

Italian Trade Deals Show New World Trade Flows

WORLD TRADE

Dec. 19 (NSIPS) — Below is a partial list of Italian on-going or concluded trade negotiations with mainly the Organization of Petroleum Exporting Countries and Comecon nations. Significantly, a large part of the deals concern oil supplies as Italy, in the tradition of Enrico Mattei, is actively engaged in setting up an European-wide independent oil distribution network that will free Europe from dependence on Rockefeller's Seven Sisters. Italy's recent agreements with both the Saudis and Iranians demonstrate Italy's firm commitment to guarantee the OPEC countries a solid European market, bypassing the multinationals, for their planned increased production. Furthermore, ENI (Italian state-owned oil corporation) has just sold to Iran 50 per cent of its downstream and refinery operations abroad. The Italian government has already elaborated contingency plans for the transition period into a gold-based transferable ruble monetary system after Europe's definite break with the dollar empire. The Italian case is but the paradigm and most advanced stage of a process which involves all major European nations.

Date Transaction-Agreement

- 6-29 Iraq-Italian accord, whereby Iraq supplies crude oil to Italy for 10 years. Italy will supply training to teach young Iraqis to run agricultural and industrial equipment.
- USSR-Italian trade up 26 per cent over first four months of 1976.
- Accords signed with Iran, Saudi Arabia, United Arab Emirates and Kuwait for desalinization plants, reclamation and irrigation of land, bridges, dams, railroads, ethylene production, housing, etc.
- Saudi delegation arrives in Rome at the request of Italian government to sign aeronautic accord.
- 7-3 Eugenio Cefis, head of state-owned Montedison Industries, proposed accord with Soviets and Arabs to provide Italy with \$8 billion in oil per year in exchange for technology, including plant construction, machines, etc.

- 7-12 Cefis finalizing accords to secure Soviet, Saudi, Algerian and Libyan oil supplies for Italy.
- 7-13 Soviet delegation in Italy to discuss rubber manufacturing accord. Italy is building huge food processing plant in Bulgaria, under EFIM, Italian state-owned conglomerate. Technical collaboration ongoing between Italy and Czechoslovakia.
- 7-14 ENI, Italian state-owned hydrocarbon consortium, through its Nuovo Bignono plant in Florence, signs contract with Algerian government for 230 billion lira to sell Algerians natural gas plants for an ultimate total of 600 billion lira.
- 8-10 Soviet petroleum minister in Italy to meet with IRI Finsider steel to buy Italian pipeline. Italy may invest in production of cattle in Algeria.
- 8-13 IRI Finsider signs contract for 2.5 million tons of steel over 5 years, worth \$400 million, buying \$100 million worth of natural gas and raw materials from the Soviets.
- 8-17 Italy sets up institute for "Technical Cooperation with Developing Countries," which will send 852 technicians to Third World countries to discuss financial assistance and technology.
- 8-25 \$3 trillion worth of accords signed by ENI with Iran, Saudi Arabia, Algeria, and Congo. Montedison signs accord with Poland for airplanes produced by Petzel, to be used in Sudan for spreading pesticides produced by Montedison, usable against cotton pests.
- 9-11 Montedison signs contract with German Democratic Republic involving \$140 billion line of credit.
- 9-5 Discussions of setting up joint Italian-Soviet oil company to expand oil and gas production, especially in cooperation with Holland, Libya and Algeria.
- 9-25 Soviets and EGAM, state-owned conglomerate at Breda, sign contract to purchase \$45 million worth of nuclear technology, involving projects with Finsider and Soviets.
- 9-18 IRI-linked trade company and Turkish state-owned DSA sign 350 billion lira deal for

	construction of hydroelectric plants along Euphrates.		share technology in intensification of crude production to allow exploitation of wells not otherwise exploitable.
9-15	Iranian Gas Co. and ENI subsidiary Saipem sign agreement for \$80 million and \$800 million, for construction of gas treatment plant and distribution network in northern Iran, respectively. Davy International Ltd. a party to accord.	11-2	Fiat and Soviets sign new five year agreement for Soviet Fiat Togliatti plant. ANCE signs \$2.3 billion accord for Tarbala dam in Pakistan.
10-2	Major contract signed between FIAT and Soviet Union for plant to produce 5,000 cars per year, earth moving machines, agricultural machinery; set to open in 1978.	11-11	Montedison deal with Imperial Chemical Industries of Great Britain for £12 million Scotland dyestuffs plant.
10-6	Montedison reaches accord with Egypt to build chemical plants at Alexandria and Suez area. Deal between Italian textile firm Lanerossi and U.S.-German firm Babcock and Wilcox AG to provide Algeria with three plants on a joint basis, worth \$125 million.	11-24	ENI official in Moscow to meet with Energy, Industry Ministries. Soviet officials in Italy to discuss construction projects with Italstat cement. Algerian deal with AGIP (ENI's marketing subsidiary) for Egyptian research worth \$30 million. Nigerian-Finsider pipeline deal worth \$150 million.
10-15	Public sector Minister Bisaglia in Hungary to discuss new heavy industry accords. Foreign trade Undersecretary Galli in China to discuss technology oriented trade with Chinese leaders.	12-2	Libya buys 13 per cent of shares of new FIAT Stock issue, worth \$300 million. Over next 10 years, will lend FIAT \$100 million.
10-16	Ten Soviet technicians sent to Montedison's Porto Maghera plant for technical education program. Another group of Soviet technicians at Worthington to develop plans for irrigation, electricity, under auspices of Italian Center for Research and Development.	12-3	ENI to sell to Iran state oil group some of ex-Shell Italiana.
10-17	European Economic Community accord with Egypt for 5-year cooperation for trade and technical assistance. Financing for \$187 million, free access into EEC of Egyptian industrial products and tariff concessions on agricultural products and mining products.	12-4	Saudi-Italstat deal for 35 billion lira for road-construction.
10-19	Montedison-Algerian collaboration for Montedison training of Algerian technicians from Algeria Oil Co., with EEC representatives in Algeria to discuss economic cooperation.	12-5	Yemen-Italian agreements establishing regular air service between two countries.
10-22	Reports that FIAT, SNIA-Viscosa textiles trade with U.S.S.R. now worth 1.4 billion rubles per year.	12-7	Liquichimica deal with Soviets for oil extracting process to be used in Third World. AGIP signs oil research deal for Sinai with Egypt. Iran, Libya, Saudi Arabia discuss possible agreements for pipelines, oil, plants, industrial goods, and construction, involving several hundred millions of dollars. IRI Finsider Impianti to build Iranian steel complex and city associated with it. Condotte d'Acqua to build \$1 billion Bandar Abbas port facilities in Iran ENI signs \$2.5 billion oil-for-technology deal with Iranian state oil company.
10-23	Libya buys three gas turbines from FIAT for \$32 million.	12-9	ENI, West German Veba, French Elf-EEC oil cartel formation agreement signed.
10-25	Soviet Merchant Marine official in Italy to discuss 1976 treaty on joint operations.	12-10	Iran is considering including Italy in its diversification of nuclear development plans, following Ossola's visit. Italian nuclear experts will visit Iran early next year. Already Broda Meccanica is supplying steam reactors to the power plant being built at Busheir. Iran is building up to 23,000 MGW capacity over the next 20 years.
10-28	Foreign Trade Minister Rinaldo Ossola in Bucharest, concludes agreement for \$240 million credits to Romania to finance Italian exports, reportedly in return for Rumanian supplies of oil to Italy.	12-11	Soviet Deputy Trade Minister Nikolai Komarov in Rome to negotiate a possible concession by Italy of credit to the USSR for \$600 million.
10-30	Soviets and Liquigas, Liuqichinici collaborate to	12-14	Indian delegation in Italy signs agreement with

- 12-14 **Montedison** to build, in India, a fertilizer plant and a second to refine petroleum for subsequent supply to Third World countries.
- IRI-Finsider deal to provide India for infra-structural development and steel for third countries via Indian markets. (Ossola is scheduled to go to India next year.)
- Reports of possible FIAT deal with India, unspecified.
- An unspecified company will be building an iron pellet factory in India, reported to be a tri-lateral arrangement that includes Iran.
- A delegation from Ghana is in Italy discussing trade deals.
- Italian Health Minister Del Falco returns from USSR with a signed agreement for joint health research.
- Turkish Deputy Prime Minister Erabeka in Italy, visiting numerous industrial installations. A statement from the Deputy Premier confirms that he is after deals particularly in the heavy industry sector.
- Soviet Minister for Civil Aviation in Italy, invited by Italian Transport Min. Ruffini.
- Rumanian Prices Minister Gaston Marin in Italy, invited by Foreign Ministry no. 2 man Radi.
- Rumors in the Italian stock market that Libya is buying into Monti. Monti shares shoot up.
- 12-15 Hungarian Justice Minister in Italy, heading a delegation.
- 12-3 *Avanti* reports that Agnelli is concerned that the unspecified buyer of FIAT shares thru Swiss banks is Qaddafi. Holds a meeting to beg the bankers not to sell to the Libyans.
- 12-17 Report that ENI and Elf-Aquitaine have formed a joint consortium to exploit oil in the Amazon.
- Algeria has signed deal with Italy for production of tires and auto company, for a total of \$260 million.
- IRI will build silos for Canadian grain. A three way deal, Canada will be lending Algeria the money for the silos at 0 per cent interest for 10 years, at which point the interest will become 1 per cent, repayable after 50 years; total worth: \$40 million.
- Radi to Algeria meeting Deputy Premier Torok.
- The German Bosch Philco plant will be selling its large Milan plant to Iran.
- SNAM-Progetti (ENI) to build fertilizer plants in India. Two contracts signed worth \$45 million — will be in Trombay and outside Bombay. The contract was signed in the Nepalese capital and includes provisions for training, equipment and original urea process originated by the Danish Halder Topsoc.
- Tecnimont (Montedison's engineering subsidiary) is currently building a series of chemical plants in the USSR.
- 12-18 Confidential report from the Italian Foreign Ministry claims that Italy has granted a debt moratorium to Egypt.

Arab Investments After FIAT

— *Monti*: Libyans want to buy from Italian oil baron Attilio Monti 70 per cent of the Milazzo and Gaeta refineries (Milazzo being the biggest European refinery), two oil tankers, and the entire distribution network of the Marche, formerly Italian subsidiary of British Petroleum. Monti is being offered 150 million dollars. Well placed sources report in the press that negotiations have been going on for eight months and the only thing missing is the final signature. Both refineries are located in strategic areas of the Mediterranean.

— *Montedison*: Through Gaith Pharaon, former economic advisor to King Faisal and friend of Cefis, Montedison has drawn big expansion plans which involve the United States, where Montedison has already bought one-third of the Bank of the Commonwealth of Detroit.

— *Cefis*: has concluded and signed two important contracts with Saudi Arabia: one provides for transferring the entire capital of the Incas Bonna Saudi Arabian based at Gidda, and part of the Incas Bonna Italiana, which has been secured a large amount of orders. The other contract will permit Montedison to do a joint petrochemical complex for an investment of 1,000 billion lira.

— *ENI*: is about to finish with Iran an agreement for giving up 50 percent of AGIP's distribution network outside of Italy. This has two aims: to obtain supplies for AGIP, and to involve Iran in the distribution business so as to render more difficult any eventual unilateral action.