

## Trade Review by Mark Sonnenblick

Cost	Principals	Project/Nature of Deal	Comment
<b>NEW DEALS</b>			
\$230 mn.	Mexico from Japan	Mexico's Federal Electrical Commission has ordered a 350 MW coal-fired electrical plant for Monterrey from Mitsubishi Heavy Industries. Coal will come from nearby Coahuila.	Financed by Japan's Eximbank, much more active lately in promoting Mexico projects than U.S. Exim.
	Africa from Brazil/Algeria	Brazil and Algeria will form joint venture for mineral prospecting in Africa. Also under discussions are export of Brazilian technology, engineering services, manufactures, weapons, and iron ore which could bring Brazil's exports to Algeria up from \$260 mn. last year to \$2 bn. in the medium term.	Brazil's export push is heavily focused on Third World.
\$820 mn.	Thailand from U.K./France/U.S.A.	Thai Oil Refining Corp. has given contract for oil refinery expansion from 65,000 to 120,000 bpd to Davy McKee of U.S., Technip of France, and French subsidiary of Signal Co. of U.S.A. Foster Wheeler's British subsidiaries will manage project. Thai Oil in joint venture of Thai govt. with Shell and Caltex.	Original plans for 154,000 bpd output scaled down because of expectations that Thailand's per capita oil consumption will fall during 1990s. Thailand seeking British and French govt. export-credit financing.
<b>UPDATE</b>			
\$1 bn.	India from France	India has signed letter of intent for 40 Mirage 2000 fighters from France's Dassault. India could add on another \$2 bn. deal later for assembly and eventual manufacture of another 100 Mirages in India. The Soviet MIG-27 is competing for that part of India's defense needs.	French deal blasts hope of British Aerospace which, until Indira Gandhi's return to power, thought it would monopolize India's airforce modernization with British Jaguar jets.
\$200 mn.	China from World Bank	China has begun use of World Bank loans to buy modern Western laboratory equipment for teaching natural science and technology in its universities. Super-soft terms are \$100 mn. at 9.6% and \$100 mn. interest-free with repayment over several decades. Attractive terms on this, first World Bank loan taken by Chinese, partly designed to undercut increasingly powerful opponents of Deng who sharply criticize "infiltration of bourgeois capitalist decadence."	China has world's worst higher education; 9 college students per 10,000 population, compared to India's 52. Modern lab materials were not needed to teach "Mao Tse-tung Thought."
<b>CANCELED DEALS</b>			
	Europe from Argentina	European Community (EC) banned imports from Argentina. Argentine trade officials confident grains can avoid ban through false shipping papers and active cooperation of officials in countries such as Italy, who value Argentine ties. Brazilian officials deny Brazil will seize Argentine markets, but Brazilian canned meat exporters are taking over British market.	Argentina applying counterpressure by blacklisting some European firms in project bidding; Latin American regional economic groups condemn EC boycott and offer to buy Argentine; will take stronger action if shooting starts.