteria per STATE 327494 of October 21, 1987. Also, we will continue to make every effort to ensure that CIP re-flows will be made available to USAID to fund virtually all of USAID's LE local cost expenses. (Currently, approximately 70% of USAID's LE expenses are funded from the re-flows). Further, we will seek to ensure that adequate funds are made available to assist the GOE, as necessary, to meet its obligation to ensure that commodities are received and utilized in accordance with the provisions of the Agreement.

B. Requirements Precedent to Disbursement

Prior to any disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) A statement to the effect that the named person or persons have the authority to act as the representative or representatives of the Grantee pursuant to Section 8.2 of the Grant Agreement, together with a specimen signature of each person.

(b) A list of allocations of Grant funds provided under this Agreement.

C. Covenants:

The Grant Agreement will include the following covenants in substance:

1. Taxation This Agreement documentation and the Grant funds will be free from any taxation or fees imposed under laws in effect in the Arab Republic of Egypt. No Grant funds shall be used to pay taxes or other fees related to the importation of commodities funded under this Agreement.

2. Follow-up In addition to the requirements in A.I.D. Regulation 1, the Grantee will:

(a) advise entities financed under this Grant to maintain books and records relating to this Grant as may be prescribed in Implementation Letters. Such books and records shall be maintained and made available to the Parties or their authorized representatives for such periods and at such times as may reasonably be required, during three years after the date of last disbursement under this Grant; and

(b) advise such entities to permit the Parties or their authorized representatives to inspect the commodities financed under this Grant at all reasonable times.

3. Completeness of Information The Grantee confirms:

(a) that the facts and circumstances of which it has informed A.I.D., or caused A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Grant, are accurate and complete, and include all facts and circumstances that might materially affect the Grant and the discharge of responsibilities under this Agreement; and

(b) that it will inform A.I.D. in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Grant or the discharge of responsibilities under this Agreement.

4. Other Payments Grantee affirms that no payments have been or will be received by any official of the Grantee in connection with the procurement of goods or services financed under the Grant and that Egyptian laws prohibit such payments. A.I.D. and the Grantee shall take action to protect against improper payments by suppliers in connection with this Grant.

5. Periodic Discussions Periodically, but no less than twice annually, the Grantee and A.I.D. will meet to discuss the status of the Commodity Import Program and associated economic issues.

6. Special Account

(a) Grantee will continue its Special Account in the Central Bank of Egypt, as previously established, and deposit therein currency of the Government of the Arab Republic of Egypt in amounts equal to proceeds accruing to the Grantee or any authorized agency thereof as a result of the sale or importation of the Eligible Items, except as the Parties may otherwise agree in writing.

(b) Funds deposited in the Special Account pursuant to this Agreement may be used for such purposes as are described in the Memorandum of Understanding, as amended from time to time, or as otherwise agreed to by the Parties in writing.

(c) Deposits to the Special Account in Egyptian currency will be made in accordance with final payment procedures to be agreed upon in writing pursuant to the Twelfth Amendment to the Memorandum of Understanding and described in circulars issued by the representatives of the Grantee named in Section 8.2.

(d) Except as A.I.D. may otherwise agree in writing, the Grantee shall make such deposits to the Special Account at the highest rate of exchange prevailing and declared for foreign exchange currency by the competent authorities of the Arab Republic of Egypt.

(e) Any unencumbered balances of funds which remain in the Special Account upon termination of the assistance program shall be used for such purposes as may, subject to applicable law, be agreed to between Grantee and A.I.D.

(f) Except as A.I.D. may otherwise agree in writing, the Grantee will maintain and use fully, in monitoring Special Account deposits and balances, the accounting system developed and installed in fulfillment of Requirement Precedent 3.2 (a) under the Fiscal Year 1984 Commodity Import Program.

7. Ratification. The Grantee will take all necessary action to complete all legal procedures necessary to ratification of this Agreement and will notify A.I.D. as promptly as possible of the fact of such ratification.

Egypt: BALANCE OF PAYMENTS
(in millions of current dollars)

Estimate

	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89 ^{a)}	1989/90 ^{a)}	1990/91 ^{***}
CURRENT ACCOUNT								
Exports	4350	4185	3406	2831	3368	2546	3206	4216
Petroleum	2957	2891	2215	1470	1657	1066	1229	2158
Other of which:	1393	1294	1191	1361	1711	1480	1977	2058
Agriculture	663	554	475	467	498	372	341	
Other	730	740	716	894	1213	1108	1636	
Imports	-10738	-10516	-9256	-7952	-9838	-10294	-10774	-11381
Trade balance	-6388	-6331	-5850	-5121	-6470	-7748	-7568	-7165
Services Receipts	4188	4178	4073	4837	5493	6445	6964	6913
Shipping	521	606	574	508	446	534	536	NA
Suez Canal dues	974	897	1028	1148	1268	1307	1472	1536
Tourism	825	850	800	1200	1600	2021	2067	689
Investment Income*	1079	1044	914	790	1000	1000	1159	1317
Other	789	781	757	1191	1179	1583	1730	3571
Services Payments	-4103	-4308	-4410	-4756	-5300	-5575	-5204	-6603
Interest**	-2555	-2486	-2342	-2749	-3100	-3400	-2840	-3983
Other	-1548	-1822	-2068	-2007	-2200	-2175	-2364	-2620
Services Balance	85	-130	-337	81	193	870	1760	310
Worker Remittances	3930	3497	2973	3012	3386	3532	3744	3427
Current Account Balance	-2373	-2964	-3214	-2028	-2891	-3346	-2064	-3428
Official Transfers				974	698	711	1080	4656
Current A/C Balance				-1054	-2193	-2635	-984	1228

* IMF estimates

** These figures refer to interest obligations.

Actual payments, however, amounted to \$1,321 million, \$1,094 million, \$785 million, \$1,123 million and \$1,686 million in the period 1985/86-89/90

*** Preliminary estimates of IMF

a) Revised figures

TABLE III

REPORT DATE 12/22/90 (SUMARYAG) SUMMARY OF CIP AGREEMENTS - LOANS AND
GRANTS BY AGREEMENT NUMBER
AS OF 12/30/90 (IN \$ THOUSANDS)

<u>AGREEMENT</u> <u>NUMBER</u>	<u>OBLIGATED</u> <u>AMOUNT</u>	<u>DISBURSEMENT</u> <u>AMOUNT</u>	<u>UNDISBURSED</u> <u>AMOUNT</u>	<u>ELIGIBILITY</u> <u>DATE</u>	<u>TERMINAL</u> <u>SHIPPING</u> <u>DATE</u>	<u>TERMINAL</u> <u>DISBURSEMENT</u> <u>DATE</u>
263-K-026	79,926	79,926	0	72-01-14	80-07-31	80-08-31
263-K-027	69,908	69,908	0	75-06-27	08-07-31	80-09-31
263-K-029	99,843	99,843	0	76-04-05	81-11-30	81-12-31
263-K-030	149,175	149,175	0	76-10-07	82-06-30	82-07-31
263-K-036	64,803	64,803	0	76-09-30	82-06-30	82-07-31
263-K-038	437,261	437,261	0	77-03-06	83-04-30	83-06-30
263-K-045A	224,509	224,509	0	87-02-27	83-03-31	83-04-28
263-K-045B	72,935	72,935	0	78-02-27	83-03-31	83-04-28
263-K-052	249,457	249,457	0	79-05-19	86-08-31	86-09-30
263-K-053	29,835	29,835	0	80-06-30	84-10-31	85-05-31
263-K-054	249,488	249,488	0	80-06-30	86-06-30	86-07-31
263-K-055	69,597	69,597	0	81-06-28	85-08-31	85-09-15
263-K-601	83,935	83,935	0	79-08-29	83-12-31	84-01-15

TABLE III

REPORT DATE 12/22/90 (SUMARYAG) SUMMARY OF CIP AGREEMENTS - LOANS AND
GRANTS BY AGREEMENT NUMBER
AS OF 12/30/90 (IN \$ THOUSANDS)

<u>AGREEMENT</u> <u>NUMBER</u>	<u>OBLIGATED</u> <u>AMOUNT</u>	<u>DISBURSEMENT</u> <u>AMOUNT</u>	<u>UNDISBURSED</u> <u>AMOUNT</u>	<u>ELIGIBILITY</u> <u>DATE</u>	<u>TERMINAL</u> <u>SHIPPING</u> <u>DATE</u>	<u>TERMINAL</u> <u>DISBURSEMENT</u> <u>DATE</u>
263-K-602	54,637	54,637	0	80-06-30	84-12-31	85-01-15
263-K-603	230,000	229,512	488	81-06-28	86-02-28	86-04-15
263-K-604	350,000	345,065	4,935	82-02-05	87-12-15	88-01-14
263-K-606	300,000	299,986	14	83-07-25	89-09-13	89-10-13
263-K-606A	1,055	1,055	0	83-07-25	86-09-13	86-10-13
263-K-607	300,000	290,460	9,540	84-07-31	91-12-31	92-02-03
263-K-610	200,000	195,509	4,491	85-03-12	90-05-05	90-08-05
263-K-612	155,400	155,318	82	86-08-21	89-09-29	89-10-29
263-K-615	100,000	90,763	9,237	87-06-25	90-08-31	90-10-29
263-K-616	100,000	62,071	37,929	88-06-12	91-08-15	91-09-15
263-K-618	100,000	7,100	92,900	89-10-26	93-02-15	93-07-15
263-K-620	50,000	0	50,000	90-09-30	94-06-14	94-10-15
	3,821,764	3,612,148	209,616			

TABLE IV
PUBLIC SECTOR
COMMODITY IMPORT PROGRAM
COMMODITIES FINANCED
1975 - 1990

<u>COMMODITIES</u>	<u>\$ VALUES</u>
ACETATE TOW.....	92,065,290
ACETYLENE BLACK.....	287,146
ACRYLIC YARN.....	2,107,178
AIR COMPRESSORS.....	153,553
AIR CONDITIONERS AND SPARES, ALL TYPE.....	1,811,418
AIR CRAFTS, AGR., SINGLE ENGINE.....	5,488,842
AMBULANCES/SPARES.....	2,257,277
ASPHALT COMPACTORS.....	409,785
ASPHALT FINISHERS.....	693,370
ASPHALT PAVING MACHINES.....	10,993,537
ASPHALT PLANT.....	167,479
ASPHALT SAW BLADES.....	25,925
AUTOMATIC BAKERIES.....	20,250,648
AUTOMOTIVE MAINTENANCE MACHINERY.....	552,460
BALANCING MACHINERY.....	161,444
BALL BEARINGS.....	390,876
BATTERIES.....	1,019,674
BENTONITE CLAY.....	1,680
BINDING MACHINERY.....	7,932,917
BLADES FOR MOTOR GRADERS.....	186,523
BLOW MOLDING MACHINERY.....	185,000
BODY FRAME REPAIR SETS.....	234,434
BOILERS, ELECTRIC.....	10,500
BRASS CAPS.....	342,530
BRONZE FLOAT GLASS.....	114,784
BUILDINGS, PREFAB.....	4,130,709
BUSES, ALL TYPES.....	60,761,966
BUTYL RUBBER.....	2,242,542
CABLES, ALL TYPES.....	29,867,220
CAFETERIA/LAB FURNISHINGS AND EQUIP.....	1,617,161
CALCIUM HYPOCHLORITE.....	113,641
CAMERA, GAMMA WITH COMPUTER.....	1,503,543
CAN SEAMING MACHINERY.....	586,001
CAPROLACTAM (TIRE CORD).....	5,358,385
CARBON BLACK.....	1,159,300
CARBON STEEL.....	64,417
CARD PUNCH MACHINES.....	18,800
CARDIAC BI-PLANE, CATHETERIZATION LAB.....	1,660,000
CARDIAC VALVES.....	70,000
CARPENTER WOODWORKING SHOP EQUIPMENT.....	29,260
CASTING MACHINERY, CENTRIFUGAL.....	51,048
CATHODE LAMPS.....	44,541
CAUSTIC SODA, SOLID.....	999,814
CELLULOSE.....	9,355

CHASSIS, WATER TANKERS.....	53,910
CHEMICAL ANALYSIS EQUIPMENT.....	32,201
CHEMICAL KITS/LAB.....	30,515
CHEMICALS.....	2,310,021
CHEWING GUM BASE.....	575,682
CHICKENS, FROZEN.....	61,202,256
CHILLER RECIRCULATING EQUIP.....	128,749
CIGARETTE PAPER.....	4,249,213
CINEMA PROCESSING EQUIP.....	32,594
CIRCUIT BREAKERS, ALL TYPES.....	883,764
COILS, FAN.....	58,857
COKING COAL.....	332,293,229
COLD ROOMS AND ACCESSORIES.....	259,278
COLLATOR.....	38,188
COMPACTORS, ALL TYPES.....	1,150,813
COMPRESSORS, ALL TYPES.....	3,871,666
COMPUTER HARDWARE AND SOFTWARE.....	22,043,202
CONCRETE SAWS.....	21,573
CONCRETE SPREADER.....	801,370
CONDENSERS, ALL TYPES.....	4,630,156
CONSTRUCTION MATERIALS.....	706,000
CONTAINERS, REFUSE.....	6,178,051
COOKING EQUIPMENT, COMMERCIAL.....	59,774
COPPER RODS.....	1,770,861
CORN SEEDS.....	133,593
CORN, YELLOW.....	596,348,111
COTTON RAW.....	9,709,500
CRANES, ALL TYPES.....	18,355,524
CRAWLERS, ALL TYPES.....	7,805,550
DENTAL UNITS.....	3,513,845
DEVELOPER.....	26,746
DI-METHIONINE.....	44,325,844
DIALYZER.....	15,129
DICALCIUM PHOSPHATE.....	3,056,429
DIE MAKING MACHINERY.....	205,035
DIESEL ENGINES AND SPARE PARTS.....	7,088,404
DIETHYLENE GLYCOL.....	266,893
DIGGER-DERRICK.....	63,735
DISHWASHER EQUIPMENT, COMMERCIAL.....	11,106
DITCHING MACHINES.....	527,077
DI-METHIONINE FEED GRADE.....	3,317,840
DOORS, STEEL.....	33,439
DREDGERS.....	3,989,972
DRILLING MACHINES.....	685,704
DRILLS, ALL TYPES.....	2,837,487
DRYERS.....	104,389
DUAL SOLAR.....	857,212
DUMP TRUCKS.....	3,495,152
DUPLICATORS.....	3,268,775
DYESTUFF.....	4,308,667
DYNAMOMETERS.....	300,505
EDIBLE OIL.....	91,560,300
EDUCATIONAL EQUIPMENT.....	16,348,697
ELECTRIC GENERATORS, DIESEL POWERED.....	6,231,118

ELECTRICAL ITEMS -LAMP FILAMENTS,ETC.....	2,437,148
ELECTRODES, GRAPHITE.....	9,743,425
ELECTRODES, WELDING.....	42,880
ELECTRODES, DRY CELL BATTERIES.....	17,875
ENAMEL PAINT.....	25,153
ENGINES, AIRCRAFT.....	91,666
ENGINES, BUSES.....	2,659,740
ENGINES, DIESEL.....	2,974,579
ENGINES, DIESEL MARINE.....	6,159,041
ENGINES, OUTBOARD MARINE.....	69,558
ENGINES, TURBINE.....	8,81,669
EQUIPMENT, CONSTRUCTION.....	3,052,655
EVAPORATORS AND COILS.....	155,239
EXPENDITURE HANDLING UNITS.....	6,224,832
FAN COILS.....	2,800
FILING CABINETS.....	377,377
FILM, ALL TYPES.....	313,525
FILTER CLOTHS.....	30,238
FILTER ELEMENTS.....	1,058,326
FILTERS, GAS TURBINE.....	1,676,232
FILTERS, VACUUM.....	792,311
FIRE ALARMS AND ACCESSORIES.....	193,540
FIRE FIGHTING EQUIPMENT.....	19,289,640
FISHMEAL.....	26,534,165
FLAW DETECTOR, ULTRASONIC.....	21,696
FLOW METERS.....	95,895
FLUID BED DRYER.....	108,626
FOLDING AND GLUING MACHINERY.....	247,535
FOOD PROCESSING MACHINERY.....	1,686,691
FORKLIFTS.....	3,104,945
FREEZERS, INDUSTRIAL.....	27,220
FREIGHT, CORN.....	74,333,896
FREIGHT, SULPHUR.....	21,271,996
FREIGHT, TALLOW.....	6,220,461
FURNACES, ROTARY.....	5,674,950
FURNITURE, HOSPITAL.....	467,252
FURNITURE, LABORATORY.....	2,195,393
GARAGE EQUIPMENT.....	284,950
GAS OPERATED CUTTING EQUIPMENT AND ACCESSORIES.....	154,161
GAUGES, LIQUID LEVELS.....	10,044
GEAR BOXES.....	2,692,345
GEARS, STEERING.....	60,032
GENERATORS, POWER SUBSTATIONS.....	779,890
GENERATORS, POWER, ALL TYPES AND SPARES.....	36,514,614
GLASS FILTER CLOTHS.....	74,056
GLUOMETERS.....	78,754
GRAPHOTYPE.....	2,827,265
GRILLS, AIR.....	48,353
GRINDERS, CYLINDER HEAD.....	83,280
GRINDING MACHINES, SHAFT.....	1,809,309
GUILLOTINE, SHEARS.....	62,778
HAMMERS, HYDRAULIC, MOBILE.....	473,527
HAND BOOKS, MANUAL.....	209,170
HAND JACKS, ALL TYPES.....	3,026,557

HAND PICKERS, TEXTILES.....	12,445
HARVESTING AND TRANSPORTATION EQUIPMENT.....	137,363
HEATERS, HOT OIL.....	546,467
HERBICIDES.....	1,549,728
HOISTS, ALL TYPES.....	35,540
HYDRO-MECHANICAL DRILLING JARS.....	970,160
ICE MAKERS.....	50,352
IMPACT POLYSTYRENE.....	7,522,987
INCUBATORS AND ACCESSORIES.....	31,870
INSULATED WASHERS, ELECTRICAL.....	1,119,355
INSULATORS, DISC TYPES, ELECTRICAL.....	384,108
IRRIGATION EQUIPMENT, DRIP AND SPRINKLER.....	10,445,332
JOINT CLOSURES.....	8,855
KITS, SPLICING CABLES.....	890,664
KNITTING MACHINERY.....	208,566
KRAFTLINER PAPER.....	37,431,803
LABORATORY EQUIPMENT, ALL TYPES.....	5,955,281
LASER EQUIPMENT AND CONTROLS.....	116,812
LENTILS.....	25,672,216
LIBRARY FURNITURE.....	2,548,428
LIFTS, PERSONNEL.....	25,915
LIGHTING SYSTEM, AIRPORT RUNWAYS.....	1,456,450
LINER, PLASTER OF PARIS BANDAGES.....	291,134
LIQUID FOAM AGENT.....	440,651
LOADERS, ALL TYPES.....	26,014,884
LOCOMOTIVES, RAILROAD.....	40,936,033
LUBRICATION MATERIALS.....	4,110
LUMBER, ALL TYPES.....	3,108,716
MACHINERY, ALL TYPES.....	2,314,705
MANGANESE DIOXIDE.....	36,675
MANGANESE ORE.....	351,831
MARKING MACHINERY, HIGHWAY.....	4,785,841
MATCHBOARD.....	1,040,144
MATTRESSES, HOSPITAL.....	74,459
MEASURING SYSTEM, THERMAL CONDUCTIVITY.....	186,208
MEDICAL EQUIPMENT.....	75,777,784
MELAMINE FORMALDEHYDE.....	1,176,572
METALWORKING MACHINERY AND ACCESSORIES.....	57,330
MICROFILM SYSTEM, FILM, AND JOURNALS.....	2,478,702
MICROSCOPES.....	1,553,011
MICROWAVE NETWORKS.....	86,008,349
MILLING MACHINERY.....	90,220
MOBILE SUBSTATION.....	1,529,175
MOBILE BATCH PLANT.....	115,010
MOBILE WORKSHOPS.....	1,917,255
MOLD AND CORE BOXES.....	18,470
MONODIC TRIETHANOLAMINE.....	26,375
MONOETHYLENE GLYCOL.....	7,937,729
MOTOR GRADERS.....	11,202,541
MOTORS, ELECTRIC.....	605,786
NIBBLING SHEAR CUTTING MACHINERY.....	56,430
NICOTINAMIDE.....	21,000
NYLON, CHIPS.....	557,684
OFFICE EQUIPMENTS AND SUPPLIES.....	1,172,701

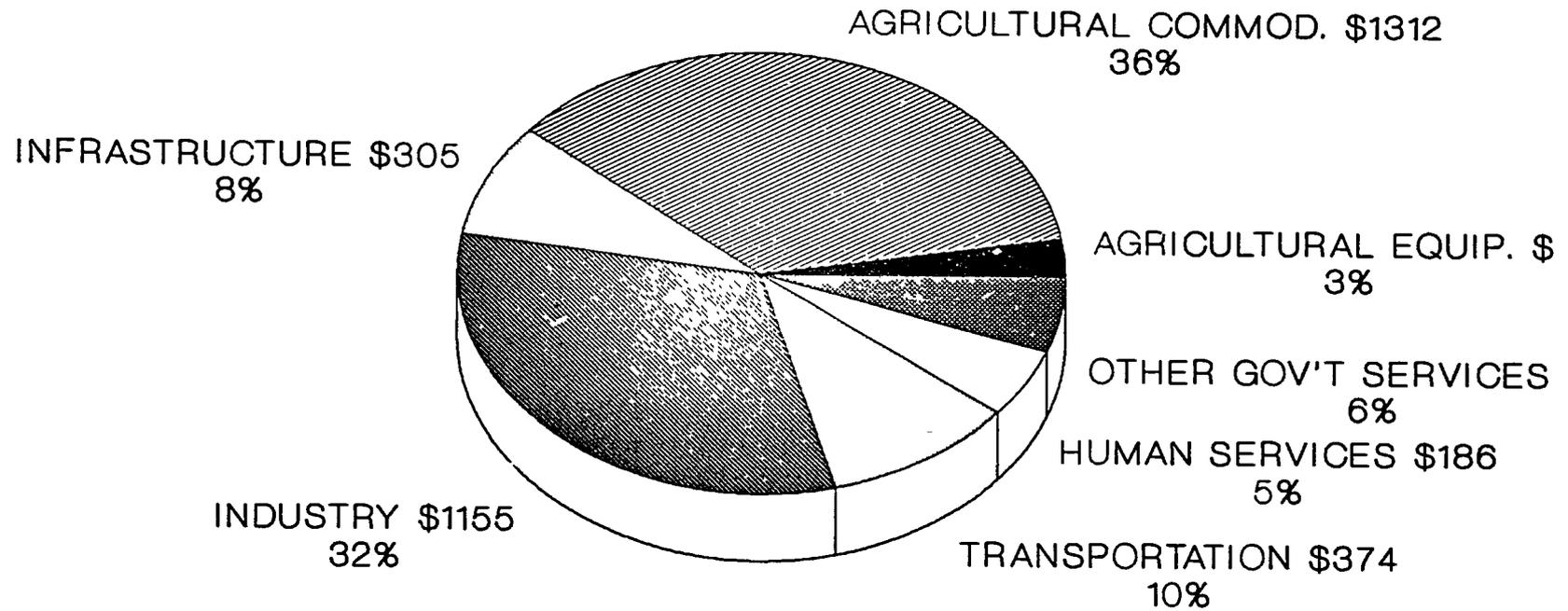
ORANGE JUICE PROCESSING MACHINERY.....	734,000
OVEN, PRINT PLATE.....	351,400
PACKAGING MACHINERY.....	20,385
PAINT SPRAYERS.....	101,418
PAPER AND TONIER.....	21,900
PAPER CUTTERS.....	615,687
PAPER MAKING MACHINERY.....	22,695
PAPER SENSITIVE.....	32,212
PAPERBOARD, POLYCOATED.....	53,667
PAVING BREAKER EQUIPMENT.....	26,407
PEANUT SHELLING PLANT.....	75,111
PHOTO COMPOSING MACHINERY.....	33,483,166
PHOTO EQUIPMENT.....	51,237
PIN MILLS.....	6,543,317
PIPE CUTTING MACHINERY.....	60,732
PIPE END FACING SYSTEM MACHINERY.....	430,742
PIPES AND FITTINGS.....	132,051
PLASTICS, PELLETS.....	1,223,895
PLASTIC GRANULATING MACHINERY.....	364,634
PLATEMAKER, ELECTROSTATIC FOCUS.....	11,829,218
POLYACRYLIC TOW.....	525,101
POLYBUTADIENE.....	449,822
POLYESTER.....	26,504,400
POLYETHYLENE.....	4,521,063
POLYLITE.....	85,210
POLYPROPYLENE.....	90,808
POLYSTYRENE.....	8,876,620
POLYURETHANE.....	1,021,239
POLYVINYL BUTYRAL.....	205,234
POULTRY FEED ADDITIVES.....	21,920
PRINTING PRESSES, PLATES AND ACCESSORIES.....	35,741,497
PROJECTORS, SLIDE AND OVERHEAD.....	151,041
PTO UNITS, AGRICULTURE.....	21,611
PULLEY BLOCKS ANCHOR SHACKLES.....	421,876
PUMPS, ALL TYPES.....	11,226,357
PUNCH PRESSES.....	366,218
PVC COMPOUND.....	143,302
RADAR SURVEILLANCE SYSTEM.....	250,000
RADIO UNITS MOBILE.....	20,986
RAIL CARS AND ACCESSORIES.....	2,197,669
RECORDERS, AUTO WATER LEVEL.....	44,108
REEL TRACK SYSTEM AND COOLING SYSTEM.....	153,541
REFRACTORS.....	1,026,189
REFRACTORY CEMENT.....	25,497
REFRIGERATION SYSTEMS, ALL TYPES.....	1,673,938
RELAY PROTECTORS.....	1,151,918
REMOTE SENSING EQUIPMENT.....	1,332,594
RESPIRATORY UNITS.....	6,318,957
RING CURVING, CUTTING MACHINERY.....	122,507
ROCK CRUSHERS.....	237,950
ROLLER BEARINGS.....	139,640
ROLLER, VIBRATORS.....	1,015,763
ROLLERS, PLATE STRAIGHTENER AND SPARES.....	492,999
ROLLERS, ROAD EQUIPMENT.....	5,209,532

ROTARY SCREENS AND COMPRESSORS.....	889,916
RULING MACHINERY.....	79,445
SAFETY EQUIPMENT.....	79,267
SALT HARVESTERS.....	566,850
SAW BLADES, ALL TYPES.....	117,334
SCALES, AXLE LOAD.....	385,940
SCANNERS, FILM, ACCESSORIES.....	138,115
SCIENTIFIC EQUIPMENT.....	1,599,610
SCRAP IRON.....	2,271,500
SCRAPERS, WHEEL.....	2,376,020
SCREENS, TEXTILE EQUIPMENT.....	243,087
SCREW DRIVER AND WELDING MACHINE.....	11,520
SEED PLANTINGS.....	1,731,610
SEEDS, SOYBEAN AND INOCULANT.....	776,477
SEEDS, VEGETABLE.....	161,210
SEWING MACHINES.....	60,750
SHEARS, SQUARING.....	103,200
SHOCKS ABSORBERS, VEHICLES.....	11,077
SHOVELS, DIESEL POWER.....	548,274
SILICON STEEL SHEETS.....	2,849,420
SILVER RECOVERY UNIT.....	1,029,779
SIMULATOR, DRIVER TRAINING	168,172
SOLAR EQUIPMENT.....	857,212
SOYBEAN MEAL.....	43,730,956
SPARE PARTS, ALL TYPE VEHICLES, MACHINERY, ETC.....	95,466,101
SPARK EROSION MACHINERY.....	80,651
SPECTROPHOTOMETER.....	1,064,689
SPEED COMPOUND.....	311,865
SPINNING AND WEAVING MACHINERY.....	679,996
SPRAYERS, AGRICULTURE.....	2,609,889
SPREADING MACHINERY.....	179,375
STATIC ELIMINATORS.....	258,407
STEEL BARS.....	16,252,199
STEELASTIC CAR TIRE BELT SYSTEM.....	991,585
STERILIZERS.....	206,954
STREET LIGHTING LUMINARIES.....	4,148,341
SUGAR PROCESSING MACHINERY	29,682,910
SULPHUR.....	47,934,877
SUNFLOWER SEED OIL.....	3,882,468
SUPERIOR DIESEL SWITCH BOARD.....	1,152,742
SURGICAL INSTRUMENTS.....	953,041
SURGICAL SUTURES.....	88,228
SWAGING MACHINERY, ROTARY.....	1,699,136
SWEEPERS, VACUUM - RUNWAY AND STREET.....	8,266,220
SWITCHBOARDS.....	1,335,750
SWITCHES, ELECTRICAL, ETC.....	790,142
SWITCHGEAR AND ACCESSORIES.....	769,020
SYNTHETIC FIBERS.....	510,600
SYNTHETIC RUBBER.....	1,763,780
TALLOW.....	311,405,684
TELECOMMUNICATION SYSTEMS - ACCESSORIES.....	64,362,722
TELEPHONE LINE PROTECTORS.....	8,125
TEXTILE MACHINERY.....	816,318
THERMO FORMING MACHINERY.....	304,751

THREADERS, JAM PROOF.....	5,335,470
THREADING MACHINERY.....	134,911
THROUGH -OIL AND NUCLEAR OIL-JUG.....	2,240
TINPLATE.....	166,856,250
TIRES.....	16,501,421
TITANIUM DIOXIDE.....	524,188
TOBACCO LEAF.....	137,097,829
TOOLS, HANDS, ELECTRICAL, ETC.....	3,924,386
TRACTOR MOTORS.....	29,224,833
TRACTORS, ALL TYPES CONSTRUCTIONS.....	47,607,624
TRAFFIC CONTROL SYSTEM.....	16,088,219
TRAFFIC COUNTERS.....	176,300
TRAILERS, ALL TYPES.....	47,234,487
TRAINING AIDS.....	135,000
TRANSCEIVERS.....	2,821,068
TRANSFORMER RECTIFIERS, SKID MOUNTED.....	127,718
TRANSFORMERS, SUBSTATIONS, 8000 KVA.....	1,323,968
TRANSFORMERS.....	301,532
TRANSMISSIONS.....	5,589,752
TRANSMITTERS LINES.....	15,642,492
TRENCHERS.....	157,839
TRUCKS, ALL TYPES.....	80,134,162
TUBES, ALL TYPES.....	2,653,235
TURBINES ENGINES.....	5,260,099
TURBOCHARGER.....	219,100
TURNING LATHES.....	267,500
VACILLATORS AND ACCESSORIES.....	499,999
VACUUM AND GAS PACKAGING MACHINERY.....	18,737
VACUUM DRYERS.....	611,792
VACUUM SWEEPERS.....	1,292,218
VANS.....	1,512,942
VANS, VETERINARY.....	5,223,169
VEGETABLE OIL MILL MACHINERY.....	1,316,544
VEHICLES, EMERGENCY, UTILITIES.....	6,606,469
VERTICAL TURBINE PUMPS.....	1,987,454
VIBRATION INSTRUMENTS.....	523,114
VINYL ACETATE.....	188,698
VISUAL AID EQUIPMENT.....	49,905
VITAMIN C , ACETATE.....	21,900
VIMS SYSTEM.....	17,268,919
WARPING AND SIZING EQUIPMENT.....	364,000
WELDING EQUIPMENT AND ACCESSORIES.....	8,881,481
WHEEL TRACTORS.....	1,146,042
WIG WAG STACKERS.....	7,878,008
WIRE RODS, COPPER, STEEL.....	1,640,604
WOODPULP.....	84,271,003
WOODSLATES.....	943,000
WOODWORKING MACHINERY.....	1,485,572
WORKERS IRON HYDRAULIC AND SPARES.....	509,052
X-RAY UNITS AND SPARES.....	526,397
ZINC INGOTS.....	98,901
ZINC OXIDE.....	54,989
TOTAL	3,713,648,971

FIGURE I

CIP - PUBLIC SECTOR FINANCING SORTED BY SECTORS (1975 - 1990)



(in millions)