

Dateline Mexico by Carlos Valdez

Integration in action

García's trip to Mexico was an important step forward in the process of continental integration.

Peru's President Alan García described the \$250 million economic and technical cooperation pact just agreed to with Mexico as "a beautiful example of economic linkage." The agreement, signed March 26 by, among others, the national directors of Petroleos Mexicanos (Pemex) and PetroPeru, will provide the Mexican expertise required to develop Peru's newly discovered oil and natural gas resources, which will give the Andean country an economic boost.

The pact, announced just hours after release of the joint communiqué by the two heads of state, was like a cold shower on those international bankers who had sought until the very last to sabotage the García trip to Mexico, and—failing that—to promote "differences" between the two Presidents, a scenario which President García himself denounced during a press conference outside the Mexican President's Los Pinos residence.

The joint communiqué left no doubt that it was the manifest political will of the two heads of state to give concrete substance to the process of economically integrating all of Spanish- and Portuguese-speaking Ibero-America, starting with that most "political" of all natural resources, oil. The Presidents of Mexico and Peru established in their joint statement that "the foreign debt is one of the main obstacles to the growth of the countries of Latin America," and reaffirmed their commitment to meet those debts "but first assuring the priority right of our people to economic and

social development."

García and de la Madrid also declared, "Today, the mandate to form a community of nations" is more imperative than ever, and therefore it were "indispensable to agree to new phases of coordination to accelerate the integration of the national economies . . . that would allow the region to face the problems which overwhelm them."

In February of this year, Mexico had signed an agreement with Argentina to construct a part of the gas pipeline from Loma de la Lata to Bahía Blanca to Buenos Aires, at a total cost of \$500 million. Of this amount, \$200 million will be financed by Mexican institutions through a counter-trade mechanism, whereby Argentina would pay for these "soft credits" with industrial products. The novelty of the agreement is that Mexico for the first time in recent history has gone beyond the monetarist bounds of only carrying out commercial transactions with other countries willing to use dollars as their currency of trade.

During a press conference given by Alan García upon his return from Mexico, the Peruvian leader announced the financial and technical cooperation of Mexico in the \$26 million construction of the Aguaytia-Pucallpan gas pipeline, and a cryogenic treatment plant; Mexico offered another \$38 million for the repair and expansion of Peru's Talara refinery. Another \$25 million was offered by the Mexicans for the purchase of capital goods needed for the secondary

recovery of petroleum in northern Peru.

PetroPeru's president Jaysuno Abramovich, explained that negotiations are already under way with Pemex for the formation of a binational consortium for investing in oil exploration and exploitation in the Peruvian jungle. Pemex, said Abramovich, is prepared to assume the construction and financing of a gas pipeline that would have to be constructed from the recently discovered vast gas reserves in Ucayali department.

Further, the PetroPeru director announced that Mexican refinery experts had already arrived in Peru, prepared to remain as long as necessary while PetroPeru deploys a team of specialists to Mexico.

Other agreements detailed by President Alan García involve Peru sending 30 thousand tons of unrefined copper to two Mexican refineries, representing for his country an additional \$12 million profit that would allow "placing the mineral on the international market with added value." There is also an agreement for a \$6 million exchange of raw Peruvian iron for Mexican-produced iron bars, and for a pact to increase Peruvian exports to Mexico from \$4 to \$40 million.

García further announced that the Bank of Mexico would open a credit line of \$50 million that would allow Peru to import products it currently purchases for cash from other countries; that Mexico will sell Peru equipment for highway construction; and that there will be increased cooperation in the field of agriculture.

Last but not least, García announced that a "cultural integration effort" would be undertaken with Mexico, so that Peru could benefit from Mexico's publishing expertise, in particular for the mass printing of school and university texts and "to give a major boost to our public libraries."