

Business Briefs

Agriculture

Continental creates new trading company

Continental Grain Company has joined with a large processing company, A. E. Staley Manufacturing of Decatur, Illinois, to form a trading partnership that will give Continental further control over the food processing industry.

The new entity, ContiStaley Export Company, headquartered in New York, will export animal feedstock of corn gluten feeds and soybean meal that Staley processes.

President Reagan signed into law last October the Export Trading Company Act, which legalizes banks, processors, freight forwarders, and so on, to form single corporations dealing in international trade without fear of antitrust suits.

Since then, over 30 such companies have been formed or are in the process of being formed. Sears World Trade was one of the first such institutions.

Banking

Wells Fargo declares Brazilian bank in default

Wells Fargo Bank declared Banco Frances e Brasileiro in default on Dec. 8, *Jornal do Brasil* reported the next day. Wells officials stated that they did so because the bank was \$120,000 in arrears on a loan syndication led by Wells Fargo.

Banco Frances replied that it they had sent a dossier to the central bank, explaining that they had deposited the equivalent of \$120,000 in cruzeiros in the central bank, and therefore were no longer responsible. "The central bank is the one who owes," Banco Frances was quoted in *Jornal do Brasil*, on Dec. 9.

If the central bank is liable for the loan

in default, it could mean that most of Brazil's \$93 billion foreign debt is in default. The central bank simply said that everything will get straightened out after Dec. 31, when—supposedly—Brazil will have received new money to cover arrears, and will have ended the exchange centralization in the central bank.

EIR has learned that Brazil's phase 2 renegotiation may not be completed by Dec. 31, that at least one Chicago bank is also threatening to declare default on late interest, and that Brazil is struggling to hold year-end interest arrears to less than 90 days.

This story, though widely reported in Brazil, was blacked out of the U.S. and British business press.

Wells forced Peru to capitulate to IMF demands by declaring Petroperu in default in May 1977. It attempted the same thing with Venezuela, this August.

Black Economy

Soviet oil-for-gun trade in Mideast

Reflecting its increased usage of economic policy for maximum military-political leverage, the U.S.S.R., which has become a major factor in European spot oil-trading markets, has increased a certain form of barter, according to reliable reports. Under this new barter arrangement, Moscow imports especially Iranian and Libyan crude oil in return for export of Russian arms and capital goods to those proxy Mideast countries. According to our reports, some 600,000 barrels per day of Mideast oil is currently being funneled from the Middle East via the U.S.S.R. into primarily Western Europe. For some months, Moscow has increased its European market share through ruthless price-cutting, constantly keeping under the official OPEC price.

Russian oil exports give the Soviets lev-

erage over OPEC's fragile price stability. The just-concluded Geneva OPEC annual meeting featured sharp battles between Iran and other OPEC producers over price and production strategy. Because of continuing weak global demand, despite "recovery" talk in certain Western nations, the OPEC members decided in effect to do nothing for the time being on price or production levels. Kammal Hassan Maghur, oil minister of Libya, became the new president of OPEC.

Laser Potential

FEF holds beam-weapons seminar in Bombay

A seminar on "The Laser Revolution: The Civilian and Military Applications of High Power Lasers," sponsored in Bombay by the Fusion Energy Foundation of India, drew 16 attendees from India's scientific and industrial community. Among the participants were representatives of the four top industrial firms in Bombay, three scientists from the Bhabha Atomic Research Center (BARC), three scientists from the Indian Institute of Technology, a representative of the Indian Navy, and an official from the Industrial Development Bank of India.

Uwe Parpart-Henke, research director for the FEF and an *EIR* contributing editor, opened the conference, presenting an overview of what high-power lasers are and what they can do for defense and for industry. The second speaker was Dr. Bhawalkar, the head of the laser division at BARC, who presented the basic scientific theory of lasers, emphasizing how the qualities of coherent and monochromatic light produce high power without high energy consumption.

The third presentation, the industrial applications of high-power lasers, was by Dr. Steven Bardwell, director of plasma physics for the FEF and *EIR*'s military editor, who described how lasers increased efficiency in

Briefly

● **THE INTERNATIONAL** Fund for Agricultural Development (IFAD), a U.N.-backed institution, is in danger of becoming unable to carry out some 138 subsistence-farming projects in 77 countries. Of the \$1.5 billion pledged by the 138 member states only \$812 million has been received. Among the late payers is the United States, which has delivered only half of a promised \$180 million. Iran still owes all the \$19 million it pledged.

● **RAFAEL SALAS**, executive director of the United Nations Fund for Population Activities, declared on Dec. 14 that its conference on population to be held in Mexico next year will focus on how to slow down the demographic growth rate and balance it with the mortality rate, according to Italy's ANSA wire service. "During the last 30 years," Salas complained, "the world has had the highest demographic growth rates in human history because of the imbalance between birth and death rates. Thirty years ago, infant mortality was 164 per thousand, in 1980 it was 100 per thousand, now it is 90 per thousand. . . . The world action plan recommends a rate of 120 per thousand."

● **THE UNITED STATES** will de facto support the Davignon Plan to dismantle world steel production, according to Jiji, the Japanese wire service. The report specifies that the Reagan administration will ask the 24-nation Organization for Economic Cooperation and Development, meeting in Paris on December 16, to demand that developing nations cease all government assistance to their national steel industries. Such a policy would heavily damage developing nations' steel manufacturers while offering little relief to the industry in the United States which is a victim of its own mismanagement. Japan, the European Community nations and the developing countries are expected to "react bitterly to the U.S. proposal."

welding, machining, metal hardening, and so on.

For most of those present, the subject was entirely new; questions centered on how and how soon laser technologies could be used in the developing sector. Two of the conference participants objected to the support implicit in the presentations for nuclear power, which opened up a useful discussion of energy-flux density.

Ramtanu Maitra, editor-in-chief of *Fusion Asia*, reports that proceedings of the conference will be made available soon.

Technology Transfer

Japan expands economic cooperation with Asia

Following a week-long meeting in Tokyo between Southeast Asian ministers of science and technology and their Japanese counterparts, Japan has begun a round of business and economic conferences with nations of Southeast and Southwest Asia. The theme of the Tokyo meeting the week of Dec. 5 was the importance of transferring technologies from Japan to the countries of the Association of Southeast Asian Nations (ASEAN), and Japanese Prime Minister Nakasone made a personal commitment to expand Japan's aid in this field to the ASEAN nations. The Thai minister of technology said Thailand's goal was to achieve a "quantum leap" in his country's application of new technologies, from electronics to biotechnologies.

The same week, a large delegation of Japanese businessmen met with Indian businessmen in India. They resolved to ensure that Japan would increase its imports from India, and also pledged to aid India in many areas of technology, including extracting resources from the sea and developing other natural resources. Japanese businessmen held a similar meeting with their Thai coun-

terparts, and agreed to expand Japan's imports, while accelerating the transfer of technology. A meeting along the same lines is scheduled for Bangladesh.

A top official of the Japanese foreign ministry is on his way to Vietnam—the highest-level visit in more than two years. And all of Japan's ambassadors to Southwest Asia are being assembled in Bangkok to be briefed by Japan's foreign ministry, suggesting some new policy initiative from Japan toward the region.

Monetary Policy

New York Fed moots non-dollar loans

Funding of future loans to developing countries should be made in German marks, Japanese yen, and other non-dollar currencies, according to a study now in progress at the New York Federal Reserve Bank. The purpose of the conversion to foreign currencies would be to open the bottleneck for such credits at the level of the dollar interbank market, the source of funds for European and Japanese creditor banks.

At present, the European and Japanese banks must borrow most of the dollars they lend to developing nations on an interbank basis, a source of problems for banks who are already heavily borrowed and have difficulty obtaining funds for other purposes. The plan is to shift some of the burden to non-dollar credit markets and to the central banks who stand behind such markets.

In initial soundings, the Swiss, German, and Japanese monetary authorities were reportedly "ambivalent" about such proposals, which would reduce their control over national currency markets.

Staffers point out that the effect of such conversion would be to put downward pressure on the dollar—something the New York Fed now deems "desirable," but which could turn nasty under different circumstances.