

López Portillo's trip to Asia prepares 'Pacific Basin' development region

Cynical observers in the United States, Great Britain, and even in Mexico who had predicted that little would result from Mexican President José López Portillo's just-concluded trip to Asia were in for quite a shock. The trip led to the consolidation of significant agreements with Japan for the exchange of Mexican oil for technology. But, as the Mexican President stressed, he is "not an oil salesman." Most broadly and importantly, López Portillo's trip can be credited with providing a key link in the chain of long-term international agreements for development which stretch forward from the historic Schmidt-Brezhnev economic cooperation treaties in May and the Bremen meeting of European leaders in July.

The stage for the successful outcome of López Portillo's trip had been set two weeks earlier during the visit to Japan by West German Chancellor Helmut Schmidt, which furthered coordination between Japan and the European Monetary System, consolidating the

Tokyo capital markets as the "Bremen East" of the emerging new economic order.

Mexico will now link its Pacific strategy to new advances in its previous Atlantic focus, bringing the arrangements full circle. Visits to Mexico by Spanish King Juan Carlos later this month and French President Giscard d'Estaing in February will further consolidate Mexico's role as a leading Third World participant in this "Grand Design."

China cannot live behind a wall

During López Portillo's six-day visit to China, the first stop on his two-week tour, the Mexican President repeatedly discussed and explained the importance of the "Pacific Basin" — because of its vast population and immense natural resources — for world development efforts in the decades ahead.

The response to the trip within Mexican progressive circles is evidence of its overall success. In a state-

Mexican legislator ties nation's growth to EMF

Mexican Congressman Julio Zamora Batiz called for Mexico to base its economic development strategy on the developments centered around the European Monetary Fund and the Soviet Union, in a speech before a political rally Nov. 6. Zamora, who doubles as President of the League of Revolutionary Economists, also blasted U.S. Energy Secretary James Schlesinger, according to the daily Diario de Mexico, which reported:

Julio Zamora Batiz called upon Mexico to make a 90 degree turn in its economic policy, in light of "the contacts that have been established with the Soviet Union, with the development of the European Monetary Fund, (and) the strengthening of relations in general beyond the treatment being shown by the United States to our country and its oil."

Zamora Batiz further referred to "the various

pressures that the United States government has exerted to prevent Mexico from embarking on a course of full industrial development." As proof, the congressman stated, "the recent statements of James Schlesinger, a secretary in the U.S. cabinet, to the effect that his country will not accept another Japan south of the border, are clear in this respect."

Zamora continued by formulating a policy of unity through the Pacific basin, the development of the European Monetary Fund, through the contacts that Mexico has established with the Soviet Union, and through the strengthening of relations with France, which are underlined by the coming visit of the French president to Mexico. "A whole new game of international politics is taking shape, and it is one in which Mexico, for the first time in many years, is playing a protagonist's role on the international level."

ment one day prior to the President's return, Mexican Congressman Julio Zamora Batiz called for Mexico to join fully in the consolidation of the new monetary system emerging in Europe (see box).

In particular, López Portillo pointed to the concurrent signing of the China-Japan Friendship Treaty as a first step towards unity of the region for development — what he termed the “Asian logic.” Near the end of his trip he located the international significance of the Pacific Basin when he stated that “the event of the end of the century could be the logical unity of Asia, represented by China and Japan,” much as “the First and Second World Wars and the Russian revolution shaped the beginning and-middle of the century.”

With the clear purpose of drawing China out of its isolation and strengthening the proindustry factions within its leadership, López Portillo offered China a “21st century of development” if it joined the rest of the world in a commitment to massive regional development. Speaking as the Chinese continued their invasion of Vietnam, López Portillo bluntly told the Chinese that a nation “cannot live confined by a wall,” and he warned against the “sentiments of chauvinist, revanchist aggression” which have continued to characterize Chinese policy outlook.

López Portillo's warnings were timed to counter the efforts by Kissinger ally James Schlesinger, who was also visiting China, to draw the Peking leadership into the “China Card” of regional destabilizations and war with the Soviet Union. The Mexican press reported that López Portillo had sharply turned down a request by Schlesinger — who has been denounced strongly in Mexico for sabotaging development agreements with the U.S. — for a private meeting.

“A relation of great vision with Japan”

It was in Japan that the details of what is involved in the “Pacific Basin” strategy outlined by López Portillo were not only discussed but also implemented. On repeated occasions the Mexican President emphasized the need for establishing broad, long-term relations, calling for “a great link, a great relation which extends into the long term. We are thinking of the next century.” He also made clear that any specific agreements could only be worked out if a clear commitment to this type of “global” approach was agreed upon.

Japan responded favorably to this approach. While the final communiqué clearly stated that both countries expressed “their joint determination to define relations within a global perspective,” Prime Minister Fukuda pledged that Japan was ready to provide “everything possible” for the development of “new industrial sectors in Mexico as well as for those already in operation.” Fukuda placed the question of exchanging Mexican oil for Japanese technology in its larger setting: “the necessity to seek a solution to the

world economic crisis, fundamentally the North-South question.”

López Portillo's insistence that he was not there as a mere “commercial agent” to sell oil, and that questions such as the price of oil were secondary problems to be resolved within the overall “great link” between the two countries, apparently was successful in breaking through reservations by some Japanese business circles who had previously fixated on the oil price issue. Toshio Doko, the head of Keidanren, the Japanese Federation of Economic Organizations, welcomed the Mexican proposals “with pleasure and respect.”

Oil for Technology

The commitment by both countries to establish an “alliance for the 21st century” was clearly reflected in the extraordinary series of agreements reached during the visit. At the conclusion of the visit Jorge Diaz Serrano, the head of Mexico's national oil company (Pemex) announced that Mexico will provide Japan with 200-250,000 barrels of oil per day beginning in 1980, the first year that Mexico's existing contracts will permit an additional export capacity.

The return flow of financing, capital goods and technology was started with an enormous \$1.2 billion dollar Japanese credit signed by Mexican Finance Minister David Ibarra on Nov. 1. Half of the loan, put together by both public and private banking circles in Japan, is slated for the acquisition of heavy equipment for Pemex, Mexico's Federal Electricity Commission, and other state enterprises. The remaining \$600 million will constitute an open credit line to be used as Mexico deems necessary. Ibarra called the terms of the credit “exceptional.” It is the largest single injection of credit into the industrialization plans of the López Portillo government.

“Sharing of energy technology”

Mexico has also requested Japanese technological and financial assistance for a series of large-scale development projects within Mexico which will undoubtedly be discussed in the weeks and months ahead. One, presented by Diaz Serrano prior to the presidential tour, involves the construction of a massive industrial and petrochemical complex tied to a new port facility on the southeastern coast of Mexico where most of the oil deposits are located. A second proposal calls for the construction of offshore oil supply platforms in the Pacific as well as the improvement of the port facilities at Salina Cruz. Both projects will break present infrastructure bottlenecks and allow vast exports of Mexican oil.

However, at the same time, President López Portillo made clear that Mexico wants to ensure that the new energy sources developed by the industrialized nations — such as fission and fusion energy, which Japan is promoting strongly — are shared with the Third World. After warning that “oil

will not last forever," the Mexican President appealed for "full sharing of energy technology."

Bringing the Philippines in

While López Portillo's final stop in the Philippines was a brief one, it served to underscore Mexico's commitment to bring the rest of the Third World into grand design policies. In particular, because it has one of the

largest pools of skilled labor in Asia and vast natural resources, the Philippines is in a key position to make the "Pacific Basin" development perspective a reality. While in the Philippines, López Portillo set an example for the industrialized nations by agreeing to provide assistance to the Philippines in Mexico's area of expertise: "transfer of Mexican oil technology."

—Pablo Silva

President López Portillo on 'winning the peace'

Mexican President López Portillo's speech at the banquet given in his honor by Chinese Prime Minister Hua Kuo-Feng on Oct. 23, and excerpted below, emphasized the necessity for China to drop its confrontationist politics and become an equal partner in the development of the Pacific basin:

If we are to win the peace, we have to wipe out the iniquitous disparities between nations. To continue the world system of impoverishment is to feed tensions and social explosions which help no one in the long run. When the political and economic understandings of populations are awakened, the industrialized countries will no longer be able to go on sucking up raw materials for their own exclusive benefit, nor will they be able to unilaterally keep exclusive markets for themselves. The arsenal of imposition is wearing out. Contemporary history shows that weak peoples become strong when defending their integrity; that the game of subversion, of sowing division to change political alignment . . . violates sovereignty at the expense of preventing peaceful solutions to controversies. The often demonstrated resistance of nationalist sentiments prevents the world from being simply divided into empires. On the contrary, it marches inexorably toward a community of responsible, free and equal nations.

One does not advance towards peace through threats of war. The artifacts of violence incite violence. The road to peace is built with peaceful tools, not with either

complacent or fearful passivity but with an energetic activism which gathers the forces open to peace, which sets up mechanisms to quash provocations, while stimulating cooperation in development between all nations. That, when all is said and done, is the unsubstitutable security for peace. . . .

Cooperation between peoples generates communities of interest at a global level. By satisfying mutual needs, they eliminate pressures and put in check feelings of chauvinist, revanchist, or messianic aggression.

. . . We are a part of the Pacific basin, an area of enormous potential due to its human and material resources and whose easy communication permits forming a community of mutual support, peace and development. Because of its resources and its internal organization, China should play an important role in peaceful and productive relations between nations.

A Global Perspective

Speaking at a luncheon given by Japan's Premier Takeo Fukuda Nov. 1, López Portillo outlined the humanist perspective underlying the Mexico-Japan alliance:

There is a growing concern among developing countries that the limited resources of the world may continue to be allocated for the international security objectives of the great powers. Thus, the need to revise global priorities in order to find the means of guaranteeing the well-being of humanity becomes ever more pressing.

The problems in the world economic sphere must be tackled from a global perspective. It is not possible to resolve one conflict while leaving others which are equally grave unresolved.

The perspective must be global in terms of participation because it is neither democratic nor feasible for one country or a group of countries to enjoy partial solutions; . . . formulas are required that are the fruit of worldwide negotiations. . . .

The energy problem is one of these primary issues that confirms that the interests of nations are intertwined. In wealthy nations as well as in developing countries, industry, food, etc. depend on energy. The elimination of extreme poverty in which a broad part of the world population lives also depends on energy. Energy should be the point of agreement for the international community to find solutions to their problems in a shared and equal way.

We energy producing countries view the problem from a humanist perspective, and we are open to the indispensable exchange.

We also want energy technology to be shared so that all present and future energy sources may be exploited by the countries where they are found, so that the sale of oil does not lead to the exhaustion of this nonrenewable resource in one part of the world while in another part of the world, development is oriented to the creation of alternate sources not available to those who made (that rate of development) possible.