

Mexico's superports: a strategy of city-building for five million people

by Timothy Rush

For the foreign businessman, the evidence is in that Mexico is not just a partner with lots of oil and big projects on paper. Three years of solid investment are now reaching the maturation stage and the picture is impressive.

On April 29, 1981, Mexican President José López Portillo inaugurated Latin America's largest petrochemical complex at La Cangrejera, in Mexico's southeast. This giant undertaking, involving no fewer than seven separate major facilities, was finished in world-record time. The majority of engineering and all the construction was Mexican. The value of its initial output is \$1 billion per year. It is expected to replace a full 90 percent of Mexico's current petrochemical imports.

The same day the state oil company, Pemex, announced that commercially viable hydrocarbon deposits had been found in the Gulf of California between Sonora and Baja California. This is the first time Pemex has ever

officially confirmed what has been rumored for over two years: that Mexico's Pacific Coast, hitherto completely outside Mexican statistics of 68 billion barrels of proven reserves and 250 billion possible, is also oil-rich.

And on May 4, an extraordinary five-hour evaluation session at the presidential palace involving twelve cabinet ministers, three governors, and leaders of the business sector reviewed Mexico's historic city-building program centered on four new "industrial ports" and judged it moving ahead on target. The time is ripe to begin planning for three more, the head of the special development projects told the President (see map, page 22).

The week spanning the Cangrejera inauguration and the cabinet summit on ports provided a special concentration of events to underline Mexico's achievements, but it was not really unusual. As Pemex officials noted at the Cangrejera ceremonies, that facility was but one of 36 major Pemex facilities currently under construction. And hardly had the president finished the ports review when he flew to Saltillo, Coahuila, to mark the opening of four large auto and truck motor plants which will produce a total of 400,000 motors per year.

"We are convinced that a country which deserves to be a country, a country which wishes to be viable, must conceive of itself in the long term," López Portillo said as he summed up the ports evaluation session. "The industrial ports are an important and audacious way to do this. Enough of concentrating ourselves in the central highland areas and folding our arms in the face of fatalistic economic processes! Let's organize to export, let's induce and lead change. We are growing at extraordinary speed in a short time. We can normalize this to the degree we plan new initiatives."

These are the highlights of the progress report:

- Work has begun on all four of the port projects announced in 1979, Altamira and Laguna de Ostión on the Gulf Coast, and Lázaro Cárdenas and Salina Cruz on the Pacific. Altamira and Laguna de Ostión involve port and urban infrastructure built from scratch.

- By the end of 1982, at the end of the López Portillo term in office, the first phase of the program will have been concluded at a cost of \$1.8 billion.

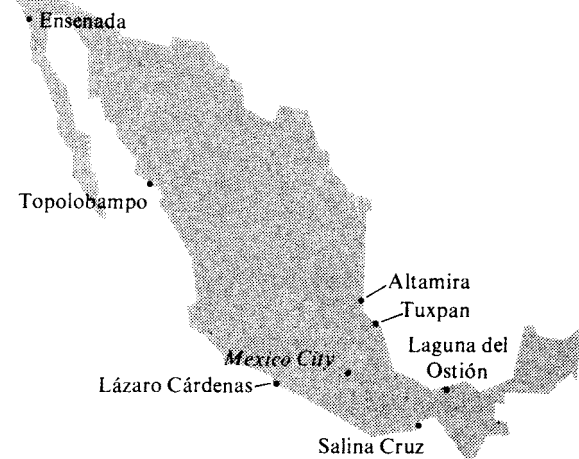
- By 1990 the ports will include four new steel

gan is extremely sensitive to all the things I have mentioned about Mexico. He understands relations with Mexico. Being governor of California is like being governor of Texas, because we have a great inheritance as part of our culture.

"I find nothing on which President Reagan and I disagree regarding what we have discussed on Mexico, and we've discussed everything, whether it be documentation of illegals, tourism, cultural exchange and the concept of great cities, or the industrial base."

On those trying to sabotage relations: "Even within the State Department, even within the business sector in the U.S., you can find people who are very critical of what I am saying and of what the President is saying. But so what? You are never going to find unanimity in these kinds of situations. . . . In Mexico [there are also] those who are opposed to improving relations with the United States. In fact, it serves their interests to have bad relations with the United States. They are trying to manipulate the situation."

Current or projected development of Mexico's ports



Lázaro Cárdenas: Agro-industries; Sidermex steel complex; capital goods; Fertimex fertilizer complex; shipbuilding and repair; Pemex facilities.

Altamira: Basic petrochemicals; refining; capital goods; steel; aluminum.

Laguna del Ostión: La Cangrejera and Pajaritos ammonia; refining; fertilizer, sulfur, and methanol plants.

Salina Cruz: Tanker port for vessels up to 250,000 tons; refining.

Feasibility studies: Ensenada, Topolobampo, Tuxpan.

plants, an aluminum plant, giant petrochemical expansion, and a food-processing industry.

- This year \$68 million will be spent to dredge the Altamira channel to permit boats of 100,000 tons to dock in 1982. Laguna de Ostión will be dredged for initial docking of 50,000-ton boats while Salina Cruz is built to the 250,000-ton level, enough to handle super-tankers.

The focus on port development carries particular significance because ports are one of the primary bottlenecks in the country's economic growth as a whole.

'A true Mediterranean'

Coordinator of Development Projects for the Presidency Julio Rodolfo Moctezuma Cid stated that the surge in port-industrial activity will convert the Gulf of Mexico into a "true Mediterranean."

The advantages for U.S. business were illustrated by the simultaneous announcement by Galveston, Texas officials that the Galveston port in Texas is gearing up as a transshipment point for containerized freight which will begin crossing Mexico's Isthmus of Tehuantepec in a "land-bridge" later this year. From Galveston, container traffic from the U.S. Intercoastal Waterway grid will be loaded on larger boats for Tehuantepec, shuttled across on a new 150-mile rail connection, and re-em-

barked for Pacific ports at Salina Cruz—at less time and cost than shipment through the Panama Canal.

Moctezuma Cid announced that the industrial complexes around the new ports involve already spoken-for investments of \$25 billion before 1990. A keystone in this is Altamira, where a private-sector consortium anchored by Monterrey's Alfa Group is planning a sponge-iron plant to supply raw material for speciality steel finishing companies around the country, and the state has plans for a steel complex the size of Lázaro Cárdenas on the Pacific Coast.

And for the first time ever, he revealed that three other ports—Ensenada on the Baja California Norte coast near Tijuana, Topolobampo on the Pacific Coast in northern Sinaloa, and Tuxpan in Veracruz on the Gulf—are now being studied for incorporation into the industrial port effort.

López Portillo, in a followup session with business leaders later in the week, especially directed business attention to investment in the ports program as a way to "build another Mexico" the size of the existing one by the year 2000.

Cities for five million people

The progrowth tenor of the cabinet review session obliged even population reduction ideologue Pedro Ramírez Vázquez, the Housing and Urban Development minister, to outline a striking perspective of population growth in the new port centers.

Ramírez Vázquez pegged Altamira regional population, currently 650,000 (including the city of Tampico), at 2 million by the year 2000. The Laguna de Ostión region will grow from 400,000 to 2.3 million by the same year, and Lázaro Cárdenas from 60,000 to 630,000. In total, Mexico is building new port cities to house no less than 5 million inhabitants over the next two decades.

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