

earlier U.S. invasions of Mexico and then warns that "both sides know there are limits to U.S. tolerance" of Mexican political and economic independence. "Just as the U.S. could not accept a truly hostile nation to its south, Mexico does not want to reawaken the imperialism of the past."

—Timothy Rush

France, Mexico agree on oil for technology

A number of top French government and private sector officials converged on Mexico City last month to work out the details of the "economic association" between Mexico and France. The French Commissioner of Planning, the Central Bank governor, and the head of the European Center for Industrial Cooperation met with Mexican government officials to begin implementation of the wide-ranging economic cooperation accords reached during the late February state visit of French President Valery Giscard d'Estaing. In exchange for 100,000 barrels per day of Mexican crude oil (shipments to begin in 1980), France is providing Mexico with the technology and financial and technical aid to carry out the López Portillo administration's 10-year Industrial Development Plan. The price of Mexico's oil is still under negotiation.

The tone of the working meetings was set by the French ambassador to Mexico, Jean Rene Bernard, who lauded López Portillo and Giscard d'Estaing's shared "rational and humanistic" approach to the global energy crisis and emphasized the importance of developing nuclear energy as a substitute for oil. Restating France's endorsement of López Portillo's proposal to reorder world energy policy in the context of a new world economic order—based on the principle that energy is the "common responsibility of all mankind"—Bernard indicated where France's interests lay, saying, "Mexico-U.S. relations are of interest to us, but [more interesting is] what Mexico thinks about the future of the world energy situation." He referred to the proposal the Mexican President will present to the U.N. in September.

Nuclear energy

French aid in developing Mexico's nuclear energy capacity figures high in the oil-for-technology agreements. Planning Commissioner Michel Albert announced that France will begin making investments in Mexico in the near future in the area of nuclear energy, as well as in the petrochemicals and capital goods sectors. France has offered not only technical nuclear aid, but to

provide enriched uranium should the U.S. back out of its supply agreements. The French Atomic Energy Commission president toured Mexico last May, and Mexico has set a goal of building 20 nuclear power plants by the year 2000 to assure that the electrical needs of its ambitious development program will be met.

The priority which France has put on its political-economic relations with Mexico was underscored by the signing of a \$300 million "swap" arrangement between the Central Banks of Mexico and France. This bank-to-bank financial-monetary agreement, which puts \$300 million at Mexico's disposal for short-term balance of payments adjustments, was characterized by French Central Bank governor Bernard Clappier as a direct result of the López Portillo-Giscard summit and a "first" ever for France.

Private sector

Much of the French investment in Mexican development projects will be channeled through the French private business and industry sector. The French National Confederation of Businessmen (CNPB) has just issued a detailed report on the Mexican economy, and announced that on Sept. 19 it will open a "liaison bureau" to encourage and coordinate investment, headed by the president of Celanese Corporation in Mexico and head of the large petrochemicals equipment firm, Constructions Metalliques de Provence. The CNPB is sponsoring a 10-day technology transfer conference and exhibition in Mexico City in early November.

Representing a layer of French private business, Olivier Giscard d'Estaing, president of the European Center for Industrial Cooperation, visited Mexico in late July where he met with Mexican Natural Resources and Industrial Development Minister Jose Andres de Oteyza. O. Giscard d'Estaing, brother of the French president, expressed French interest in selling railroad cars to Mexico, which suffers from a serious transport bottleneck, and in modernizing Mexican port facilities. He singled out, in particular, a project to build up the gulf port of Coatzacoalcos as the hub of an industrial complex and expanded energy and transportation grid.

Ongoing consultations

France and Mexico have maintained an ongoing, tight consultation on political and economic affairs—as provided in the Giscard-López Portillo accords. French Mines and Energy Minister Francois Wissocq stopped in Mexico for talks with government officials after meetings in Washington June 22 which focused heavily on coordinating French and Mexican attempts to curb oil price speculation on "spot" markets like that in Rotterdam. Mexico's under sub-secretary for Planning and Budget, Ms. Rosa Luz Alegría, traveled to Paris for a meeting with President Giscard d'Estaing only

days before the Tokyo Summit of advanced sector countries, to discuss joint Mexican-French diplomacy around the López Portillo proposal for a global energy policy and a world conference of producers and consumer nations.

—Mary Goldstein

Mexico-Japan ties hurt by Tokyo's slow pace

The recent decision by Mexico's national oil company, Pemex, to sell Japan only 100,000 barrels of oil per day over the next few years signals that many problems continue to exist in the relations between these potentially highly complementary countries.

The Pemex decision was relayed to the Japanese earlier this month by the assistant director of the company, Ignacio de Leon, when he traveled to Tokyo to negotiate the details of a long-term oil contract between the two countries.

Though some Japanese sources have tried to explain the jolting Mexican decision as due to shortages of crude oil in Mexico and logistical problems, most business and government officials acknowledge unhappily that the decision was based on political considerations. Simply put, Mexico is unhappy with Japan, and though the government of President José López Portillo is potentially willing to export large amounts of oil to Japan, it is avoiding any hasty decisions until a full "package deal" of oil-for-technology is worked out.

It is expected that a long-term oil contract will be concluded between Japan and Mexico in mid-August, when Japan's Minister for International Trade and Industry Esaki travels to Mexico City. Last week, one of Esaki's top aides, Natural Resources and Energy Agency Director N. Amaya, visited Mexico City to work out the final details of the contract and is reported to have offered \$500 million in advance payments for oil and Japanese technical help in several development projects, as sweeteners to the deal. While the results of Amaya's talks are not yet known in detail, it is unlikely that his efforts worked to improve the terms of the contract for Japan. The contract is believed to guarantee Japan 100,000 barrels of crude oil per day starting in 1980, with the amount to increase up to 200,000 to 300,000 barrels per day in the last years of the 10-year pact.

It is not too late for Japan to gain access to high quantities of Mexican crude. Should there be an overall improvement in Mexico-Japan relations, the delivery quantities stipulated in the contract would increase as

well, more in the area of the 20 percent of the overall exports Mexico originally earmarked for Japan.

Problems with Japan

In Mexico's view, fundamental issues: the slow pace in discussions between the two countries on a "package deal" involving an exchange of oil for technology; and, the overall direction of Japanese foreign policy, especially on political issues relating to energy. Significantly, both of these issues directly involve the United States.

The influence of the United States in the direction of relations between Mexico and Japan cannot be underestimated, as Japan now finds itself in the unwanted position of "middle man" between Washington's determination to impose its views on Mexico and a Mexico determined to become less vulnerable to American pressures. Washington has traditionally claimed a "special" and even low-ranking officials in Japanese corporations gossip about the American pressure on Japan to limit its relations with Mexico and not "interfere" in U.S. "territory." Mexico, on the other hand, is trying to diversify its international economic and political relations and reduce its "special relationship" with the United States, while obtaining the technology it needs for its ambitious industrialization strategy.

In the middle stands Japan—hoping to develop in Mexico a new, reliable source of oil and an export market for high-technology products, while lacking the political will to buck Washington's demand to stand clear of Mexico.

Japan's middle-man position has led to hesitancy in Tokyo to develop a wide-ranging relationship with Mexico, and caused a slowdown in talks on a "package deal" involving an exchange of oil for technology that Mexico has demanded. After more than a year of regular negotiations, high Mexican officials are now quietly expressing suspicions about Japan, and are unsure that the Ohira government in Tokyo is committed to such a "package deal." These suspicions have been fueled by the Ohira administration itself, which is ordering its representatives in Mexico to state that official Japanese policy is to separate the oil and technology issues.

Currently, discussions are continuing between Mexico and Japan concerning cooperation on industrial projects throughout Mexico, especially in transportation, ports and steel. However, most of these discussions have been ongoing for more than a year, and though most Japanese companies acknowledge the need to link the issues of oil and technology, not one of the major projects being discussed by the two countries has been finalized. Japanese officials place much of the blame for these delays on Mexican officials, who, they claim, have failed to be specific in proposing economic cooperation