

*This administration [López Portillo's—ed], with its progressive work will continue to work until its last minute for the benefit of the people. The party will continue to support López Portillo.*

*Now, as always, the party will continue to follow the inexorable principles of our foreign policy: self-determination of the people, non-intervention, peaceful solution of conflicts, international cooperation for development and world peace and the construction of a more just and balanced new world economic order. In this context, Mexico's participation with José Portillo in Cancún, demands full solidarity and strong support from our party.*

*Together we will create, but especially with the support of our youth . . . a new image of politics, anchored on the ideological conviction of our authenticity, loyal commitment, and moral integrity.*

## A biographical sketch: Miguel de la Madrid

Miguel de la Madrid Hurtado was born in 1934 in the western state of Colima. From 1952 to 1957, he attended the National School of Law at Mexico's National Autonomous University (UNAM). López Portillo was one of his professors. He later taught constitutional law part-time at the same school in the 1960's. His 1957 thesis: "Economic Thought of the 1857 Constitution."

Since his college days, de la Madrid started working in financial-related institutions. He first worked at the National Bank of Foreign Trade. Immediately after he collaborated with José Campillo Saínz, professor of law who later became minister of industry and commerce, in studies regarding the nationalization of Mexico's mining.

He then joined the Bank of Mexico, Mexico's central bank. In 1964, the bank gave him a grant to study public administration at Harvard University, where he earned a masters degree in 1965. Back from Harvard, he was named subdirector general of credit of the Finance Ministry, 1965-70. From 1970 to 1972 he was subdirector of finances of Mexico's state oil monopoly, Petroleos Mexicanos (Pemex), which allowed him to become well acquainted with what is today Mexico's most crucial industry "from the inside."

López Portillo, then minister of finance, promoted him to the post of director general of credit in the Finance Ministry. In 1975, when López Portillo became the PRI presidential candidate, De la Madrid was named under-secretary of finance where he remained until 1979 when he was named minister of planning and budget.

De la Madrid joined the PRI in 1963 and worked with the PRI's think tank, IEPES, during the presidential campaigns of Luís Echeverría and López Portillo.

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## Economic Diplomacy

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# Germans, Soviets, Japan pursue growth

by Rachel Douglas, Soviet Sector Editor

Keystone NATO member West Germany is about to secure a huge economic deal with the Soviet Union, and maybe not just one. West German officials right up to Chancellor Helmut Schmidt say frankly that the arrangements for Soviet fossil fuel deliveries to repay West Germany for investments, far from making Germany economic hostage to the U.S.S.R., are in the German national interest.

The export-oriented West German economy stands to benefit from exploiting the huge East European market. And East-West relations' grounded in industrial development efforts, the West Germans believe, are conducive to detente in the military/strategic realm as well. In May 1978, Schmidt and Soviet President Leonid Brezhnev signed a 25-year economic cooperation agreement based on that principle.

For Schmidt, East-West trade was an essential element of war avoidance diplomaey with Brezhnev, when the unstable psyches of the Carter administration ruled Washington. So far, the Reagan administration has given Schmidt no reason to alter West Germany's posture.

Japan and Italy, too, advanced toward participation in the largest of the West German Siberian development deals during the month of September.

That project is the Urengoi natural gas pipeline, to transport gas from deposits in the Yamal Peninsula, on the Arctic Ocean at approximately the longitude of the Ural Mountains, to Western Europe. The Urengoi natural gas investment package will ultimately be worth between \$10 and \$15 billion.

German industry and banking sources say that all the technical problems of this deal, including interest rates for its financing, have been solved. The final agreements, to cover the price to be paid for the Soviet natural gas, should be signed in the next few weeks, before Brezhnev's November visit to meet Schmidt in Bonn. An official of Deutsche Bank, one party to financing the Soviet purchases of equipment for the pipeline, described the pricing issue as a relatively minor one.

On Sept. 29, Mannesmann AG and the French company Creusot-Loire announced that they had signed the first big contract for the development of Urengoi, to sell

the Russians \$948 million worth of natural gas compressor stations for the pipeline.

Details of the Urengoi project were on the agenda of the Soviet-West German economic cooperation commission, which met in Moscow in late September. On the eve of his departure for that meeting, West German economics Minister Count von Lambsdorff explained to reporters that the Soviets were unlikely to manipulate future fuel deliveries to the West for political gain, since that would provoke a shutdown of all East-West trade—a shutdown the Soviet Union could ill afford. Lambsdorff said that Bonn considers “economic cooperation with the East . . . an important stabilizing factor.” He had no knowledge of American objections to finalizing the gas deal, the economic minister added, and West Germany in any case would be foolish to turn down potential foreign sources.

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*The \$10-\$15 billion Urengoi natural gas deal has been set between Bonn and Moscow, and Japanese-Soviet trading is expanding again. Further large-scale projects and joint ventures in third countries are under discussion. Italy is looking for openings as well. The U.S.S.R. wants to make Siberia into ‘a Ruhr region.’*

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The Soviet and West German officials resolved to pursue further large-scale projects and to secure a greater portion of East-West contracts for medium-sized and small Western companies. They also pledged to expand trade in the machine tool sector, which will be the topic for next year’s session of the commission.

### **Siberian coal**

It was during the Lambsdorff delegation’s stay in Moscow, that the Soviets made public their intention to contract several new, major investment deals with the West.

According to the West German business daily *Handelsblatt*, the Soviets put on the table their plans for exploitation of the gigantic Kansk-Achinsk surface coal deposits in Eastern Siberia. This development project, which Soviet Deputy Foreign Trade Minister A. Manzhulo put at the top of a list of 10 construction ventures

in which Western investment would be welcome, is to center on a coal gasification and liquefaction complex.

The value of the Kansk project will be 120 billion deutschmarks, counting in the related Soviet domestic economic activity. *Handelsblatt* reports that, although the portion of this belonging to foreign orders is not yet determined, the financing needs will be too great for the German banking system to handle, so that other European nations will come in.

The Soviets described their plan as a “Ruhr region” in Siberia, referring to the great heavy industry in West Germany.

The opportunity to produce for export is irresistible to other hard-pressed European nations. On Sept. 16 sources in the Italian government, Schmidt’s host during an early September trip to Rome, confirmed they had made quiet progress towards signing Italy’s share of the Siberian gas pipeline deal.

### **Japanese interest**

On Sept. 22, the Export-Import Bank of Japan granted a credit line to the Soviets for the import of Japanese equipment for the Urengoi pipeline, although Japan will be paid back in cash, not natural gas. The loan of \$600 million was extended for eight years at an interest of 7.8 percent. Not only did this undershoot the OECD floor of 8.5 percent interest for loans of longer than five years, but the credit demolished the trade sanctions against the Soviet Union, imposed by the Carter administration and agreed to by Japan after the Soviet military intervention in Afghanistan.

Japanese-Soviet trade has already recovered this year by 28 percent over 1980 as Prime Minister Suzuki began to relax the post-Afghanistan sanctions.

Although Soviet criticism of Japan for tightening military collaboration with China remains at a high level, the first glimmer of political reconciliation is visible. After the Japanese and Soviet foreign ministers conferred at the United Nations Sept. 23, Suzuki told reporters, “Japanese-Soviet relations, long strained, have now begun to move forward.” From Brezhnev came a signal in his Sept. 8 communiqué from a meeting with Vietnamese leader Le Duan, which concluded that “the cause of peace in Asia could only benefit from Japan’s joining in constructive efforts to establish genuine good-neighborly relations among Asian states.”

From Oct. 3 to Oct 22, the Japanese head of the industrialists’ association (Keidanren), Y. Inayuma, will lead a government-sponsored delegation of businessmen on a tour of European nations. Their mandate is to iron out wrinkles in trade policy troubling Japanese-European relations. One route to solutions, which the Japanese delegation will follow, is to arrange joint ventures in third countries, not excluding Eastern European countries.