

- 12-14 **Montedison to build, in India, a fertilizer plant and a second to refine petroleum for subsequent supply to Third World countries.**
- IRI-Finsider deal to provide India for infra-structural development and steel for third countries via Indian markets. (Ossola is scheduled to go to India next year.)
- Reports of possible FIAT deal with India, unspecified.
- An unspecified company will be building an iron pellet factory in India, reported to be a tri-lateral arrangement that includes Iran.
- A delegation from Ghana is in Italy discussing trade deals.
- Italian Health Minister Del Falco returns from USSR with a signed agreement for joint health research.
- Turkish Deputy Prime Minister Erabeka in Italy, visiting numerous industrial installations. A statement from the Deputy Premier confirms that he is after deals particularly in the heavy industry sector.
- Soviet Minister for Civil Aviation in Italy, invited by Italian Transport Min. Ruffini.
- Rumanian Prices Minister Gaston Marin in Italy, invited by Foreign Ministry no. 2 man Radi.
- Rumors in the Italian stock market that Libya is buying into Monti. Monti shares shoot up.
- 12-15 **Hungarian Justice Minister in Italy, heading a delegation.**
- 12-3 ***Avanti* reports that Agnelli is concerned that the unspecified buyer of FIAT shares thru Swiss banks is Qaddafi. Holds a meeting to beg the bankers not to sell to the Libyans.**
- 12-17 **Report that ENI and Elf-Aquitaine have formed a joint consortium to exploit oil in the Amazon.**
- Algeria has signed deal with Italy for production of tires and auto company, for a total of \$260 million.
- IRI will build silos for Canadian grain. A three way deal, Canada will be lending Algeria the money for the silos at 0 per cent interest for 10 years, at which point the interest will become 1 per cent, repayable after 50 years; total worth: \$40 million.
- Radi to Algeria meeting Deputy Premier Torok.
- The German Bosch Philco plant will be selling its large Milan plant to Iran.
- SNAM-Progetti (ENI) to build fertilizer plants in India. Two contracts signed worth \$45 million — will be in Trombay and outside Bombay. The contract was signed in the Nepalese capital and includes provisions for training, equipment and original urea process originated by the Danish Halder Topsoc.
- Tecnimont (Montedison's engineering subsidiary) is currently building a series of chemical plants in the USSR.
- 12-18 **Confidential report from the Italian Foreign Ministry claims that Italy has granted a debt moratorium to Egypt.**

## Arab Investments After FIAT

— **Monti:** Libyans want to buy from Italian oil baron Attilio Monti 70 per cent of the Milazzo and Gaeta refineries (Milazzo being the biggest European refinery), two oil tankers, and the entire distribution network of the Marche, formerly Italian subsidiary of British Petroleum. Monti is being offered 150 million dollars. Well placed sources report in the press that negotiations have been going on for eight months and the only thing missing is the final signature. Both refineries are located in strategic areas of the Mediterranean.

— **Montedison:** Through Gaith Pharaon, former economic advisor to King Faisal and friend of Cefis, Montedison has drawn big expansion plans which involve the United States, where Montedison has already bought one-third of the Bank of the Commonwealth of Detroit.

— **Cefis:** has concluded and signed two important contracts with Saudi Arabia: one provides for transferring the entire capital of the Incas Bonna Saudi Arabian based at Gidda, and part of the Incas Bonna Italiana, which has been secured a large amount of orders. The other contract will permit Montedison to do a joint petrochemical complex for an investment of 1,000 billion lira.

— **ENI:** is about to finish with Iran an agreement for giving up 50 percent of AGIP's distribution network outside of Italy. This has two aims: to obtain supplies for AGIP, and to involve Iran in the distribution business so as to render more difficult any eventual unilateral action.

— *ENI*: about to conclude an agreement with Algeria for the creation of a mixed company for the transport of natural gas. ENI's subcompanies Saipem, Nuovo Pignone and Snam Progetti, have allocated 2,600 billion lira for contracts with Arab countries during the 1976-79 period.

— *Italstat*: Will construct in Iran a huge commercial port at Bandar Abbas. Corbi, Italstat president, said that the company's contracts in Iran will not stop at Bandar Abbas.

— *Pirelli*: Last week, Guido Fabio, "foreign minister" for the Pirelli group, went to Kuwait. He is expected back in Italy Dec. 22 after signing an agreement for the construction of a big complex. Pirelli is also negotiating with Algeria for the construction there of a tire factory. Iraq wants Pirelli to expand a plant that Pirelli already built there.

— *Finsider*: Finsider (IRI) will construct in Bandar Abbas a steel complex that will produce 3 million tons of steel per year. The definitive agreement will be signed by late March 1977. The Finsider will also participate in

the construction of the Tavanir pipeline, and will supply 40,000 tons of iron sheets for the Kanganastara pipeline.

Finsider is conducting negotiations with Iran for the construction of an aluminum and tube factories. With the Egyptians, Finsider formed a mixed company for the construction of the Abu-Gharadig pipeline. In Morocco, Finsider may get involved in the construction of the Nador steel complex. Finsider also wants to construct a Bandar Abbas-like steel complex in Libya.

— *The Banco Ambrosiano*: has been asked to participate in the Mediterranean Arab Bank. The proposal came from Mahd al Tajir, Ambassador and advisor to Shief Rashid of Dubai, and was accepted immediately.

— *The Soviet Union*: is helping the Libyans in the construction of a nuclear complex. FIAT may be participating in this.

— *Cesare Romiti*, FIAT director and one of the negotiators for the FIAT-Libya deal, went to West Germany to inform bankers and industrialists that FIAT will invest 15 billion marks in West Germany, five of which will be invested in the auto sector. Most of the money will come from Libya.

## Weakness in Auto Production, Despite Oct.-Nov. Business Figure

### BUSINESS OUTLOOK

NEW YORK, Dec. 18 (NSIPS) — The U.S. economic situation continues to deteriorate, notwithstanding the expected rebound that the end of the Ford strike gave to the October and November sales, income, and production figures which were released this week.

In the U.S., fourth quarter production is being held up slightly by a 3-4 per cent increase from the previous quarter in business spending on new plant and equipment "locked in" prior to the widespread perception that the U.S. economy had run out of steam. By the end of this month, however, capital spending will have flattened out — industrialists have recently cut back their expenditure program sharply.

Weakness in the key auto sector also continues to plague the economy. All Big Three auto companies have just announced new temporary layoffs totaling 16,000 workers for early next year — despite General Motors chairman Thomas Murphy's ridiculously optimistic predictions at a press conference this week that total U.S. auto sales (domestic and imported) would increase 11 per cent in 1977, to 11.25 million units. Another additional 9,800 Chrysler workers will be out of work during a week in January due to a conveniently timed plant renovation. GM's Lordstown plant, one of the most politically

explosive in the U.S., will be shut down for a full three weeks starting Jan. 10.

Although Ford Motor Chairman Henry Ford II recently lowered his firm's estimates of 1977 sales to 10.6 million units, conditioned on "a modest tax cut," even Wall Street "auto analysts" (usually professional industry boosters) do not see such a sales rate as even a remote possibility in the first quarter of next year. Auto sales for the remainder of December are being very closely watched for indications of whether or not the current poor situation in the industry will rapidly deteriorate. Although reported sales in the first ten days of December were generally inconclusive, coming in at about the 9 million annual rate for domestic producers that analysts felt was absolutely essential, the Commerce Department's latest weekly retail report shows auto dealer sales down 13.9 per cent from the previous week (The weekly retail figures are not always reliable and can be subject to large revisions). The final two weeks will be a make-or-break situation.

### *Out Of Balance*

Business statistics released this week showed industrial production rose 1.2 per cent in November, following revised declines of 0.4 per cent and 0.3 per cent in October and September respectively. The Federal Reserve Board attributed more than half of the