European Tours, Deals Show 'Mexico Is Going Nuclear'

Jorge Díaz Serrano, director of Mexico's national oil company Petroleos Mexicanos, will soon visit France as part of a worldwide tour to negotiate financing and technology for an ambitious Mexican development plan. He will be augmenting the "unprecedented treaties" announced by Mexican Foreign Minister Santiago Roel during a two-day visit to Paris which ended Oct. 21.

The Franco-Mexico deals include the exchange of Mexican oil for French capital goods and advanced technology, especially nuclear technology. They also include the joint development of Mexico's vast and untapped uranium reserves.

Serrano's tour coheres with reports from highly placed Mexican sources to the effect that "Mexico is going nuclear." The Mexican government, these sources say, intends to use its enormous oil reserves to finance the most rapid possible development of its national industrial and nuclear potential.

The Latin American leg of Serrano's tour includes visits to Venezuela and Brazil this month, where he will discuss Mexican oil exports to Brazil and the exchange of Mexican petrochemical technology for Venezuelan drilling know-how. Brazil and Venezuela have been drawing together in the past months on the basis of a common commitment to energy development.

Mexico's initiatives in Latin America dovetail with the Franco-West German axis which has developed in Europe around the same focus: their joint efforts to extend nuclear technology for development on a worldwide scale.

Brazil, Latin America's most industrialized country, is already well on its way to "going nuclear," through the construction of a series of advanced nuclear reactors of West German design, despite heavy U.S. opposition. Just a month ago, Brazil received the support of Venezuela's President, Carlos Andres Pérez, for its nuclear program. This endorsement has been seen by political observers as a reflection of Venezuela's own plans to develop nuclear energy for industrialization.

The Brazil-Venezuela formation around advanced energy issues is underscored by Carlos Andres Pérez's upcoming visit to Brazil. The Pérez visit, the first by a Venezuelan head of state to Brazil in more than a century, will end only two days before President Carter's scheduled arrival in Venezuela and Brazil on Nov. 22 and 23 respectively.

In Brazil, Díaz Serrano will most likely continue negotiations for substantial energy deals with Brazil. Mexico is set to provide up to 12 percent of Brazil's oil needs, and according to Díaz Serrano this country may become Mexico's largest oil buyer. Discussions should also touch a joint Mexico-Brazil project, announced last week by Mexico's ambassador to Brazil Leon Garcia, for the construction of a refinery in the Amazon River area. The refinery, with a capacity of up to 100,000 barrels per day, will be partially financed and fully supplied with oil by Mexico.

The Spanish Bridge

Mexico's moves toward Europe began with the visit to Mexico last October by Italian Foreign Minister Forlani, and continued with President Lopez Portillo's historic state visit to Spain Oct. 8-16. A broad range of economic agreements with the government of Spanish Prime Minister Adolfo Suarez resulted from the Lopez Portillo visit. These deals are seen by the highest political circles in Mexico as a foot in the door to massive Latin American trade and cooperation with Europe and the Middle East via Spain. The visit ends a 41-year rift between Mexico and Spain, begun in 1936 when Mexico broke off relations with Spain as a result of the Franco fascist takeover.

A major factor in Mexico's European turn was the activity of the City of London's allies within the U.S. government to force Mexico into the London markets for financing. While Energy Secretary James Schlesinger attempts to create U.S.-Mexican cooperation in a major energy project (see *Energy*); U.S. Comptroller of the Currency John Heimann — who together with Treasury Secretary Blumenthal gained notoriety during "Lancegate" — threatened Mexico with a virtual cutoff of credits by suddenly announcing last week that he intends to enforce strict "legal lending limits" by U.S. private banks to Third World Countries. When asked whether Heimann's de facto cutoff of credit to Mexico might force that country to turn to the City of London to meet its foreign borrowing needs, a Treasury official answered, "I cannot dispute it."

Heimann's proposals follow U.S. Senate Subcommittee hearings designed to scare U.S. banks away from issuing any credits for energy development in Third World countries. In the case of Mexico, such cuts would immediately affect the crucial state sector's food subsidies and cheap credits for agriculture.