

Three Way Trade Deals Up in New Year

WORLD TRADE

Bilateral trade agreements from the first two weeks of 1977 represent part of an overall reorientation of trade agreements taking place between Western Europe, the socialist sector and the Third World toward the establishment of the infrastructural basis for the new world economic order. In quantitative terms, Italy ranks the highest, with Foreign Affairs Minister Forlani's trip to the Soviet Union promising to net \$6-7 billion worth of trade and new developments in "triangular cooperation."

Two deals represent important breakthroughs in the high-technology exports of their respective countries. The Swedish electrical company, ASEA, has been contracted to supply Poland with approximately \$18 million worth of industrial process computers. In a second deal which has evoked much protest from the Pentagon and Carter circles, Great Britain's Lucas Aerospace Company has agreed to supply the Soviet Union with an electronic fuel injection system for the supersonic TU-144. The Pentagon believes that the same system will be used by the Soviets for their "backfire" bomber.

While many of the contracts listed below are energy-related the most significant development in this field is that Western Europe is demonstrating its determination to go ahead with the rapid development of nuclear power, both for domestic use and export. Coinciding with the ongoing debate within the British government on the need to greatly expand nuclear production and export, to the Middle East especially, the head of British Petroleum, Mr. Walters called for British nuclear technology to replace fossil fuels by 1980. Nuclear-related contracts between Italy and Sweden, Italy and the USSR, and France and Algeria have been signed since the first of this year.

European Trade Deals Since Jan. 1

Italy

- 1- 3 — Italian Trade Minister Ossola announces creation of a \$6 billion fund for financing short-term trade expansion.
- 1- 4 — Corib will build roads in Saudi Arabia
- 1- 5 — The Italian Ansaldo Nucleare firm will deliver nuclear reactor kernels to the Swedish Forsmark plant.
— ENI's Snam Progetti wins an international subcontract for a pipeline in Nigeria.

- 1- 8 — Italy will give the South American Development Bank \$15 million to finance development projects. Italian firms will be called upon to construct large infrastructural works in exchange.
- 1-10 — Italian Foreign Minister Forlani arrives in the Soviet Union, accompanied by Deputy Foreign Minister Manzini and Foreign Ministry official Mandello. "Triangular cooperation" to be concretized. Bilateral deals under discussion include nuclear plant supplies, petrochemical and machine tool sectors, for a total of \$6-7 billion.
- 1-12 — Italian Minister of Industry Donat Cattin arrives in Iraq, with discussions centering upon increasing Italian exports of agricultural equipment in exchange for Iraqi oil.
- 1-13 — ENI subsidiaries SNAM and SAIPEM to build pipeline in Oman.
— Montedison and Japan's Mitsui have signed an agreement for the development of organic catalyzers.
— Montedison is involved in negotiations with Kuwait and Abu Dhabi for setting up joint companies in each country in which Montedison would hold minority interest. The agreement would include collaboration in the petrochemical field. While similar talks are ongoing with Libya an agreement has already been reached with Egypt.

Britain

- 1- 1 — A contract for £10 million has been signed between the Lucas Aerospace company and the USSR, which will purchase an electronic fuel injection system for the supersonic TU-144. Rumor has it that the same system would be used for the Soviet "backfire" bomber.
- 1- 2 — Vickers, a British defense contractor, is the first such company to accept Iran's oil barter instead of cash payment on a defense contract. A £80 million deal for armored vehicles will be sealed.
- 1- 8 — The State Transport Corp. of Ireland has signed a £9 million contract for Soviet oil fuel.
— The Hawker-Siddeley Power Engineering company will build a diesel power station in Sharjah in the United Arab Emirates for £4 million.
- 1-10 — British National Oil Corp. (BNOC) has negotiated a cooperation agreement with the West German Deminex company in which BNOC will control 41 per cent of Deminex's Thistle oil field in the North Sea and have 51 per cent of the rights over the output of the field.
— British Leyland has concluded a £14 million

contract with Iran to increase production of landrovers for export to that country by 50 per cent in 1977.

— British Trade Minister Edmund Deli, in Iran to preside over a joint Anglo-Iranian ministerial commission, will meet with the Shah of Iran and discuss extending the oil barter deals beyond defense contracts and into the civilian sector, for a possible total value of £1 billion.

France

1- 3 — The oil companies Elf-Aquitaine and CFP-Total are negotiating with Saudi Arabia for a 3-year contract to supply France with 36 million tons of oil. This would be a 30 per cent per annum increase in current imports, now at 9 million tons per year.

— A consortium of French companies (including Pechiney-Ugine-Kuhlman subsidiary STES, a joint PUK-CFP subsidiary MINATOM and two engineering firms) have signed an agreement with the Algerian government for the development of the Algerian nuclear industry, including extraction of known uranium reserves.

1- 5 — After concluding a visit to Syria, French Foreign Trade Minister Rossi announced the formation of a joint company Sircotel for the construction of a telephone system and another joint company for steel production. Further

cooperation may include chemicals, petrochemicals, damming, irrigation and extraction of mineral resources.

1- 6 — President Giscard meets with Saudi Foreign Minister Al Faisal, in preparation for his upcoming trip to Saudi Arabia when a nuclear project will be discussed.

Norway

1-11 — Norsk-Hydro and a Japanese company will jointly build 5 fertilizer plants in the USSR.

Sweden

1-11 — The Swedish electrical company, ASEA, will deliver industrial process computers to Poland as part of a contract worth 70 million Swedish Croner (approximately \$18 million).

Finland

1-11 — Finland will supply Egypt with 3 million Swedish Croners worth of credit (approximately \$750,000) for the electrification of 50 Egyptian villages and will build a new power system in Cairo.

Calls for Commodity Stockpiles Based on Plans for War

COMMODITIES

This week the National Commission on Shortages and Supplies (NCSS) released an extensive report entitled "Government and the Nation's Resources" calling on Congress to increase the National Strategic Stockpiles of raw materials. NCSS calls for this because of the danger of "local wars and civil disturbances" which would result in supply shortages. The Commission notes specifically the possibility of war in southern Africa on which the United States is dependent for many of its strategic requirements, including copper, manganese, chromium, cobalt, asbestos, uranium, paladium and platinum, as well as gold.

The NCSS was created and funded by an Act of Congress in January 1976 at the instigation of Democratic Senators Humphrey and Mansfield. The Chairman of the NCSS is Donald Rice, who is also the President of the Rand Corporation; a prominent member of the Commission is Philip H. Trezise who is also a Senior Fellow of the Brookings Institution.

The October 1, 1976 rulings of the Federal Preparedness Agency (FPA) determined several significant changes in U.S. stockpile policy. As of that date, U.S. strategic stockpiles of copper were zero. The FPA raised the level of the copper stockpile to 1.3 million tons. Paladium and platinum stocks were also to be increased from 328,00 and 187,500 troy ounces, to 2.5 and 1.3 million ounces respectively. Additionally, the decision was made to store aluminum feed as alumina rather than bauxite, a step closer to immediate war availability, which eliminates the need for the large energy expense at the transition stage in a period of crisis.

An important component of the stockpile operation is the fraud that is about to be perpetrated on the Third World with the complicity of certain members of the United Nations Conference on Trade and Development (UNCTAD). This is the great buffer stock commodity for price stability scheme. While UNCTAD is trying to encourage Third World leaders to contribute to such buffer stocks, the Executive Director of the NCSS told an independent reporter that they saw the stocks, some of which would be held in the U.S., as a supplement to the