

USSR: Possible Credit for Gas Project

Western bidders may offer the USSR highly favorable financing terms for the large Astrakhan "sour" gas project. [REDACTED]

The Soviets will award contracts worth about \$1.5 billion in the next few months to West European, [REDACTED] firms. Several [REDACTED] report bidders are likely to offer official financing at about 8 percent and that Moscow would find this acceptable. [REDACTED]

The project, scheduled for completion in 1985, will develop a special gathering system and processing plants to extract sulphur and natural gas liquids from "sour" gas. In their talks with Western representatives, the Soviets have indicated they do not want US equipment unless it is unavailable elsewhere. [REDACTED]

The French Minister of Research and Industry will bring up the project during his visit to Moscow this week to discuss French-Soviet scientific exchanges. [REDACTED]

Comment: Fierce competition to provide credit could crack the fragile OECD consensus on interest rates. The [REDACTED] evidently are considering a lower bid, and the [REDACTED] could come close to the Soviet requirement. Some Western countries, in particular [REDACTED] and [REDACTED] may raise contract prices to compensate for reduced interest rates. [REDACTED]

The French apparently have not yet offered financing below consensus rates. Paris, however, wants French participation in the project in order to help reduce France's growing trade deficit with the USSR. [REDACTED] [REDACTED]
[REDACTED]

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