
Energy Insider by William Engdahl

Interview: the prospects for the next stage of Mexico's nuclear energy program

The following is a Jan. 15 interview with Cecilia Soto de Estévez, who is the President of the Mexican Association of Fusion Energy. In this capacity, she has been advising leading policy circles on the urgency of a full nuclear energy commitment. She is thus in a unique position to reflect on the ongoing international competition for participation in Mexico's ambitious nuclear power program, as well as the role of such high technology projects in improving North-South relations more generally.

Engdahl: What is the current status of Mexico's nuclear development plan?

Estévez: Mexico has one of the most ambitious nuclear program targets in the world at this point. The government plan calls for constructing 20 gigawatts of nuclear electrical generating capacity by the end of the century. In the first part of this program, at Laguna Verde, near Veracruz, two units being built by General Electric will give 1.3 gigawatts in two units by 1983. Now, we are in a process of getting international bidding, to be closed in February, for the second complex, 2.4 gigawatts which will consist of either two or four units. Then the government will render its final decision by next July. This may also be in the same region as Laguna Verde.

This next round of bidding is extremely crucial. The reason is relatively clear. The Mexican planners in government want to be able by the end of the century to construct at least 85 percent of all such nuclear technology domestically. To reach this goal, they will want a standardized design for the rest of the program to the extent possible in order to gain maximum efficiency and experience for this transition to self-sufficiency.

Engdahl: Many ask why the urgency for an oil-wealthy nation such as Mexico to make such a substantial commitment to nuclear technology?

Estévez: The 1980 official government National Energy Plan has targeted a very high rate of growth of the

electric sector of 14.2 percent annually for the period 1980-90, in order to achieve the overall goals of the industrialization program. The plan argues that as nuclear becomes more significant in the economies of the advanced sector, Mexico must become technologically and scientifically in pace with the most advanced developments. It is clearly understood that to burn oil for electricity is the least efficient and most expensive use of this fuel. Nuclear, on the other hand, especially in a country such as ours with large uranium resources, is the cheapest and most economical method to produce electricity. In the process, it will provide us with the technological level sufficient to solve the energy problems of the developing sector into the next century.

Engdahl: Who are the countries bidding for this important next project?

Estévez: Canada, the United States, France, Sweden, and West Germany; seven companies in all. The bidding has more than local importance. The Mexican government asks for a genuine transfer of technology in terms of training of technical and engineering and construction personnel. It wants a long-term agreement on fuel enrichment.

Already, one of the largest concerns of relevant authorities is the bottleneck of trained personnel—skilled technical cadre. This problem has been the subject of much attention. The President, López Portillo, has emphasized that the “spirit of Cancún” [see *EIR*, Nov. 10, 1981] must be realized concretely in the form of the commitment by the so-called North industrialized countries to develop the South or developing nations. In February, López Portillo will go to New Delhi for a follow-up meeting to Cancún called by Prime Minister Indira Gandhi.

Engdahl: Who are the front-runners in the current round of bids?

Estévez: Because of the specific demands of the transfer of nuclear technology and requirements for a complete fuel cycle, I would say France, the United States, and Canada, and perhaps also in that order. Let's take each.

Why France? It would be obvious to go first to the United States. But Carter's "massacre" against nuclear exports is fresh in the minds of everybody in Mexico. Mexico regards seriously the so-called Schlesinger trauma, that is, the embargo of Mexican uranium which had been enriched in the United States as part of the first charge for Laguna Verde. Schlesinger, then Energy Secretary, demanded physical inspection of Mexican facilities by American inspectors, even though it was Mexico which first initiated the Tlatelolco Treaty calling for creation of a nuclear-weapon-free Latin America. Mexico also had been long a signatory to both the non-proliferation treaty and a member of the International Atomic Energy Agency.

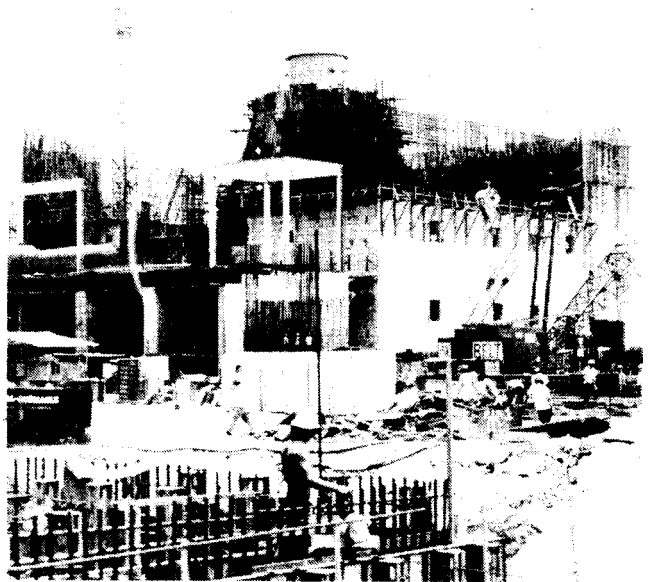
With this abrasive past still somewhat fresh, France appears the front runner because the French are offering serious partnership. This centers in three major areas: 1) France is offering to sell to the Mexican government Iran's 11 percent share in their Eurodif enrichment facility. If accepted, this could give Mexico an assured enriched uranium supply pending their development of advanced-isotope-separation enrichment methods; 2) France also offers a new chemical enrichment process which permits creation of slightly enriched uranium of 3 percent; 3) France is also considering offering Mexico a stockpile of enriched uranium to be stored in Mexico in order to eliminate any fear of a replay of the "Schlesinger trauma."

Engdahl: And the United States?

Estévez: I personally feel that the best option for the United States is not in a specific technological package but lies in the desire of President López Portillo to solidify with President Reagan the idea of developing the U.S.-Mexico relationship as a model for North-South relations generally. He has expressed repeatedly in recent months his grave concern over the high interest-rate policies of the United States and the accompanying developing U.S. economic crisis. If the Mexican government can use the important nuclear export issue as some kind of "opening crack" to reverse the U.S. interest rate policy, López Portillo would possibly sacrifice the more attractive or diversified trade potential of France.

Further, if he can see the possibility of Reagan really and meaningfully changing Carter's nuclear policy, then I think he will weigh the U.S. choice more.

But, personally, I think that the recent negative results of the nuclear-fuel transfer talks with India weakens this chance. There are some definite obstacles to be overcome on the U.S. administration's side: namely, the power of the NRC to override state-to-state agreements;



The initial stage of Mexico's nuclear development: Laguna Verde.

the limits of Ex-Im funds for underwriting nuclear exports; and the so-called Percy-Glenn criteria against transfer of full fuel-cycle capacity.

Engdahl: What about Canada's chances?

Estévez: Canada has put a major lobbying effort into Mexico. They have a certain ally in the leftist Mexican Nuclear Workers Trade Union, SUTIN, who favor Candu (the Canadian-produced heavy water reactor). Thus, it poses a worse dependence problem than the more common light-water reactor models of France and the United States. And many remember too that it was Canada, under the same Prime Minister Trudeau, who supported Carter's nuclear policy wholeheartedly. Canada broke its agreement with Argentina. As to the remaining two countries, West Germany has made very little visible effort to secure the agreement. Sweden has made a big effort, including sending the King and Queen this month. It is possible they may get some subcontracts, but unlikely that they will get the entire major contract.

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