

Who gets it?

Who will get the oil? Mexico has repeatedly stated its goal of maximum diversification of markets, so as not to be locked into just one client. Diaz Serrano has pegged target percentages at 60 percent exports to the United States, 20 percent to Europe, and 20 percent to Japan. Mexico now has negotiations underway or signed to export 100,000 bpd each to France, Spain and Canada as of 1980, and 220,000 to Japan.

What is the U.S. perspective? If it continues to play blackmail games to gain control of Mexican oil as a strategic reserve, and continues to discourage Mexican industrialization in favor of labor-intensive rural "job creation" programs, the consequence is that it won't get much, if any, oil.

If it adopts the kind of approach taken by Giscard, all statements from the Mexican government indicate it will be able to import from Mexico in constantly growing, hefty volumes, at the same time Mexico diversifies its overall export picture.

Carter netted zero,

President Carter's trip to Mexico was a total failure, a fact widely acknowledged both within and outside the United States. Yet the media emphasis on Carter's obvious diplomatic blunders — like his references to his attack of "Moctezuma's revenge" during his prior visit to Mexico or his astonishingly banal speeches about his and President Lopez Portillo's "beautiful" wives and their common interest in "jogging" — are in fact misleading. There were far more serious blunders committed that have brought U.S.-Mexico relations to their lowest point in 50 years.

As we reported months ago, Carter's trip was condemned to failure from the moment it was admitted that his Administration had no economic program to take to Mexico.

Instead, Carter went to Mexico City with a packet full of offensive threats to Mexico and its right to development. The U.S. government "offers" included some armtwisting to make Mexico's oil a U.S. strategic reserve, an end to the flow of undocumented Mexican workers to the United States, and a proposal to make Mexico part of a North American "Common Market" wherein the Mexicans would give up their national sovereignty.

What Carter had to offer

From the moment Carter and his entourage of National Security Advisor Zbigniew Brzezinski, Secretary of State Vance, and Undersecretary of State for Latin American Affairs Viron Vaky arrived in Mexico, Carter started putting pressures on the Mexican government to agree to the points recommended in a policy review document on U.S.-Mexico relations — Presidential Review Memorandum 41 (PRM-41) — elaborated by the National Security Council.

They proposed that the Lopez Portillo government make Mexico part of what PRM-41 called a "North American community" of Mexico, the United States and Canada. Mexico would have to surrender control over natural resources and would have to adapt economic programs to fit the role of a mere raw materials supplier.

The Mexican government said no. In an interview with *New York Times* columnist James Reston, President Lopez Portillo insisted that "there is still a lack of confidence and risks" in the proposal. In an interview with the Mexican daily *Excelsior*, Secretary of State Vance implied that although they pushed the idea very hard with the Mexicans, he thought "Mexico sees a number of problems in it."

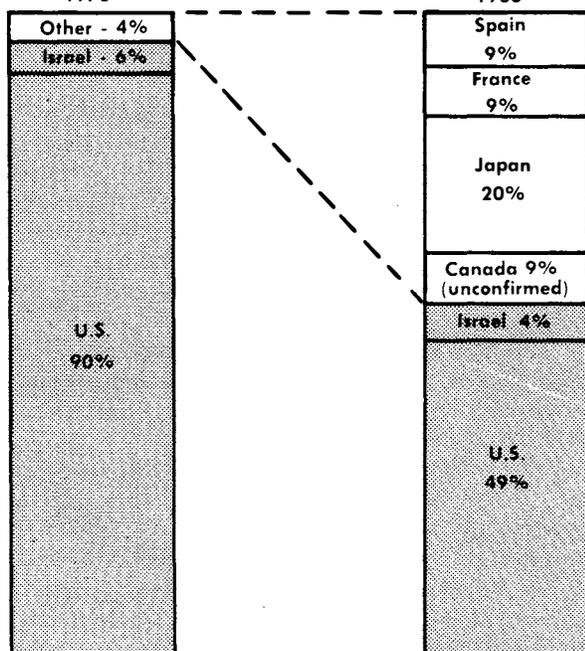
It was with PRM-41's main policy aim — to make

The changing composition of Mexico's oil in export distribution 1978-1980

Based on current commitments either signed or in advanced negotiation.*

Average daily exports at end of year 500,000 bpd
 1978

Average daily exports projected at end of year: 1.1 million bpd
 1980



* Further export contracts, most notably to Brazil, are under consideration.

for business

Mexico's oil a strategic reserve for U.S. war preparations and a weapon against the OPEC oil producing countries — that the U.S. delegation faced the fiercest opposition from the Mexicans. In interviews with CBS President Lopez Portillo made his point to the U.S. population: "We would be very pleased if the most powerful nation on earth would pose the problem of energy resources not as a problem for the U.S., but rather as a fundamental factor to make the world economy more rational." Only in this way, he said, "will energy resources no longer be a factor of disequilibrium and a danger of war."

President Lopez Portillo's strategy to deal with the "behind doors" pressures from the Carter delegation was to bring the issue to both the U.S. and the Mexican population and to force "open diplomacy" in his talks with Carter. Let's rule ourselves by "good faith and clean play" he said in a now-famous speech before an embarrassed Rosalynn Carter and a disconcerted U.S. President during a banquet for them. "It is difficult, especially among neighbors, to conduct cordial and mutually beneficial relations in an atmosphere of distrust or open hostility."

The Carter delegation reverted to open threats. At a luncheon the next day in the U.S. embassy, Carter angrily told the Mexican President that the U.S.-Mexican border was one of the "most indefensible in the world" and pledged to strictly apply U.S. laws against Mexican workers who emigrate to the U.S. in search of jobs.

Another aim of the Carter trip was to force Mexico to join the General Agreement on Tariff and Trade (GATT). This point was pushed by Brzezinski in an interview with Mexican television: "Mexico is the most important of the free countries of the world which has not joined GATT."

In exchange for lowering U.S. trade barriers to Mexican raw and semi-processed goods such as "vegetables and textiles," Mexico must liberalize its trade," measures that now protect its own industry, Viron Vaky told the Mexican press. One week after the trip, the U.S. government announced that it was taking 70 Mexican products off the list of preferential imports. Mexico had made no such promise to liberalize.

The Carter Administration not only did not offer any concrete deals to contribute to Mexico's industrial boom, but attempted to disrupt the deals Mexico has worked out with other countries like Japan.

On Feb. 6, the Mexican daily *Excelsior* made public a National Security Council document recommending that Alaskan oil be sold to Japan to replace oil for that

country due from Mexico in 1980. Instead, Mexico would deliver their oil to the U.S. The document said that Mexico wouldn't oppose this deal. Mexico is not only opposed to U.S. mediation of its deals with Japan, but, in an interview with the *Washington Star* on Feb. 12, Foreign Minister Santiago Roel said that although there is great discussion in the United States about that proposal, "the U.S. has not even consulted with us." This being the case, the three accords reached at the end of the Carter-Lopez talks were insignificant to say the least. The two governments agreed to start negotiations to establish gas price guidelines, with no indication or urgency on either side; to hold a new meeting between the two presidents in Washington in early summer; and to have the U.S. release an enriched uranium shipment that the Energy Department had embargoed last year waiting for Mexico to accept regular United States inspection of the nuclear facilities Mexico is now building. This is good news for Mexico, but the only reason the U.S. lifted the embargo was French offers to help Mexico rapidly develop a nuclear energy program.

The Mexican government's "no's" to the Carter Administration's offensive proposals were not directed at U.S. businessmen and exporters of advanced technologies. Interviewed by the U.S. press prior to the Carter trip, the head of Petroleos Mexicanos, Jorge Diaz Serrano, said that Pemex was only waiting for U.S. exporters to fulfill the tremendous capital goods demands the Mexican oil company will have in the coming years.

But, it was in the two president's final communiqué that the Mexican government made this offer more explicitly to U.S. businessmen. In accordance with the Mexican government's demand of sticking to an "open diplomacy," the document reflects the differences that separate the two governments. Carter was able only to insert a few isolated threats to take strong action against undocumented Mexican labor and trade. Otherwise, the document reflected the Mexican President's economic and political viewpoints: "It is important to assure the adequate transfer of real resources to developing countries and to promote stable economic and social development throughout the world." On the necessity for a new world economic order, the final communiqué states that "an economic order should be sensitive to the necessity to provide for the needs of the poor, and investment should be directed so as to encourage their industrialization."

This is a challenge that U.S. businessmen must now face.

— Alicia Fernandez