

## Trade Review by Mark Sonnenblick

Cost	Principals	Project/Nature of Deal	Comment
<b>NEW DEALS</b>			
\$150 mn.	Brazil from West Germany	Brazilian navy is buying 2 advanced Type 1400 submarines from Howaldtswerke shipyards of Kiel. Deal includes transfer of technology to Brazil so that Brazilian navy technicians would participate in first sub, and second sub could be substantially built in Brazil by 1983. Type 1400s run by diesel on surface and silent electric when under water. The nationalization of arms technology is a condition imposed on Brazilian navy by army and airforce, which have long had that policy, and which rejected navy plans to continuing buying finished ships abroad. Urgency of buying submarines was shown by Malvinas war, which also dissuaded Brazil from buying from U.K., the builder of its present 3 modern subs.	German exports of weapons outside the NATO area, which had been strictly restricted, were made more flexible in May, at the same time NATO was extended, over German objections, to include Third World conflict areas. German govt. expects leftist opposition to export license. Brazilian Planning Ministry could try to use arms orders as quid pro quo for Germany accepting long postponement of Brazilian nuclear plants contracts.
\$180 mn.	Japan from Venezuela	The six big Japanese companies in the Venalum smelter consortium have agreed with the Venezuelan govt., the majority partner, to pay 20% under the Alcan-listed price (\$1,750/ton) for aluminum ingots shipped July-Dec. Discount had originally been set at 6%, but was changed to 12-15% during first half, and Japan sought 30% now, as reflection of depressed spot prices.	Japan and Venalum agreed on 1982 shipments of 130,000 tons, down 30,000 from contract.
	U.S.A. from Taiwan	Teh Tung Shipping is building a shipyard down Sabine River from Houston to give low-cost repairs to its 40-ship fleet. Yard will include floating drydock bought from Todd Shipyard and will handle ships up to 500 ft. Teh Tung will use Chinese and American labor in an overt attempt to undercut prices charged by U.S. yards, which they claim "has become a major item for Oriental shipping companies." Teh Tung admits they have little experience in ship repair and none with U.S. repair systems.	Teh Tung is owned by Taiwanese, headquartered in Tokyo, and flies Panamanian flag. An on-shore venture for a very offshore company.
\$47 mn.	South Korea from U.S.A.	Westinghouse will provide electrical distribution system for lines 3 and 4 of Seoul subway. Westinghouse supplying 18 12 MW power traction substations and computer system to control power flow. Will be shipped in 1983.	Good for 960 man-yrs. of work in U.S.A.
<b>UPDATE</b>			
	Ibero-America/ Japan/Asia	Japanese localities are competing to be chosen as site for "Asia Port," a huge base for stockpiling food and natural resources from Brazil, Argentina and other Ibero-American countries for transshipment to East Asia. Idea was promoted by Brazil in August 1979; feasibility report recently completed by the private International Development Center of Japan, which recommends Oita Prefecture. Port could handle up to 13 mn. tpy grain, 7.6 mn. tpy coal and 10 mn. tpy iron ore, coming off 250,000-ton ships. Bulk materials would be reshipped to Western Japan, South Korea, Taiwan, China, and other East Asian ports incapable of handling the cost-efficient transoceanic supercarriers.	Oita governor will lobby in Brazil in October against competing Asia Port sites such as Kobe and Okinawa in Japan, Indonesia, and Thailand.