



**Directorate of
Intelligence**

~~Secret~~

(b)(3)

International Economic & Energy Weekly

(b)(3)

2 May 1986

~~Secret~~

**DI IEEW 86-018
2 May 1986**

Copy 700

~~Secret~~

(b)(3)

**International
Economic & Energy Weekly**

(b)(3)

2 May 1986

iii

Synopsis

1

✓ **Perspective—Brazil: Sarney Takes Control of the Economy**

(b)(3)

(b)(6)

858437

3

✓ **Brazil: The Impact of the Drought**

(b)(3)

(b)(6)

7

Brazil's Minerals: New Source of Growth

(b)(3)

(b)(6)

11

✓ **International Financial Situation: Saudi Budget Woes**

(b)(3)

(b)(6)

15

Thailand: Wrestling With Foreign Debt Management

(b)(3)

(b)(6)

19

✓ **World Steel Market: The Competitive Situation Changes**

(b)(3)

(b)(6)

23

Briefs**Energy****International Finance**✓ **International Trade****Global and Regional Developments****National Developments**

(b)(3)

(b)(3)

(b)(6)

Comments and queries regarding this publication are welcome. They may be directed to *Directorate of Intelligence, telephone*

(b)(3)

~~Secret~~DI IEW 86-018
2 May 1986

~~Secret~~

few months, but shortages of consumer goods will probably increase. Tax increases and layoffs of government workers are almost certain. Over the longer term, Iran will be unable to maintain both its war effort and current levels of food imports unless it can increase oil export revenues. []

(b)(3)

*Pakistani Response
to Lower Oil Prices*

The government may try to raise crude oil imports to take advantage of lower world oil prices. [] Pakistan planned earlier this year to import roughly 75,000 b/d, up from 74,000 b/d in 1985, from Saudi Arabia, Iran, and Abu Dhabi. The bulk of the projected purchases were on a netback arrangement, which pegged the price of the crude oil to the price of products refined from it. The US Embassy reported that, although Pakistan increased its imports in January and February, it is not passing the savings on to consumers, probably to reap windfall tax revenues and to forestall large increases in consumption. Lack of storage capacity may inhibit large increases in imports, but the lower prices should help ease the current account deficit this year. The government probably also will attempt to renegotiate prices on its oil agreements with Tehran and Abu Dhabi, or turn to the spot market to meet increased needs. []

(b)(1)

(b)(3)

(b)(3)

Communist

*Economic Impact
of the Chernobyl'
Nuclear Accident*

The extent of economic disruption depends on the extent of area affected and the degree of contamination. On the basis of the likely path of radiation dispersal, the potentially affected areas contain a sizable portion of Soviet livestock herds, winter wheat, and sugar beets. The winter grain crop will not be harvested until July. Consequently, unless contamination is severe, the impact is likely to be limited. Cattle and hogs, for example, could use stored feed for some weeks. Because Chernobyl' is located on Kiev's watershed, the 2.4 million people in Kiev, as well as those in other nearby urban centers, could be affected by both air- and water-borne radioactivity. The Soviets have reported [] that the entire Chernobyl' plant has been shut down. This will seriously affect the electricity supply to key industries in the Ukraine—metallurgy, chemicals, and machine building. Moscow could try to compensate by increasing power output at fossil-fuel plants and selectively rationing electricity, but shortages for key consumers remain likely. Electricity exports to Czechoslovakia, Romania, and Poland also are likely to be reduced temporarily. The reactor damaged at Chernobyl' is not the type the Soviets now export to Eastern Europe and are trying to sell outside the Bloc, but Moscow's export plans will probably be affected by the unfavorable publicity. []

(b)(1)

(b)(3)

(b)(3)

~~Secret~~

2 May 1986