

Trade Review by Mark Sonnenblick

Cost	Principals	Project/Nature of Deal	Comment
NEW DEALS			
\$90 mn.	Jamaica from U.K.	Air Jamaica is paying \$90 mn. for two of Freddy Laker's used Airbus A-300 jets, as part of a complex deal to reduce the debt of the bankrupt fly-by-night airlines. That is more than they cost new. Bankers claim that Air Jamaica is benefiting by \$71.4 mn. in "cheap" financing at 13% fixed rate for 10 yrs. from Britain's Export Credits Guarantee Department. Jamaica will pay \$6 mn. before delivery; the remaining \$12.6 mn. will be provided by 13 banks which lent Laker \$131 mn. to buy 3 such Airbuses several years ago.	Jamaica's new slogan: "We're not an island; we're a bailout for Laker creditors." No wonder Jamaica itself is floundering in a sea of red ink.
	U.S. from Japan	GM will re-open its Fremont, Calif. plant to assemble 200,000 cars per year in a joint venture with Toyota for next 12 years. Subcompact front-wheel drive car will be designed in Japan, engine made in Japan. Relatively low technology parts such as body, sets, and trim will be made in U.S.A., and equal 50% of value.	As has been much-publicized, deal is contingent on UAW yielding on labor standards.
	Egypt from Japan/U.S.A.	1,400 trucks and buses/yr. will be assembled in Egypt in 1984 by a consortium of General Motors and Egyptian, Saudi, and Kuwaiti investors. Parts will come from Isuzu Motors of Japan, 34.2% owned by GM. Production will go to 16,500 vehicles in 1987 and 18,000 in 1989, with 40% Egyptian-made parts.	
\$106 mn.	Ireland from U.S.A.	Schering-Plough is building the world's first plant to produce interferons for cancer treatment. It is re-equipping a closed plant in Cork to produce the interferons on a mass scale as soon as it is accepted as medically useful.	
	China/U.S.S.R.	Chinese-Soviet trade is expected to grow 45% this year, much of it on a barter basis between the border areas of Manchuria and Siberia. Siberia proposing to trade lumber, cement, glass and consumer goods for Chinese food oils, pork, alcohol, and textiles.	Formal barter agreement to be signed soon.
\$300 mn.	Zaire from South Korea	Zaire's Economic Planning Ministry has signed for Korea's Lucky-Goldstar Group to build 40,000 sheet/day plywood factory; 12 rural hospitals with 100 rooms each; and a 300-room first-class hotel.	
UPDATE			
\$590 mn.	Brazil from Europe	London's Midland Bank could cause the closing of Airbus Industries, the Anglo-French-German consortium, should they force the loss of deal to sell nine A-310 planes to Brazil's VASP airlines. Brazil made the Airbus victory over Boeing conditional on the countries involved helping finance a new São Paulo airport, with a \$280 mn. loan. Airbuses would not be very useful at São Paulo's old Congonhas airport, since structural limitations there would restrict them to take off with only 1/3 of load capacity. French banks favor the deal, since French companies have won the bulk of contracts for navigational equipment at the new airport.	Midland says parallel financing for the airport "is totally inappropriate and unrealistic in the present climate," since it is more concerned with rolling over existing debt than building new airports. Airbus had 17 new orders and 11 cancellations last year.