

World Trade by Mark Sonnenblick

Cost	Principals	Project/Nature of Deal	Comment
NEW DEALS			
\$8 bn.	Venezuela from U.S.A.	C. E. Lummis, subsidiary of Combustion Engineering, beat out 18 companies to win contract to supervise development of Venezuela's Orinoco heavy crude. Lummis will get an estimated \$700 mn. for coordinating design of project, procurement, and construction. It will gain those additional parts of project which Venezuelan companies can't do. Project involves drilling 1,000 wells, building steam-injection facilities, building a plant to upgrade tar-like crude to light crude, pipeline and coastal terminal. Subsidiary of Vollmer-Zuluaga, Venezuela's most powerful private group, will be Lummis junior partner.	Project, owned by Venezuelan state of Lagoven, will only be turning out 125,000 bpd crude when completed in 1988. Bechtel expected to win deal, but lost on political grounds.
\$1.8 bn.	Hong Kong from U.K.	GEC of England won order for 2,640 megawatt coal-fired electric plant from China Light and Power of Hong Kong. Exxon is part owner of new plant. British Babcock will subcontract boilers.	Largest project credit in London history; credit arranged by Schroder Wagg; 8.5% on dollar; 12 yr. term after completion; 85% British govt. ECGD coverage.
\$1 bn.	Malaysia from Japan	Nippon Electric Co. won order for digital switch systems as part of Malaysia's \$4 bn. telephone expansion program. Systems will be assembled over 10 yrs. by 40% to 60% Malaysian govt. joint venture.	Is NEC's biggest order; tenders for remaining \$3 bn. expected soon.
Almost \$200 mn.	U.S.A. from Italy	FIAT's Comau won order from General Motors for 200 automated robot car-body welders to be installed on 14 GM assembly lines.	FIAT claims will save 70% of body assembly-line labor costs.
\$100 mn.	Mexico from U.S.A.	<i>Financial Times</i> reports U.S. govt. has approved sale to Mexico of 12 F5 supersonic fighters. Mexico has rejected Israeli Kfir as too expensive.	Mexico has <i>not</i> announced F5 order.
\$425 mn.	Canada from Europe/U.S.A.	Canada's largest charter line, Wardair, ordered 6 Airbus A310 planes. Engines will be made in U.S.A. by GE or Pratt & Whitney.	85% of financing from European banks.
UPDATE			
	Brazil/U.S.S.R.	Preliminary agreement reached on Soviets' drilling for oil in São Paulo state. Negotiations in progress on Soviets exporting hydroelectric, coal, and coal gasification equipment and chemicals in exchange not only for Brazilian grain and breakfast foods, but also manufactures and semi-manufactures.	Reagan administration made Brazil ineligible for General System Preferences on \$63 mn. exports to United States. Soviets filling vacuum.
\$1.6 bn.	Saudi Arabia from Japan	Mitsubishi and Saudi govt. will form joint company in Japan for building petrochemical project in Al Jubayl. Plant will produce 230,000 tpy ethylene glycol.	Saudis guaranteeing Japan extra 110,000 bpd crude supply for its technology in this project.
CANCELLED DEALS			
\$405 mn.	China from Japan	Mitsubishi Industrial announced termination of contract to build steel rolling mill at Baoshan.	
\$114 mn.	China from Japan	Nippon Steel notified by China of cancellation of raw materials processing facilities feeding second stage of cancelled Baoshan steel works.	Kobe Steel notified of cancellation of Baoshan oxygen plant.