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Japanese Prime Minister Visits Mexico
by John Neagle
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On Sept. 4, Japanese Prime Minister Toshiki Kaifu arrived in Mexico City from the US for a two-day official visit. His agenda for talks with Mexican President Carlos Salinas de Gortari include a review of bilateral financial and trade ties, strengthening trade and scientific and technical cooperation. In addition, the two leaders will address international issues of common concern, said Kaifu. According to the Mexican Foreign Ministry, Kaifu and Salinas will also analyze prospects for the Pacific Rim. President Salinas has expressed interest in opening up Mexican trade with Pacific Rim countries and promoting Asian investment. The president's three children are enrolled in the Mexican-Japanese School. The ministry's director for the Pacific region, Daniel de la Pedraja, told reporters that Mexico seeks to be included in the Pacific Economic Cooperation Council, a study and consultative body which includes most of the non-Latin American countries on the Pacific Rim. At a dinner in Kaifu's honor on Monday evening, Salinas said that increased investment in Mexico would allow Japan to "recirculate a good part of the financial surplus it possesses." He welcomed "the productive investment which brings Japan's knowledge, entrepreneurial capacity, technological talent and productive dynamism." During Kaifu's visit, Japanese Foreign Minister Taro Nakayama will meet with Mexican counterpart Fernando Solano and experts from both countries will also meet. Kaifu was expected to visit the Museum of Anthropology and the Mexican-Japanese secondary school. Japanese investment in Mexico totals $1.3 billion and $1.5 billion, making Japan Mexico's fourth largest foreign investor, after the US, West Germany and Britain. More than 50 major Japanese firms currently have maquiladora industry facilities in Mexico, among them Matsushita, Sanyo, Hitachi, Sony, Sumimoto, Toshiba and Seiko. Established along the US border, such plants profit from special duty-free status to import cheap spare parts and raw materials to assemble products for export to the US. At present, Mexico has an annual trade surplus with Japan of several million dollars, largely a result of Japanese import of 180,000 barrels of oil per day. Two months ago, Tokyo began talks to renew a 10-year contract with Mexico's state-owned oil conglomerate, Pemex, that expires at year-end 1989. According to Notimex, Japan's principal investment interests are focused on the petrochemical industry and maquiladoras. Tokyo will reportedly provide financing for the Pacific Petroleum Project which includes a 225 km. oil pipeline linking the Gulf of Mexico and the Salina Cruz port, Oaxaca state. The pipeline would substantially reduce Japan's oil transport costs. Mexican ambassador to Japan, Mario Moya Palencia, said Mexico has requested about $3 billion from Japan, of which $1 billion are earmarked for assistance in coping with air pollution in Mexico City. According to Notimex (09/04/89), during his visit Kaifu will formally announce Japan's loan disbursements to Mexico aimed at foreign debt reduction and pollution clean-up. Unidentified Japanese sources told Notimex that Tokyo will not likely lend Mexico the requested $1 billion for anti-pollution measures, in part because adequate details on clean-up projects have not been provided. The same sources said Mexico had requested a total of $3 billion from the US, Japan and other capitalist developed nations to finance 14 pollution reduction projects for Mexico City. Mexico's capital ranks as the world's most polluted city, due mainly effluvia spewed into the air by factories and nearly 3 million vehicles. In a Sept. 2 report, Notimex said Kaifu will formally announce during his visit in Mexico that $1.4 billion of a $2.05 billion loan is to be disbursed in January 1990, marking a change in the original installment schedule. The $1.4 billion are earmarked...
for the acquisition of zero-coupon bonds from the US Treasury, used to back debt buy-backs at discounted secondary market prices. On the same day, unidentified US Treasury officials told Notimex they expected Mexico to use about $3 billion provided by Japan, the International Monetary Fund and the World Bank for the purchase of zero-coupon bonds. The rest of the $2.05 billion loan is to be disbursed in equal parts during the next three years via Japan's Export-Import Bank. Kaifu's visit marks the fifth time a Japanese head of government has visited Mexico since the two countries established relations in 1888. Four Mexican presidents have visited Japan. Salinas is expected to visit Tokyo in 1990. (Basic data from Notimex, 09/02/89, 09/04/89; AFP, 09/04/89, 09/05/89)

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