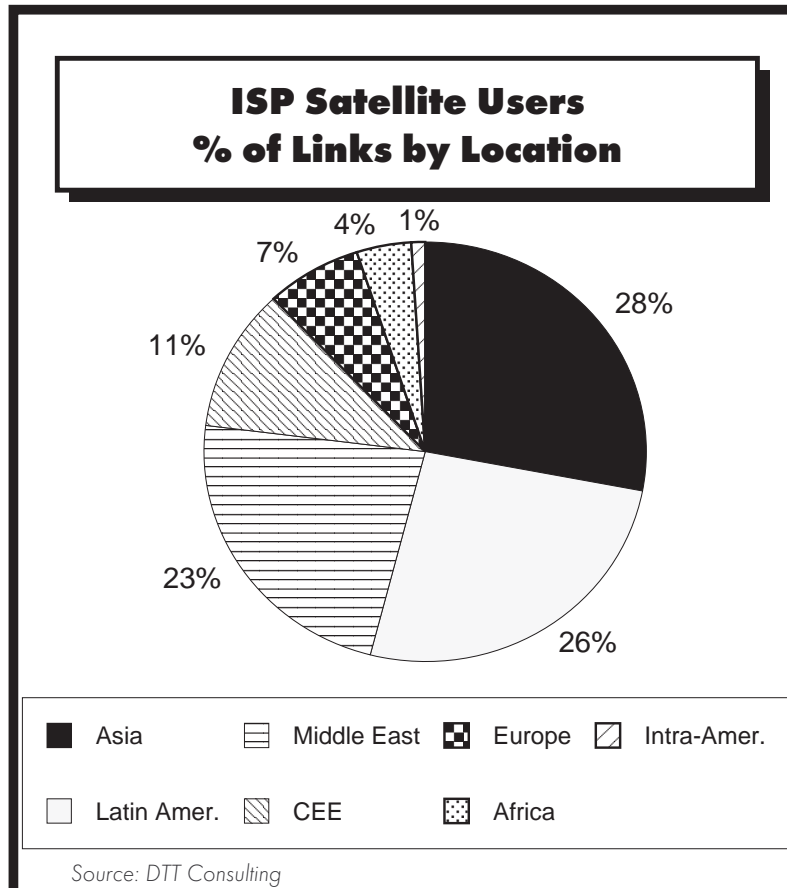


AFRICA & THE MIDDLE EAST TELECOM

Monthly Newsletter Covering Telecom Developments in Africa and The Middle East

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ACROSS THE REGION

GCC Banking Sector Forecasted to Spend \$400 Million on IT Development

Capital spending on IT by the banking sector in Gulf Cooperation Council (GCC) countries will reach a total of

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approximately \$400 million by the end of 2003. Forecasts total IT spending by GCC banks in 2003 at close to one billion dollars, which is substantial in comparison with IT spending levels in developing countries. This pay out is driven by a thrust in acquiring new computer systems and expanding infrastructure. The study, which involved a survey of 30 GCC-based banks, benchmarked the region's financial institutions against a range of global industry parameters. These included IT budget as a percentage of revenue, IT budget per employee, the ratio of IT users per IT employee, and IT budget per IT employee.

First PDA and Pocket PC Event

The first PDA and Pocket PDA exhibition and forum will be held December 9-10 in the Emirates Towers hotel in Dubai. This event is to highlight the potential of this new technology and is supported by the Dubai Internet City, Hewlett-Packard and Palm One. AME Info is also a sponsor.

Adobe Forecasts Regional Growth

Adobe Systems Europe expects to see a spurt in investment in software development in the Middle East, following an all-round drop in software piracy levels across the region. Adobe allows users in Lebanon, Jordan and Egypt to considerably reduce the cost of possessing licensed versions of Adobe software, and is targeting the Middle East as a high-growth area.

ALGERIA

Wataniya Telecom Wins Algeria's Third GSM License

Kuwait's Wataniya Telecom has won the Algeria license to build and operate the third GSM network in the country. Wataniya made the highest offer with a bid of \$421 million. The two other bidders were Telefonica of Spain and MTN of South Africa. Wataniya Telecom is cementing its regional strategy of selectively investing in sound markets with promising returns. Its network will now be in four countries, Kuwait, Tunisia, Iraq and Algeria. Algeria has a population of 32.2 million with a real per capita gross domestic product (GDP) of \$1,855. Currently, Algeria's mobile penetration rate is only 4.5 percent, which leaves significant room for further growth. In fact, it is estimated that there are more than 900,000 requests on demand that are not satisfied by the existing two networks. Wataniya Telecom has 800,000 subscribers in Kuwait and 380,746 in Tunisia, Wataniya Telecom is a member of the KIPCO Holding group.

BAHRAIN

Batelco Defines E-Government Role

Batelco and the Bahrain Central Informatics Organization have reached agreement on the former state telecom monopoly's role in e-government. Officials said Batelco was committed to completely modernizing the e-government apparatus and to set up a common framework to meet future requirements.

EGYPT

US Firm Wins Video Vehicle Detection Contract for Suez Canal Bridge

US-based Image Sensing Systems (ISS) has been awarded a contract to supply its Autoscope video vehicle detection system for the El Qantara Bridge over the Suez Canal in Egypt. ISS' local

partner, Industrial Engineering Company, based in Cairo, has been given the responsibility to install and commission the system which includes fourteen Autoscope Solo Pro cameras.

Located along the bridge structure, the Autoscope system will provide enhanced safety and security for vehicle traffic crossing over the canal. ISS is active in image processing, hardware and software engineering, and communications to develop video vehicle detection systems for traffic management and control applications. The Autoscope vehicle system is a detector for advanced traffic management systems for highways, tunnel incident detection, intersection control, and traffic data collection, allowing traffic managers to reduce roadway congestion, improve roadway planning, and improve cost efficiencies.

IRAN

Report: Iran to Become Telecom Hub between Asia and Europe

Iran is positioning to become a telecom hub between Asia and Europe.. As it does so, the domestic market in wireless and Internet is poised for substantial growth, yielding opportunities for overseas equipment and services providers.

The report is a survey of the current state of play in communications in the country, covering fixed, mobile, Internet and datacomms. "Internet in Iran has a current CAGR of 96 percent," writes the report's author and associate director of BroadGroup, Qmars Safikhani. "But mobile too is experiencing huge growth, and we are forecasting more than treble the current subscriber base of 3.5 million by mid-2005."

The report details advances in infrastructure being made including the installation of a new wireless mesh network nationwide, and a 10,000 kilometer fiber optic network with SDH technology as part of the hub strategy. Major areas of future growth are identified in the report, and include the expansion of public switching systems to increase the number of telephone lines, satellite communications, mobile cellular networks, rural telecommunications and data communications systems.

IRAQ

Wireless Technologies to Dominate Telecom and Internet Services in Post-War Iraq

As a result of both security concerns and the need for rapid, low-cost deployment, wireless technologies are expected to dominate the voice, data, and Internet services markets in Iraq, said *IDC*. *IDC* believes that mobile GSM will substitute fixed-line PSTN, while VSAT, wireless LAN, broadband fixed wireless, satellite, microwave links, and free space optics are likely to dominate data and Internet access connections, in addition to their use in national and international network transmission.

For voice services, the shortage of fixed-line telephony service across the country has heightened the demand for mobile telephony in Iraq. This has been reflected not only in the encouraging uptake for satellite handsets across the country, but also in the increase in the usage pattern for these satellite handsets. Not surprisingly, therefore, regional and some international investors and operators rushed to bid for the three regional mobile license tenders offered by the Coalition Provision Authority (CPA). For Internet access and data services, *IDC* contends that wireless technologies will also dominate as international bandwidth for Internet access services is now almost exclusively over satellite gateways, and multinationals and Non-Governmental Organizations (NGOs) are using broadband satellite and

VSAT for data and Internet connectivity. Even with such strong demand for wireless services, however, the outlook for voice and data services demand going forward is blurred. "The high degree of uncertainty surrounding the political, economic, and security developments in Iraq renders inappropriate any single set of forecasts for the telecommunications markets of this country," asserts senior analyst at IDC CEMA's Telecommunications Group Mohsen Malaki.

Iraqi Authorities Probed for Allegedly Rigging GSM Tenders

Lawyers working for the US-led occupying forces in Iraq have made a recommendation to delay signing three telecom contracts last month to allow time to investigate claims of nepotism by Iraqi authorities in choosing the network providers.

Last month, the Iraqi Communications Ministry awarded GSM mobile phone licenses to three consortia; one led by Egypt's Orascom Telecom (OT) and the others to groups led by Asia Cell and Ather Tel. All three groups include Iraqi firms and the second two involve Kuwait's Wataniya Telecom and MTC. The attorneys' request is directed mainly at Iraqi-born British billionaire Nadhmi Auchi's involvement in OT, the consortium chosen for the Baghdad and central Iraq mobile network. Auchi came to Britain in the early 1980s after falling out of favor with the Saddam Hussein regime. He is currently Britain's 13th richest man with an estimated two billion dollar hotel and shipping empire. An international arrest warrant was issued for Auchi three years ago, after he was alleged to have received a multi-million-dollar bribe from oil giant Elf-Aquitaine during the sale of a Spanish refinery.

The delay to the signing of the mobile phone licenses comes amid broader concern about the workings of the Iraqi Governing Council. Nepotism is gaining momentum in Iraq as businessmen with close ties to members of the Council win large contracts in support of the nation's reconstruction effort.

UK Exporters Get State Guarantees to do Business in Iraq

UK exporters involved in the reconstruction of Iraq will get short-term cover from Britain's Export Credits Guarantee Department (ECGD). ECGD is one of 17 Export Credit Agencies from 16 countries participating in a Framework Agreement with the Trade Bank of Iraq (TBI) and the Coalition Provisional Authority (CPA). Cover will be made available under a new ECGD account up to an exposure limit of \$100 million.

This is in addition to more than \$900 million the UK Government has already committed to Iraqi reconstruction. ECGD will be offering export credit insurance policies to banks or other financial institutions that it approves. The policies will provide cover against the risk that the TBI will fail to meet its obligations in respect of letters of credit issued by it or on its behalf. Coverage will be available for irrevocable letters of credit issued on terms of either 180 days or 360 days for eligible goods or services with a minimum UK content of 50 percent.

Defense exports will not be eligible. ECGD will be able to write business on these terms for the duration of the CPA's life. These arrangements will then be reviewed. ECGD will only provide cover for letters of credit issued in respect of exports that meet the humanitarian needs of Iraq, including the economic reconstruction and repair of Iraq's infrastructure, covering the costs of restoring and running the Iraqi civilian administration in accordance with United Nations Security Council Resolution 1483, stated a press release.

UK Firms Get Green Light to Bid for Iraqi Contracts

US President George Bush is expected to grant UK-based firms the right to bid for multi-million dollar reconstruction contracts in Iraq during a state visit to Britain. Rewarding his war-time ally UK Prime Minister Tony Blair, Bush will open the Iraqi market to British companies as a “good will gesture,” explained a senior US official in Times.

UK firms were excluded from the previous round of bidding for the lucrative contracts. Criticized for being dominated by politically connected US firms such as Halliburton and the Bechtel Group, the Iraq reconstruction effort is forecasted to create 10 new business opportunities worth as much as \$15 billion in the next three months. Areas of development include oil, electricity, water and infrastructure. The US House of Representatives approved an \$87.5 billion supplemental spending bill for financing US military operations and reconstruction programs in Iraq and Afghanistan earlier this month. Some \$18.65 billion from the total will fund various reconstruction contracts in the Arab state.

Iraq Reconstruction Survey Results Released

Equity International released its findings in a recent survey on Iraq Reconstruction. Business leaders polled provided their perspectives on security, financing and leadership.

1. 95 percent of businesses polled said they would like to be working in Iraq as part of the Reconstruction.
2. On-the-job security is a significant concern. 47 percent believe that as of today, Iraq is too dangerous a place to do work
3. Governments need to spend more money. 49 percent believe that the \$70 billion that the U.S. is set to allocate for the Iraq Reconstruction in 2004 will not be enough to reach projected goals.
4. U.S. leadership is preferred. 51 percent believe that the U.S.-led coalition is the most qualified to lead the Iraq Reconstruction.
5. Economic revival in Iraq is a long-term effort. 76 percent believe that the Iraq economy will take at least 3 years to be considered revitalized.

In total, 145 firms in the U.S. responded to the poll conducted from October 21 to October 27, 2003. The complete report is available at www.globalsecurity.bz.

Equity International, a leader in facilitating business sector involvement in the rebuilding of Iraq, will hold the Iraq Economic Summit on January 29, 2004 in Washington, DC. The group held three widely-attended events surrounding the reconstruction effort in Washington in May, July and August and continues to support businesses seeking opportunities in the region.

Equity International Inc. is the leading provider of forums for discussions on the reconstruction of Iraq, featuring leaders from government and business. More than 7,000 government leaders, corporate executives, humanitarian leaders and diplomats have attended the company's events, including the Global Security & Disaster Response Summit in 2002, the Homeland & Global Security Summit in March 2003, the monthly Homeland Security Financing Briefing series, which began in 2002 and has continued successfully in 2003, and reconstruction conferences from Bosnia in 1996 to Afghanistan in 2002. For more information, please visit The Center for Reconstruction & Development at www.rec-dev.com or The Center for Homeland & Global Security at www.globalsecurity.bz.

Poll highlights:

1. Businesses want to be on the ground to help with the Reconstruction 95 percent of businesses polled said they would like to be working in Iraq as part of the Reconstruction. With the amount of

funding provided by domestic and international sources potentially topping \$100 million in 2004, companies see great opportunities in a greater number of market areas. The U.s. and other governments should know that there is no shortage of qualified vendors ready to help rebuild a country in dire need of experienced builders.

2. On-the-job security is significant concern

47 percent of businesses polled believe that Iraq today is too dangerous a place to do work. As much as companies would like to be on-site in Iraq to help with the Reconstruction, a significant percentage view the country's current environment as prohibitively dangerous. Despite the sustained presence of military personnel, several Iraqi cities have seen recent terror attacks and border security in the country appears to be lacking. Businesses understand that military personnel cannot be assigned to provide them with regular armed guard, but without sufficient security, many qualified companies will elect not to pursue business opportunities.

3. Governments need to spend more money

49 percent of businesses polled believe that the \$70 billion that the U.S. is set to allocate for the Iraq Reconstruction in 2004 will not be enough. Approximately \$20 billion would go to reconstruction projects, on top of the \$36 billion in additional funding that the World Bank estimates Iraq will need over the next four years. However, businesses still don't think this will be enough money. Several factors, such as continuing sabotage, small terror strikes, and complex management could create delays in Reconstruction projects and drive up costs. Moreover, businesses have been publicly doubtful that the Iraq economy will be strengthened sufficiently in the short term to provide supporting revenues to international donations.

4. U.S. leadership is preferred

51 percent of businesses polled believe that the U.s.-led coalition is the most qualified to lead the Iraq Reconstruction. Recently, there has been heated public debate among international governments about the United Nation's limited role-to-date in the Reconstruction, with the UN desiring more hands-on managerial control over operations. While 36 percent of businesses would prefer to see more U.S. leadership, the majority are confident in the U.S. and its coalition. Only 13 percent of businesses polled believe an alternative entity should lead the Reconstruction.

5. Economic revival in Iraq is a long-term effort

76 percent of businesses polled believe that the Iraq economy will take at least 3 years to be considered revitalized. Coalition officials as well as the World Bank and other Reconstruction authorities are indicating that the Reconstruction effort could last through 2007. Most businesses believe that it will take at least just as long for the Iraq economy to become stable. The majority, 42 percent, think the economy will need between three and five years, while a substantial group, 36 percent, thinks it will take over five years. Currently, the Coalition Provisional Authority is working with international lending bodies and consultants on creating conditions more conducive to free enterprise, and hence economic growth. Respondents appear convinced that such success cannot be achieved quickly; rather that economic stability will follow a period of sustained attention to business development.

U.S. Reviews Awarding of Contracts for Iraq

According to an article in the Nov. 11 *Financial Times*, U.S. authorities are moving to overhaul the way billions of dollars in reconstruction contracts are awarded in Iraq, amid persistent criticism that the process has been marred by cronyism and has excluded foreign allies.

The Coalition Provisional Authority will present a new Iraq Infrastructure Reconstruction Office, which will oversee contracts at a meeting for interested bidders in Arlington, Virginia on November 19.

The Pentagon promised the IIRO would “emphasize full and open competition in awarding contracts” as it doles out the 18.5bn (£11b, ¥16bn) in reconstruction funding that Congress approved recently as part of President George W. Bush’s \$87bn supplemental budget request for Iraq and Afghanistan.

As part of that effort, the IIRO is expected to consider granting significant rebuilding contracts to British companies, which until now have mostly served as subcontractors in Iraq to U.S. companies.

“Due to the number, size and complexity of contracts in the supplemental budget, the CPA identified that it needed one office to focus on the contracting,” a Department of Defense official said. “It will deal with the selection and prioritization of reconstruction projects for the CPA.”

The rebuilding process has become a source of political embarrassment for the White House since it emerged earlier this year that a contract valued at up to \$7bn to repair Iraq’s oil fields was awarded without competition to Halliburton, the oil services company once headed by Vice President Dick Cheney.

Foreign companies, particularly in Europe, have complained that they were excluded from bidding on a \$680m contract to repair bridges, hospitals and other infrastructure that went to Bechtel, the San Francisco construction group. USAid, which handled the contract, cited federal laws requiring U.S. companies to be given priority since the contract was funded by U.S. taxpayers.

Meanwhile, a report recently published by the Center for Public Integrity, an independent watchdog group, claimed that the contracting process had been opaque and haphazard.

The IIRO, once known as the Program Management Office, will be headed in Baghdad by retired Rear Admiral David Nash. The office is supposed to oversee and co-ordinate the U.S. Agency for International Development, an arm of the State Department, and the Army Corps of Engineers, which have handled reconstruction contracts so far.

The British government said recently it was “reasonably optimistic” about the prospects for UK companies being able to bid for primary contracts. But negotiations are still under way with the Iraq Infrastructure Reconstruction Office. A conference, hosted by the government agency UK Trade and Investment, will be held in London on November 21, two days after the CPA’s industry day event in Arlington. “We will be going through the process for awarding UK companies contracts in Iraq on the 21st,” the UK Trade and Investment said.

About 250 delegates are expected to attend the London event, where the keynote UK speaker will be Mike O’Brien, the trade and industry minister.

Colin Adams, chief executive of the British Consultants & Construction bureau, a lobbying group, said plenty of UK companies were willing to undertake work in Iraq. However, he added that U.S. rules requiring audits of suppliers and other checks made it prohibitively expensive for non-American companies to compete as prime contractors.

As a result, UK companies were either bidding as sub-contractors for U.S. contracts or trying to win contracts for other reconstruction work being paid for by the European Union and the World Bank.

U.S. Delays Mobile Phone Contracts to Investigate Claims of Iraqi Cronyism

U.S. authorities in Iraq have put hundreds of millions of dollars worth of mobile telephone contracts on hold, while they investigate allegations that the bidding process was hijacked by associates of the new Iraqi governing council.

When the Ministry of Communications in Iraq last month awarded three Middle Eastern consortia two-year licenses to build and operate wireless phone networks, the deals were heralded as a breakthrough for regional operators willing to invest in the country.

But the U.S.-led Coalition Provisional Authority in Iraq has been advised to postpone signing the contracts, according to a U.S. administration official speaking on condition of anonymity.

CPA lawyers in Iraq made the recommendation to delay the signing for 10 days to allow time to investigate claims of cronyism by the Iraqi authorities in awarding the licenses, the official said.

The Department of Defense's inspector general has separately been asked to investigate how the licenses were awarded.

The request is understood to focus on the role of Nadhmi Auchi, an Iraqi-born billionaire businessman, in the Orascom group, one of the consortia.

The CPA is concerned that evidence of corruption would reflect badly on the U.S. authority, which played a central role in evaluating the bids.

The delay comes amid broader U.S. concerns about the workings of the governing council. Senior U.S. officials have voiced frustration that the interim body of 25 hand-picked Iraqis is putting their own interests first.

Another senior CPA official said the U.S. occupying authorities had been struck by the resilience of corrupt business practices in Baghdad, where members of the new Iraqi regime had used power for personal gain.

Commenting on the Iraqi ministry's award of the licenses, a U.S. official said: "The question is who did what due diligence, and when?"

Amid increasing suggestions of cronyism in handling out contracts, the CPA is preparing to establish an Iraq Infrastructure Reconstruction Office to oversee how contracts are awarded.

Haider al-Abadi, Iraq's communication's minister, dismayed the CPA last month when he announced that he would hold discussions with the three winners about awarding a fourth license before their contracts had expired, the official said.

The Pentagon confirmed there had been a delay but denied it was due to problems with the way the licenses were awarded.

The CPA said it was working with the Ministry of Communications and the winners to finalize the details of the licenses. "We expect the licenses to be signed in due course within weeks and not months," said the CPA.

NEC and Sumitomo Win Iraq Contracts

NEC, the Japanese electronics group, and trading company Sumitomo have won telecoms contracts in Iraq, becoming the first Japanese companies to be involved in the country's reconstruction.

The companies will supply transmission equipment for a mobile telephone project to be led by Egyptian communications group Orascom Telecom.

The small contract—\$10m over two years—is expected to signal the start of greater Japanese engagement in Iraq's reconstruction.

Few Companies May Lead Iraq Work

U.S. authorities in Baghdad plan to select as few as three prime contractors by Feb. 1 to handle as much as \$15 billion of new public-works projects in Iraq.

The contracts, to be funded through the \$87.5 billion spending package President Bush signed recently, will be overseen by a new Pentagon-controlled Iraq Infrastructure Reconstruction Office. The move will largely sideline the Army Corps of Engineers and the U.S. Agency for International Development, which to date have handled most of the big contracts to rebuild the war-torn Middle East nation.

In another departure from current policy, the Bush administration for the first time will consider bids from foreign companies, according to documents prepared by the U.S.-led Coalition Provisional Authority, the body administering Iraq pending a return to local sovereignty. Until now, U.S. companies have been given all the main work paid for with U.S. taxpayer money

Some experts worry that the new operation will be ill-equipped to parcel out, and later oversee, complex contracts that will rely on possibly hundreds of subcontractors to do much of the work. The Bush administration already has come under heavy fire for alleged cronyism and mismanagement in the handling of about \$2.2 billion of Iraq reconstruction being done in Iraq by Houston-based Halliburton Co. and San Francisco-based Bechtel Group Inc.

The contracts up next will be many times larger in both scale and cost. The ADI, which typically handles less than \$1 billion a year in overseas work, has more than 200 people working in contracting and oversight capacities. The new infrastructure-reconstruction office in Baghdad is expected to have about 100 such specialists, some of whom will be private-sector accountants working under contract.

“This will be a humongous undertaking,” said Steven Schooner, a government- procurement expert at George Washington University. “It is one thing to keep awarding contracts, but the real challenge is going to be managing them afterwards.”

Though many details still are being ironed out, the Pentagon plans to hold two one-day conferences – one November 19 in a hotel outside Washington, the other in London two days later – to explain the new contracting process to hundreds of industry representatives. Actual bids will be solicited over the next month.

Congress allotted \$18.7 billion for an array of work in Iraq, ranging from training a new army to repairing oil fields and electricity plants. The new office, run by Ret. Adm. David Nash—who headed its predecessor entity, the Program Management Office—appears set to oversee only the infrastructure work, leaving oversight of such tasks as training police to another, unspecified entity.

Adm. Nash has hinted in recent weeks that as many as 20 prime contracts could be awarded, though other officials, and various CPA documents, indicate the number could be as few as three. The main contractors then would farm out a huge range of work to smaller companies.

Officials say Adm. Nash will be working closely with an Iraqi deputy, and that a core mission of the office will be to assure that as much work as possible goes to Iraqi companies.

CPA officials planned to announce days ago how the next wave of contracting will work. But they repeatedly have put off the announcement, according to one U.S. official, due to continuing differences over how many prime contracts to issue, who should be allowed to compete and what degree of authority the new contracting office will have. “We are working around the clock to get everything resolved, but this isn’t easy,” the official said.

Among the key issues that remain unsettled is whether the new office will have sole authority to issue and award contracts. Several officials insist it will have that power, but documents sketching out the contracting structure indicate other federal agencies may still need to sign off on each contract.

Adm. Nash retired from the Navy in 1998 and since has worked for General Motors Corp. and as chief of the automotive division of Parsons Brinckerhoff Construction Services Inc.

According to various documents obtained from within the CPA, it is clear that the reconstruction office plans to follow an ambitious timetable. The CPA plans to issue detailed requests for proposals shortly after the two industry conferences. Companies then would be announced by mid-December. Approved companies would be required to submit their bids by December 24, and contracts would be awarded and signed by Feb. 1.

According to a CPA statement, the Washington-area conference “is the first step in a series of measures designed to make CPA’s contracting process as transparent and open as possible.” The new reconstruction office “will emphasize full and open competition and responsiveness to the needs of Iraqi citizens,” the statement said.

Despite an almost complete lack of public information on the new office or how it will function, Pentagon officials say its main mission will be to operate transparently. “This should put an end to the sort of concerns we’ve heard in Congress,” one Pentagon official said.

The CPA has created a new Web site for the office, www.rebuilding-iraq.net, but so far the site’s only offering is the one statement announcing the first industry conference.

Investors Want Reassurance over Iraq’s Framework of Commercial Law

As the number of bomb attacks increases, so does the perception that postwar Iraq is a lawless society. But as international companies look to invest in the country, they are seeking reassurance that a recognizable legal framework will exist to offer them at least a degree of protection.

Many are skeptical that this can be achieved in the foreseeable future, particularly those who question the legitimacy of the Coalition Provisional Authority’s moves to encourage foreign investment as part of efforts to get the nation back on its feet.

However, Dan Larkin, partner in the international law firm Squire, Sanders & Dempsey, is one of a number of corporate lawyers active in the region who are planning to prove them wrong. A group of lawyers from Squire Sanders is about to set to work reviewing the commercial legal framework in Iraq. The firm is acting for a number of governmental and private clients on interim infrastructure projects, such as a two-year mobile phone license contract, as well as assisting with legal reform.

Mr. Larkin, head of Squire Sanders’ European project finance practice, says he is optimistic because the country already has a sound legal base to build on. The decades of Saddam Hussein’s rule certainly shattered western notions of justice. But Mr. Larkin says pre-Saddam Iraq was “at the forefront of Arab legal systems” with a “fairly highly evolved” commercial code. That was heavily overridden by the Ba’ath party regime while in power, leaving lawyers and judges tainted. But, says Mr. Larkin, “if you strip that away there’s a pretty decent legal system, although it’s a bit out of date.”

At a “reconstructing Iraq” conference in London, M. Larkin outlined the many pitfalls of the current legal environment in Iraq. He pointed to the lack of a regulatory framework consistent with a market economy, and absence of antitrust laws and unclear intellectual property protection. In addition, there is no law requiring the recognition or enforcement of court judgments or arbitral awards from non-Arab countries.

“One of the problems now is joint ventures, which typically involve complex corporate governance provisions,” Mr. Larkin adds. “The Iraqi system is not as flexible as you might expect.”

He says the focus will be on updating laws that govern contracts, privatization’s, bankruptcy, leasing, security and the regulated industries such as electricity, transport and energy.

Underlying it all, though, is the fundamental problem of the lack of fair and transparent interpretation and enforcement of laws. That will remain a difficulty for some time, at least until new statutes are put in place by a permanent government and precedents are created as judges interpret them. In any case, corporations with disputes will almost certainly turn to international arbitration as the forum for settling their grievances.

There have already been changes, though. The Coalition Provisional Authority has enacted a number of regulations allowing foreign investment and the entry of international banks, for example. Property estate rules have been eased so that, while foreigners are still barred from owning property, they can lease for up to 40 years.

However, even here there is doubt. Some international legal experts have warned that the authority’s orders may breach international law and that obliges occupying powers to respect laws already in force in a country. They have suggested that its orders opening the Iraqi economy to foreign investment run counter to the existing Iraqi constitution.

But Mr. Larkin adamantly disputes that. He says the authority has been “assiduously careful” to ensure it is working in accordance with UN resolutions and has taken only interim measures to bring in urgent foreign investment to aid reconstruction.

“They realize they cannot offer any kind of permanent rights. Only a permanent government can do that,” he says. “They have been offering short-term contracts to deal with immediate needs for basic services.”

What has been done, he says is to remove some “odious” provisions that were incorporated into Iraqi law simply to obstruct international engagement and buttress Mr. Hussein’s regime. In spite of some inevitable legal uncertainty, the opportunities in Iraq will outweigh the risks for many international institutions. “There are a lot of things you can do so people can come in and take manageable risks. The market opportunity would, on its face, be pretty tremendous.”

Lawmakers Agree to \$18.4 Billion in New Iraq Aid

Bowing to the White House, lawmakers agreed on October 29 to provide more than \$18.4 billion in new aid to Iraq without requiring that any of the money be treated as a loan.

The package represents a nearly \$1.8 billion cut from the Bush administration’s initial request, as last-minute changes by House and Senate negotiators siphoned off more money to finance aid to Jordan and African nations. Nonetheless, it is rich enough that President Bush shouldn’t need more reconstruction funding until after the 2004 elections.

Eliminating the loan requirement is a victory for the president. The pivotal 16-13 vote came on an unsuccessful motion by Democrats to uphold a bipartisan Senate amendment that would have required that \$8 billion be repaid by Iraq, unless other creditor nations also forgave debts accumulated by Baghdad under Saddam Hussein.

Sens. Ben Nighthorse Campbell of Colorado and Sam Brownback of Kansas—two Republican negotiators who had supported the loan provision on the Senate floor—allowed their proxies to be cast this time with Mr. Bush. The two, together with Sen. Daniel Inouye (D., Hawaii), gave the administration the margin it needed.

Mr. Bush's triumph is tempered by the challenges he faces in Iraq and the simmering anger at home among Republican allies who complain of administration arrogance toward Congress. "Pride goeth before the fall," lectured Rep. Frank Wolf (R., Va.). Senate Appropriations Committee Chairman Ted Stevens (R., Alaska) didn't hide his irritation that Ambassador L. Paul Bremer III, the U.S. administrator in Iraq, had failed to show up at a planned meeting with him and House Appropriations Committee Chairman Bill Young (R., Fla.)

"If I had been him, I would have seen the chairmen of the two committees," Mr. Stevens said.

The Iraq aid is part of a much larger emergency-spending bill to cover U.S. commitments over the coming year in Iraq as well as Afghanistan. As the negotiators reached agreement, the cost approached \$87.5 billion, including \$500 million as a down payment to meet the cost of helping fight the wildfires that have swept Southern California.

About \$65 billion would go to cover U.S. military and intelligence operations related to Iraq and Afghanistan. And negotiators agreed to further expand healthcare benefits for military reserve and National Guard forces and their families.

Part and Parcel

Major components of an emergency spending bill being negotiated in a House-Senate conference:

- \$65 billion for U.S. military and intelligence operations in Iraq and Afghanistan; includes expanded health care for some reservists.
- \$18.4 billion for Iraq reconstruction, provided as grants rather than loans.
- \$1.2 billion for Afghanistan aid.
- \$500 million as down payment toward costs of California wildfires.

Expanded aid for Liberia, Jordan and Sudan.

Oil-Field Reconstruction is Doubled to \$2 Billion; A Delay Aids Halliburton

The Army Corps of Engineers, after assessing damage from looting and sabotage in Iraq, doubled the value of two contracts it plans to award for oil-field reconstruction to \$2 billion, but said it will need two more months to decide who gets the work.

The delay means Halliburton Co.'s Kellogg Brown & root unit will continue to work in Iraq under its exclusive pre-war contract. The Halliburton contract has drawn political fire because it wasn't competitively bid, and because Vice President Dick Cheney led Halliburton before he stepped down to run for office.

So, far, Halliburton, has been authorized to perform \$1.6 billion in work under the contract, and that amount is likely to increase before the new contracts take effect early next year, Corps spokesman Robert Faletti said.

ISRAEL

Israeli Company Signs Telecom Deal with Indonesia's Mobile 8

Israeli wireless multimedia developer Emblaze Systems has entered the telecom market in Indonesia, the world's largest Muslim country. The company signed a one million dollar contract with local Mobile-8 Telecom to implement its products and technologies on a nationwide network, stated a press release. Mobile-8 is a telecom operator made up of a consolidation of existing operators in Indonesia.

The Israeli technology will enable its customers the power to stream or download standard MPEG4 video content, as well as to send animated greeting cards and video messaging with the Israeli products. Emblaze and Mobile-8 together with a local agent, are deploying traffic surveillance cameras around Jakarta, to broadcast live feed to the system and supply real time traffic-monitoring services to its subscribers. Israel's lack of formal government representation in Indonesia has not stopped Israeli-based companies from doing business in the Islamic state. Last month, Israel Aircraft Industries (IAI) finalized plans to open a branch in Jakarta, reported Yediot Aharonot. The division is the first area office opened by an Israeli defense company in a Muslim state.

Tata Teleservices to Deploy ECI Telecom's XDM Optical Platforms

ECI Telecom announced that Tata Teleservices Limited, a member of the Tata Group and one of India's leading CDMA mobile carriers, will deploy ECI's MultiService Provisioning Platforms (MSPPs) within its optical transmission access and backbone network. For the first phase of the project, ECI will supply hundreds of XDM-100, XDM-500, XDM-1000 and BroadGate platforms to TTSL. ECI's SDH/DWDM optical network solutions will carry live traffic for Tata Teleservices across 6 circles including Maharashtra/Mumbai, Delhi, Gujarat, Andhra Pradesh, Karnataka and Tamil Nadu. Further network growth and expansion of the circles are expected in the near future.

ECI Telecom's XDM will enable Tata Teleservices to expand and maintain its high quality CDMA network for providing voice, data and video services. The XDM MSPP converges intelligent optical networking capabilities with advanced data functionality including ATM and Ethernet Layer 2 over SDH/SONET and DWDM. By integrating multiple network elements within one unified platform, the XDM MSPP replaces the need for investment in additional equipment as the network evolves. This cost-effective, scalable approach provides Tata Teleservices with the flexibility to upgrade its network according to future demand. This unique "Build As You Grow" characteristic was instrumental in its selection over competitive offerings.

In addition to the XDM, ECI Telecom's BroadGate MSPP family offers Tata Teleservices a metro access solution which extends the services of the XDM to the access network. BroadGate answers Tata Teleservices' growing need for cost-effective and reliable Ethernet connectivity in the metro access market.

Atrica and Controlware Communications Systems Announce Strategic Partnership

Atrica, a provider of Optical Ethernet equipment for the rapidly expanding Metro networking market, and Controlware Communications Systems, one of Europe's largest and most experienced Systems Integrators, announced a strategic partnership.

Under the terms of the agreement, which combines the strength of Atrica's Optical Ethernet Systems with Controlware's world-class reputation and global presence, Controlware will provide local Systems Integration services to Metro carriers as they deploy Atrica's proven solutions.

In addition to supporting joint customers as they deploy Atrica's Carrier-class solutions, the two industry leaders will work together to identify and pursue joint Metro networking opportunities in Europe. Demonstrating increasing market support for utilizing Ethernet to solve metro carriers' business and technical challenges, this agreement represents Controlware's entry into the Optical Ethernet marketplace. Working with Atrica, Controlware will leverage its comprehensive knowledge of local markets to provide fulfillment and delivery services as well as second level support to Metro carriers

as they build-out, expand, and/or upgrade their telecommunications infrastructures with Optical Ethernet technology.

The first solutions purpose-built for next generation Metro networks, Atrica's Optical Ethernet Systems meld Ethernet with optical switching and networking technology and combine this with Carrier-class traffic engineering capabilities to enable carriers to dramatically simplify their Metro network operations, significantly reduce their capital and operational expenditures, and scale their networks to deliver advanced, profitable Ethernet-based services.

Atrica's Optical Ethernet Systems were designed to supply significantly better price/performance than SDH/SONET-based equipment, and to deliver Carrier-class attributes such as guaranteed service level agreements (SLAs), sub-50 millisecond resiliency, integration with circuit switched networks, Ethernet Circuit Emulation Services (CES) for support of TDM traffic, and point-and-click OAM&P.

Atrica's Optical Ethernet Systems Selected by Deutsche Telekom for Its Next-Generation Global Seamless Network Project

Deutsche Telekom AG has selected Optical Ethernet leader Atrica Inc. as one of three suppliers for its Global Seamless Network (GSN) Project. Representing a critical, further step towards a comprehensive implementation of a carrier grade Automatic Switched Transport Network (ASTN), the GSN Project is a fully operational, multi-vendor interoperability demonstration that will help define the structure of the next-generation network at Deutsche Telekom.

Deutsche Telekom Innovation has developed the GSN Project to identify key technologies that will increase their network utilization efficiency, improve their ability to serve their end customers, and increase their profitability by reducing expenses and enabling the delivery of profitable new services. The GSN Project leverages today's most leading-edge communications technologies to cost-effectively and efficiently deliver advanced broadband business services and applications such as high speed Internet access, Transparent LAN Service (TLS), point-to-point Ethernet, and video over Ethernet.

Being implemented in Berlin and Darmstadt, Germany, the state-of-the-art GSN Project demonstrates end-to-end Ethernet services by connecting two Atrica-based Metro Ethernet networks across an SDH long haul network. This Deutsche Telekom Innovation project is the first ASTN implementation with OIF UNI 1.0 signaling, which allows seamless, dynamic provisioning of Ethernet services across the long haul network, quick service turn up, and the ability to react quickly to bandwidth demand changes.

The GSN Project leverages Atrica's ASPEN for a comprehensive, fully integrated OSS, including Customer Network Management (CNM) functionality. The Deutsche Telekom OSS is integrated with Atrica's ASPEN for an end-to-end view and monitoring of the network via a single OSS network management platform.

ECI Announces Q3 Results

ECI Telecom Ltd. announced consolidated results of operations for the third quarter and nine months ended September 30, 2003. Revenues for the third quarter of 2003 rose to \$105 million compared to \$102 million in the second quarter of 2003 and \$147 million in the third quarter of 2002. Gross profit increased to \$40.0 million (38.3 percent of revenues) compared to gross profit of \$37.3 million (36.7 percent of revenues), in the second quarter and \$52.4 million (35.6 percent) in the third quarter of

2002. The operating loss for the third quarter of 2003 was \$19.1 million compared to \$34.3 million in the second quarter and an operating loss of \$42.0 million in the third quarter of 2002.

The net loss for the third quarter of 2003 was \$14.7 million, or \$0.14 per share, compared to \$35.0 million, or \$0.32 per share for the second quarter and a net loss of \$89.1 million, or \$0.83 per share in the third quarter of 2002. Third quarter 2003 results include \$2 million of special charges associated with the integration of Lightscape and Enavis into the Optical Networks Division. Of ECI's net loss, ECTel accounted for \$6.8 million (representing ECI's 58 percent interest in the losses of ECTel). Excluding the special charge, and the impact of ECTel, ECI's net loss for the third quarter of 2003 was down to \$5.8 million.

During the quarter, the company continued to generate positive cash flow from operations as it has for the previous nine quarters. At the end of the third quarter, cash, cash equivalents, short-term investments and long term investments and deposits in marketable securities totaled \$250 million.

Partner Communications Selects Nortel Networks for Israeli UMTS Network

Partner Communications Company Ltd. has selected Nortel Networks in a frame agreement with an estimated value of US \$93 million to supply what is expected to be Israel's first third-generation UMTS Wireless Network. Upon deployment, the UMTS network is expected to significantly boost voice and data capacity, while positioning Partner to offer advanced new services such as Person to Person Video Telephony that can change the way people communicate, and create new sources of revenues for Partner.

JORDAN

Siemens Wins Omantel Expansion Contract

The Oman Telecommunications Company (Omantel) has commissioned the Siemens Information and Communication mobile Group to expand the GSM network in Oman. Omani residents living in the country's remote regions such as Al-Dahkilia, Al-Sharqiya and Al-Dhaira, will soon also have access to mobile telephony. Under the terms of the \$40 million contract, Siemens will supply and install base stations as well as fit GSM technology along the main highways linking the cities of Muscat, Nizwa, Ibri, Beidbeid and Sur. Siemens expanded Omantel's GSM infrastructure in 2001 to include prepaid services, also used by mobile radio subscribers in the Sultanate.

"Countries such as Oman, and indeed the Middle East as a whole, play an important role for our business," said President of Networks within Siemens, Christoph Caselitz. Headquartered in Muscat, government-owned Omantel is the country's sole provider of telephony, mobile and Internet services. Full Internet service became available in early in 1997. The network currently covers 80 percent of the population, with 98 percent of urban households owning a telephone line.

KUWAIT

Kuwait's GSM Market Leads the Arab World in Low Cost Rates

Kuwait's GSM market leads the Arab World in relatively low cost rates, according to new research by Arab Advisors Group. The United Arab Emirates (UAE) and Bahrain are close contenders

with Oman and Saudi Arabia coming behind. The research covers 22 mobile operators in fourteen different Arab countries.

The Arab Advisors Group conducted a full analysis of cellular rates relative to the wealth of the country. Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and UAE were revealed to have low cost cellular rates, relative to the examined countries gross domestic product (GDP) per capita. Algeria, Egypt, Lebanon, Morocco, Syria, and Tunisia still have high cost cellular rates, relative to the examined countries GDP per capita. Jordan and Palestine's rates are fair relative to their GDP per capita. Moreover, the Arab Advisors Group conducted a further analysis of the regional trend line of the cellular rates, and found that many countries still have room for lower rates, while other countries rates are absolutely, not just relatively, low.

The countries covered in this report are Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Syria, Tunisia, and UAE. The report fully compares the prevailing cellular service rates across the markets and ranks them accordingly.

LEBANON

Lebanese Backed Consortium Wins GSM License in Cyprus

Cypriot-Lebanese consortium Scancom has been awarded the license to operate the first private GSM network in Cyprus. The group submitted a bid of \$25.5 million for the tender, reported *AP*. Adhering to EU accession regulations, the government of Cyprus announced plans to liberate the telecom sector last year.

The island nation is expected to join the European bloc in May. The Cypriot telecoms market is currently in a state of partial liberalization. While all voice telephony and mobile communication are monopolized by the state organization Cyprus Telecommunications Authority (CYTA), certain services like data transmission, value added services, Internet services provision, and equipment provision are liberalized

Lebanon's GDS Selects SR Telecom's Broadband Service

Canada's SR Telecom has received purchase orders for its angel broadband fixed wireless access product from Globalcom Data Services Company (GDS), a public wireless access network provider in Lebanon. This is the first of a multi-phase project that will eventually see GDS deploy the angel product in eight major cities throughout the country. GDS will initially deploy three 3.5 GHz angel base stations and 300 Customer Premises Equipment (CPE) to deliver data services to the small and medium-sized business community. Over the next two years, GDS expects to extend its angel network with the addition of five to seven base stations and over 10,000 CPEs as they deliver broadband Internet services to residential customers in and around eight Lebanese cities.

Deliveries and installations are expected to commence in the fourth quarter of 2003. SR Telecom designs point-to-multipoint wireless access solutions, which include equipment, network planning, project management, installation and maintenance services. Its products are used in over 110 countries. The company has received orders in excess of \$16 million from various customers in the Kingdom of Saudi Arabia since the beginning of the year. Included in this total is a recent services and equipment contract worth eight million dollars. GDS is a wireless data transmission provider licensed by the Lebanese Ministry of Communications to install and operate a public wireless

access network. Its network has national coverage from Kobayat in the north to Mayss-El-Jabal in the extreme south of Lebanon.

NIGERIA

interWAVE Secures Third Phase Infrastructure Order for CFL in Nigeria

interWAVE Communications, a Silicon Valley pioneer in compact wireless communications systems, announced that it has received and deployed a \$2.2 million third phase order for Commercial Facilitators Limited (CFL), a value-added telecom service provider in Nigeria, providing two of its Cell-On-Wheels solutions — rapid deployment trailer-based mobile cell sites integrating all the features of permanent installations. The solutions can be used in any number of applications; whether it's filling a network gap, providing network capacity for large events, or to meet sudden needs such as providing lost communication during natural disasters.

QATAR

Oracle, Major Qatari Deal

Oracle has announced that one of Qatar's most diverse conglomerates, Faisal Bin Qassim Al-Thani and Sons Holding Company has deployed the Oracle Collaboration Suite. The Doha-based group opted for the Suite for its capability to give FBQHC's employees a single in-box for all email, files, and fax messages, as well as the flexibility to access messages from Outlook, Web browsers, and mobile phones.

SAUDI ARABIA

Saudi Government Issues Tender Notice for New Telecom License

The Saudi government has issued a public notice inviting correspondence with interested parties on the procedures and conditions to be applied to the licensing of telecommunication providers in the Kingdom. The notice is part of the government's efforts to privatise the telecommunications sector in Saudi Arabia.

The Saudi Communications and Information Technology Commission (SCITC) plans to award licenses to telecom providers in 2004. Responses to the notice must be submitted to the SCITC by December 31, 2003, stated a press release. The SCITC will provide further details on the licensing process shortly after the conclusion of the public consultation. It will then issue a Request for Pre-Qualification (RFPQ) package and will disclose the fee for those intending to file a response. The pre-qualification phase will last for six weeks after the RFPQ is issued.

During that time, the SCITC will determine which candidates will be included on a short list and are entitled to submit an application for a license. SCITC is seeking input to a number of questions as it moves forward with its plans to license new telecom providers, including the number of service providers it should license and the type and scope of coverage that providers should offer.

BMC, Saudi Aramco Roll-Out

BMC Software has announced that Saudi Aramco is rolling out a major implementation to ensure better alignment of its computer systems and business processes. The oil giant is presently

using BMC solutions to automate job scheduling and to monitor platforms, databases, and applications monitoring. Enterprise security and total event consolidation initiatives are being added.

SYRIA

US Senate Vote Firms up Sanction Program against Syria

The US Senate has voted in favor of the Syria Accountability Act and endorsed an amendment to the policy that would give President Bush greater authority to waive sanctions for national security reasons.

The Act's revision was passed by an 89-4 vote on Tuesday, November 11, 2003 and will go back to the House for endorsement before getting the final stamp of approval from Bush.. The US House of Representatives approved the sanctions act against Syria by a vote of 33-2 last month. This version allowed the president to waive all sanctions but the ban on the export of goods that have military as well as commercial uses.

The House-passed act calls for the president to bar US exports, including dual-use items, to Syria and choose two sanctions from a list that includes freezing Syrian government assets in the United States; banning Syrian aircraft from US air space and reducing diplomatic contacts with Damascus. If the newest amendment is passed, the Bush administration will have the power to waive the export embargo and the two additional sanctions in the interest of national security.

UAE

Etisalat, Alcatel 3G Deal

Etisalat has reached a deal with Alcatel to provide a complete intelligent network solution for the entire UAE to pave the way for the launch of 3G mobile phones in Q3 next year. This state-of-the-art system will handle video and audio streaming.

E-marine Installs Submarine Cable Linking Qatar to the UAE

Emirates Telecommunications and Marine Services (e-marine) has been awarded the turnkey contract to install the new submarine fiber optic telecommunication cable link between Qatar and the United Arab Emirates (UAE). E-marine is a wholly owned subsidiary of the Emirates Telecommunications Corporation (Etisalat) and is a submarine cable installation, maintenance, storage and repair company.

The new project includes the installation of more than 200 kilometers of cabling. With e-marine's ships and resources ready to start work, the entire project is expected to be completed within nine months. E-marine has its facility with a modern cable depot located in Port Zayed in Abu Dhabi. The company currently operates two fully functional cable ships with the appropriate facilities to lay and maintain cables in both deep and shallow waters.

SMS Charity, Mobile-Aid

Mobile phone users can donate directly to children's charities with SMS in the UAE. You simply send an SMS message to 4324 for the Al Noor Center and Rashid Paediatric Center, or 4326 for the Sharjah Charity International. Dhs10 will be debited from the subscriber's mobile phone.