

## World Trade by Mark Sonnenblick

Cost	Principals	Project/Nature of Deal	Comment
<b>NEW DEALS</b>			
\$280 mn.	Nigeria from Israel/Italy	Israel's largest construction company, Solel, has signed contracts with Anambra state, Nigeria, for 3 hotels, flour mill, cement products plant, aluminum plant. Solel organized a consortium of 50 banks to provide \$190 mn. financing for 8 years. Italian government is guaranteeing loan, signed in Zürich, in return for promise Italian equipment will be used in projects.	Solel is owned by Israel's social democratic Histadrut labor federation; Anambra is heavily populated by Ibo tribe.
\$142 mn.	Romania from U.S.A.	Steam-turbine generating equipment has been sold to Romania by General Electric, thanks to Eximbank approval of a \$121 mn. credit. GE will take Romanian machinery in barter and resell the machinery in LDCs.	To beat tough European competition, GE added its own ¼% subsidy to Exim's 8% interest rate.
\$30 mn.	Brazil from Austria	77 railroad-building machines.	Order signed.
<b>UPDATE</b>			
	Iran from Japan	Mitsui & Co. president Yahiro told <i>Nihon Keizai Shimbun</i> Mitsui would cancel suspended Iranian petrochemical complex unless Iranians agree at late August meeting to pay entire cost and take on burdens of an unprofitable plant. If not, Mitsui will try to collect \$800 mn. losses from government export and investment insurance and sue Iran for breaking contract. Mitsui & Co. hopes to survive losses without having to sell off its assets.	Mitsui had tried to keep project going after Khomeini, but got bombed out in war with Iraq.
	Brazil from Japan	The aluminum smelting units from Mitsubishi's moth-balled Sakaide smelter will be shipped from Japan for use in the new aluminum complex Japan is building with the Brazilian government in the Amazon. The used units with a 60,000 tpy total capacity are fairly new and use same French Pechiney technology agreed on for whole 320,000 tpy smelter. Sales terms being negotiated by Mitsubishi Light Metal and Mitsui Aluminum, which are partners with Brazilian state Vale do Rio Doce and Nippon Light Metal in \$2.3 bn. project. Project also includes 800,000 tpy alumina plant.	Japanese gave okay for added investment ( <i>EIR</i> , Aug. 11) in return for Brazilian okay on taking the Sakaide equipment, which violates Brazilian rules against importing used machinery. Likely conflict on this from Brazilian machine-builders.
	Mexico from Japan	MITI has agreement with Pemex chief Moctezuma Cid for Japan to provide its new technology for converting heavier crudes, which are very common in Mexico, into lighter quality crude oil. This would permit Japan to raise volume of oil imports from Mexico. Reported by <i>Japan Economic Journal</i> .	Japanese mission to go to Mexico in September for concrete negotiations.
<b>CANCELED DEALS</b>			
\$1.1 bn.	Australia from U.S.A.	Alcoa threatened to abandon its Portland aluminum smelter in response to 33% electrical rate increases. Alcoa has already spent about \$80 mn. on the 528,000 tpy capacity smelter. Alcan dropped plans for 300,000 tpy Bundaberg smelter last week. Both producers found Australia's austerity budget would make their operations highly unprofitable. The electricity they had counted on from Australia's cheaply mined coal has become expensive due to elimination of federal subsidies for state infrastructure projects, which has forced state utilities to put the squeeze on customers.	"The Australian budget is a conservative affair, and as such will give fresh heart to foreign investors," reads Lex Column in <i>Financial Times</i> . Sure, Lex!