

Dateline Mexico by Josefina Menendez

Díaz Serrano finally goes to Tokyo

Mexican officials are looking to economic cooperation with Japan with cautious optimism.

On Sept. 25, Mexico and Japan signed a long-awaited capital goods and steel accord, worth about \$370 million. The project involves a joint venture among a Japanese consortium headed by Kobe Steel, Mexico's national development bank Nafinsa, and the state steel company Sidermex.

The deal, known by its initials NKS, is viewed by both sides as something of a watershed, closing the book on an unhappy period of Japanese-Mexican relations which reached its low point during the early-May state visit to Mexico by the late Japanese Premier Masayoshi Ohira.

Although the NKS deal marks the end of one era in Japan-Mexico relations, it remains to be seen whether it also signals the beginning of a new, more positive one. The consensus among Mexican private and official sources, consulted by this reporter during a recent visit to Mexico, is that they are now looking to the prospects of sound economic cooperation with the new government of Zenko Suzuki with cautious optimism. "The NKS deal is the kind of thing we are looking for," a top Industry Ministry official commented. "But will Washington stop pressuring Tokyo to not cooperate with us? Or will Tokyo stand up to such pressures? We will find out at the mid-October Tokyo meeting."

Mexico, for its part, issued a string of unmistakable signals over

the past week, indicating a willingness to reestablish good economic links with Japan. These include:

- Mexico has just announced that, as of Oct. 1, it will finally begin to ship 100,000 barrels per day of oil to Japan, thus meeting its earlier commitments. Until now, Japan had been receiving only 50,000 barrels per day.

- Nafinsa director Jorge Espinosa de los Reyes told a Washington, D.C. press conference Sept. 29 that Mexico viewed the NKS deal as important to breaking Mexico's bottlenecks in the areas of capital goods and heavy machinery.

- And perhaps most significant of all, veteran trade union leader Fidel Velásquez, one of the most powerful political figures in all of Mexico, went out of his way three days earlier to call a press conference whose sole purpose was to support the NKS deal. "Agreements such as this," he stated, "are worthy of applause, because they involve the creation of a heavy industry sector, which will help us to consolidate other economic areas." Velásquez added that "insofar as foreign capital does not come to Mexico as a *Conquistador*, it will always be welcome." He significantly added that one of the attractions of Mexico to foreign investors is its "mature labor movement." A stronger stamp of approval would be hard to come by.

With the NKS deal out of the way, the question on everybody's

mind is what comes next. The strength of the Mexican delegation to the Oct. 13 Tokyo meeting would indicate that there is good potential. Pemex head Jorge Díaz Serrano will head the Mexican team, a fact which has delighted his Tokyo hosts and induced in them what one Japanese businessman in Mexico criticized as a foolish "oil fever." Already Japanese officials have leaked to the press that they will once again try to extract the long-sought 300,000 barrels per day from Mexico. The Iran-Iraq war in the Middle East has now added a tone of urgency to their requests.

Observers are also closely watching the composition of the rest of the Mexican delegation, to try to get an indication of the likely direction and outcome of the talks. Joining Díaz Serrano will be private sector leaders; Mr. Moctezuma Cid, the Coordinator of special projects of the Presidency and the man in charge of Mexico's ambitious industrial ports projects; a Foreign Ministry representative; and a number of officials from the key Industry Ministry (Sepafin). *EIR* has learned that it is possible that the indicated Sepafin representative, Subsecretary García Ramírez, will *not* travel to Tokyo, and that he will be replaced by Jorge Leipen Garay, the director of Sidermex. Although Mr. Leipen is reportedly ill and may therefore be unable to travel, his mooted presence instead of García Ramírez is thought to indicate Mexico's preference for focusing economic discussions with Japan heavily on steel, the area which Mr. Leipen has special responsibility for.

This column was contributed by Latin America Editor Dennis Small.