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PRESIDENT CLAUSEN
ITINERARY FILES

MEXICO 1982 (2)

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THE WORLD BANK
Washington, D.C. 20433
U.S.A.

Executive Director

March 23, 1982

Dear Tom:

Thank you for your kind letter that I have just received. I am delighted your trip was so successful and I am glad I have been able to contribute to this outcome.

I am sorry I had to miss your briefing to the Board on Tuesday. As a matter of fact I was in Spain "lobbying" for a quicker passage of IDA-6 through the Spanish Parliament. I hope this will make possible for me to report good news on this issue in the near future.

As for President López Portillo's role in IDA-6, I was extremely glad at his reaction to your invitation. Juan Foncerrada and I will continue in close consultation with the new Secretary of Finance, Chucho Silva Herzog, on this particular subject.

Kind regards.

Sincerely

Joaquín Muns

Mr. A. W. Clausen
President
World Bank

March 19, 1982

Dear Joaquin:

Just this Monday I returned from my fascinating trip through Mexico, Colombia and Brazil. Sorry I missed you at Tuesday's Board meeting when I briefly reported on my impressions. Thank you for all your assistance in making our trip to Mexico pleasant as well as fruitful.

I was particularly happy that you could join us in the meetings in Mexico City. Earlier, Juan Foncerrada had accompanied us on the field visits, for which the arrangements were impeccable. Please extend to him my appreciation.

Your briefings to the Finance Minister and your quiet diplomacy very effectively prepared the ground for President Lopez Portillo to accept my invitation to take a leading role in strengthening IDA-6. I know that you share our grave concern at the present status of IDA and the consequences for the poorest member countries. Moeen informs me that he has presented to you some suggestions on what President Lopez Portillo could consider doing in the coming weeks. It will help if the President's message is heard before the IDA Deputies meet here on April 5 and 6. I shall indeed be grateful for your continued support on this matter.

Warm regards.

Sincerely,

A.W. Clausen

Mr. Joaquin Muns
Executive Director
The World Bank

DDutt/--:bli

bc: Messrs. Stern o/r
Qureshi
Ardito Barletta
Lari, LCl

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Instituto de Estudios Políticos, Económicos y Sociales

Carlos Salinas de G.
Director General.

México, D. F., August 1982

Mr. A. W. Clausen
President
INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT (WORLD BANK)
1818 H Street NW
Washington D. C. 20433

Dear Friend:

As you know, last july 4th, the Mexican people elected a new President of the Republic: Mr. Miguel de la Madrid. He will become President of México next December the 1st.

Knowing your interest in political and world affairs, attached we are very pleased to send you a booklet with a profile of the man who will run México from 1982 to 1988.

We hope you'll find it interesting and that it will give you a close idea of who is the man the people of México freely elected as its new Head of State.

Sincerely Yours,

C. Salinas de G.

Carlos Salinas de G.

MIGUEL DE LA MADRID

The Next President of Mexico, 1982-1988

MIGUEL DE LA MADRID

The Next President of Mexico, 1982-1988

On December 1st. 1982, Miguel de la Madrid will begin his six-year term as President of Mexico. The new President will take office after having won an election which had one of the highest voter turn-outs in Mexico's history.

His electoral triumph over six opposition candidates took place in the context of a political reform process that permitted the participation of nine political parties while insuring full respect of everyone's democratic rights and guarantees. Voters were offered a variety of choices within a broad ideological spectrum.

Total voter participation in the election amounted to 74.86% of all elegible citizens, both men and women, the majority of them young. Miguel de la Madrid received 16,748,006 votes, or 74.4% of the total number cast. This confirmed the traditionally preponderant role which his party, the Revolutionary Institutional Party (PRI), has played in the political life of Mexico. His victory also manifested a reversal in the abstentionist trend that had been noted in recent years. Compared to the 1979 elections, voter participation rose from 50% to 74% of the population.

Adding to the significance of the results at the polls is the fact that the election took place during a severe economic crisis in which the peso was devalued and the country suffered from acute inflation.

In most countries with similar economic problems, these difficulties have generally aroused severe political tensions and serious conflicts. In some cases, the resulting instability has led to political exclusion, thus eliminating individual freedom and political pluralism. In contrast, the economic crisis in Mexico did not prevent widespread and orderly participation in the electoral process. This has unified the nation.

The process through which these difficulties are transformed into political assets is based on the flexibility of the political system and, in turn, on the role played by Miguel de la Madrid during his campaign. This created confidence in Mexico's ability to overcome its present problems.

Mexicans voted for change within the rule of law, thereby reinforcing the basic community life standards which the nation established as the result of the 1910-1917 Revolution and which were reaffirmed throughout the campaign. All parties and political forces accepted these basic rules and observed the precepts of the Mexican Constitution.

Throughout his campaign Miguel de la Madrid committed himself to solve the economic difficulties and the most pressing problems of the population. This is what the country voted for. Those commitments, which won him the confidence of the people, may be grouped under seven basic political criteria:

1. **Revolutionary Nationalism,** which affirms the original values of the Mexican Revolution and the social pact that sustains the State and guarantees national independence;

2. **Integral Democratization,** to expand the participation of citizens in politics, the economy and culture;

3. **Egalitarian Society,** as the expression of the Government's basic commitment to lead the economy, culture and society toward greater equality;

4. **Moral renewal of society,** a program for generating attitudes, both in Government and in society, to uphold the values of social solidarity, responsibility, productivity, and efficient and honest use of public resources. This will assure the primacy of the interests of the nation over special interests;

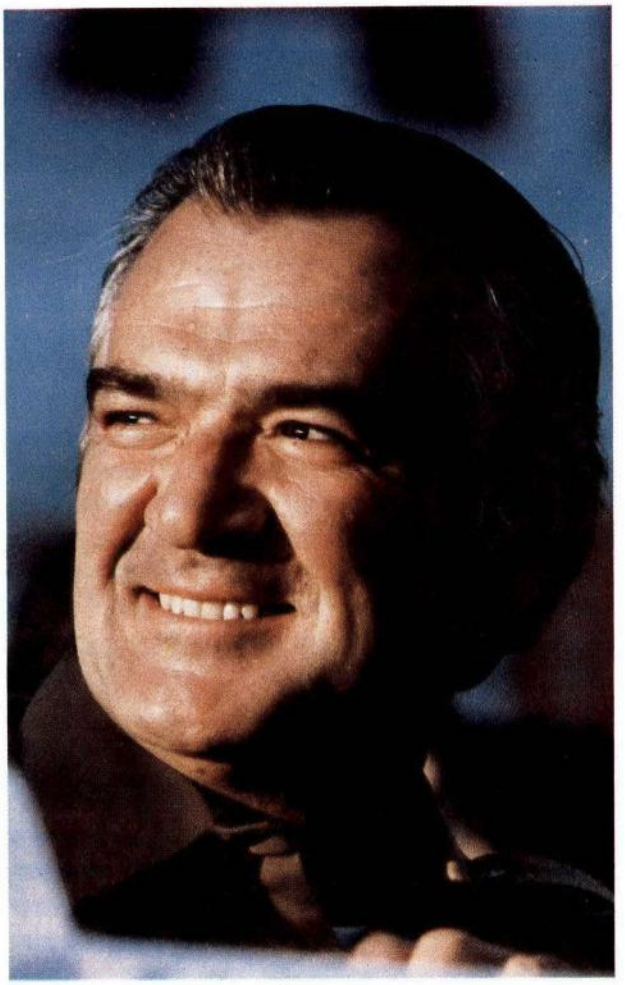
5. **Decentralization of national life,** conceived as attitudes and decisions which will permit a more balanced development of the nation in all aspects;

6. **Development, employment and the fight against inflation,** which are a package of economic policy and development strategy for coming to grips with the economic situation and structural problems of the Mexican economy;

7. **Democratic planning,** as an instrument to regulate Government action and to guide societal participation toward achievement of national priorities through a system of orderly and efficient work.

Miguel de la Madrid based his campaign on the organization of the Institutional Revolutionary Party and on the support of its three component sectors: organized labor, peasant organizations and middle class associations.

The basic unity of the country's power structure and the legitimacy obtained by Miguel de la Madrid constitute a solid foundation for implementing a realistic program of gradual and sustained economic recovery. This will lend support to social reforms and allow a new stage of institutional modernization of Mexico.



Family background

The next President of Mexico, now 47 years old, was born in Colima, a small Mexican state located on the Pacific coast between the states of Jalisco and Michoacán. He is a self-made man. His strong roots in Mexican tradition have enabled him to be part of the modern world without losing his appreciation for simple things, for what is sincere and authentic. He assumes the presidency in a period which demands knowledge, energy and equilibrium to overcome the difficult problems of the nation. His personal challenge is not new nor has ever been easy.

He comes from a respected family of lawyers. His father died when he was only 2 years old. Together with his mother and only sister, he moved to Mexico City seeking an education and opportunities for work. There he diligently devoted himself to his studies and helped support his family.

Education and training

Miguel de la Madrid distinguished himself in his youth both as a student and as a public speaker. His mother's courage and kindness, and his general education have given him a strong and persevering character and an acute sense of responsibility. He was brought up to love his native province and his country, and to be honest and truthful at all times.

Through his personal efforts he gained admission to the Law School of the National Autonomous University of Mexico, where he reinforced his interest by acquiring a sound professional and humanistic education. In this period he was inspired by Mexican social liberalism, a philosophy which originated in the Republican reform movement of the nineteenth century and was affirmed with the Constitution of 1917, promulgated as a result of the Mexican Revolution. During his university years, he became acquainted with some of the greatest Latin American university professors, men who understood the philosophic trends of their times and were either engaged in interpreting the history of Mexico's revolutionary institutions and laws or had creatively participated in establishing them.

In Law School he was concerned with the social and political content of the laws, their relationship with the economy and their place in history. Even then Miguel de la Madrid distinguished himself by his ability to place ideas in a global perspective and to establish clear relationships between the law, the economy and the society. Since his first writings, he conceived law as the basis

As Secretary of Planning and Budget, Miguel de la Madrid testifies before Congress.

of social life and as an instrument for bringing about orderly social and economic change.

His bachelor's thesis, **El Pensamiento Económico de la Constitución Mexicana de 1857** (The Economic Thought of the Mexican Constitution of 1857), confirms his sound intelligence. It displays his dedication to a world of freedom and greater justice.

Later he wrote various essays dealing with juridical, political and economic topics. He has published a selection of them under the title **Estudios de Derecho Constitucional** (Studies on Constitutional Law). Subsequently, he published three books in which he defines his positions with regard to the country's current problems: **Los Grandes Problemas Nacionales de Hoy, El Reto del Futuro** (Today's Great National Problems, The Challenge of the Future), **Cien Tesis sobre México** (One Hundred Theses on Mexico) and **Los Retos del Distrito Federal** (The Challenges of the Federal District). Throughout his career as a professional lawyer, civil servant and politician, de la Madrid has shown himself to be a practical man in addition to being a man of profound social and intellectual preoccupations.

Public responsibilities

At the beginning of his career he married Paloma Cordero de De la Madrid in 1959. Together they shared support and stability and the satisfaction of raising a family of five children. Their family life has always been based on a simple and moderate life style.

Miguel de la Madrid has never been attracted by wealth or personal business dealings. His main concern has been to serve the Mexican State and through it, the nation. His personal wealth comes from his income as a high-ranking civil servant in the Federal Government for the past twenty years. He has been a valiant defender of his convictions and has known how to command loyalty, which he has, in turn, demonstrated to his superiors and his friends.

He has dedicated most of his professional life to the Mexican public sector, initiating his career in the **Banco de Comercio Exterior** (Mexico's Foreign Trade Bank), a public institution responsible for financing exports. He went on to distinguish himself professionally in the **Banco de México** (Mexico's Central Bank), which, given his outstanding abilities, granted him a scholarship for the Master's program in Public Administration at Harvard University.

He left for Harvard at the age of thirty with his wife and with the support of the Government of Mexico. There, he showed a

On October 11, 1981, Miguel de la Madrid accepted his nomination as candidate of the Institutional Revolutionary Party (PRI) to the Presidency of the Republic.

strong interest in economics and political science, and was a student of John Kenneth Galbraith, Arthur Smithies, Don K. Price and Calvin Blair. He exchanged ideas with students from Latin America and other parts of the world and came into contact with Latin American intellectuals, such as the Brazilian Helio Jaguaribe, with whom he has maintained a close friendship over the years.

Upon his return to Mexico he occupied different executive positions in the **Banco de México,** directed at that time by Rodrigo Gómez, one of the creators of Mexico's modern banking system. During this period he acquired extensive knowledge of the country's economic and social problems and of the instruments employed in financial and monetary policy.

His dedication to public service, as a complement, required militancy within his political party, since a modern politician must serve his country on the basis of an ideology, in the administration as well as in elective offices. He became a member of the Institutional Revolutionary Party (PRI) in 1963 and since then has participated in the country's elections, particularly in the presidential campaigns of 1970 and 1976, when he worked for the PRI's Institute of Political, Economic and Social Studies (IEPES).

In 1965 he left the **Banco de México** to become Assistant Director of Credit of the Ministry of Finance and Public Credit, where he collaborated with Antonio Ortiz Mena. He remained in that position until 1970, when, in recognition of his knowledge of finance and administration, he was appointed Assistant Director of **Petróleos Mexicanos** (The National Oil Company), the nation's most important enterprise. There he collaborated with Antonio J. Dovalí Jaime and came to understand the problems and potential of that industry. (At the beginning of 1981, **Petróleos Mexicanos** occupied eighth place among the corporations with the highest income in the world).

In 1972, he was named Director-General of Credit in the Ministry of Finance and Public Credit, where he assisted in the sensitive tasks of planning and implementing the country's monetary and financial policy. There he was a collaborator of three Minis-

ters of Finance: Hugo B. Margáin, José López Portillo and Mario Ramón Beteta.

In 1975 he was promoted to the position of Under Secretary of Finance and Public Credit, where he played an important part in controlling the financial crisis of 1976-77, and where he worked with Julio Rodolfo Moctezuma, and later with David Ibarra Muñoz.

His experience as a professor in the Law School of the National Autonomous University of Mexico, and the fact that he is an outstanding member of the Mexican Bar Association, the College of Lawyers, the Mexican Planning Society and the Institute of Public Administration, have kept him in close and active touch with the university community and the rising generation of young professionals.

In 1979 President José López Portillo named him Minister of Planning and Budget, where he successully devoted his energies to the tasks of reorganizing the development planning structure and actively implementing budgetary policy. He conceived, prepared and promoted the first Comprehensive Development Plan, 1980-82, proving his political skill in achieving the consensus of Mexico's most powerful interest groups in support of the guidelines of this Plan. Throughout his tenure he also bolstered his relations with organized labor, **campesino** (peasant farmer) organizations, regional interest groups and other key sectors of the country. Thus, as Minister of Planning and Budget he consolidated his political prestige and his overall vision of the nation's problems as well.

This helped lay the groundwork of the national planning system and the modernization of national accounts and techniques of national budgeting. He directed the General Population and Housing Census, the Economic Census and the Agricultural Census. He also helped to modernize the Government's auditing system, and promoted the new Law of Public Works and the Law of Statistics and Geographical Information.

Because of his official responsibilities throughout the course of his career, he has been a member of the governing bodies or boards of directors of the **Banco de México, Nacional Financiera** (the Government's industrial investment institution), **Banco de Crédito Rural** (Bank of Rural Credit), and **Banco Nacional de México** (an important comercial bank), as well as of the National Banking, Insurance and Securities Commission, **Petróleos Mexicanos** (the state-owned oil company), the Federal Electricity Commission, the National Railways, the Mexican Steel Company, the National Basic Commodities, Co., the Commission on Expenditures and Financing, and the Commission on Foreign Investments. Miguel de la Madrid is generally acknowledged to be the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"Governors" of different minority ethnic groups from different regions of the country were granted special attention by Miguel de la Madrid during his political campaign.

Mexican official with the widest knowledge of state-run enterprises and the financial system.

Mexico's future President has also had broad experience in international affairs. He has represented the Mexican Government on various occasions at the United Nations, at the Organization of American States (in the Inter-American Economic and Social Council), as well as in negotiations with international banks, such as the Inter-American Development Bank, the World Bank and the International Monetary Fund. In the course of these missions he has visited every country of the American Continent, most European countries and Japan and Kenya.

From the time he was named Minister of Planning and Budget he was considered among the general public and in the political circles to be one of the PRI's most likely nominees for the Presidency. At the Ministry of Planning he demonstrated his political skill by conciliating economic decisions with social realities, thus increasing the Ministry's strength.

His public appearances before the Chamber of Deputies produced a good impression on public opinion because of his sharp political insights, the strength of his arguments, and his ability to articulate the unity of his party's Congressional representatives, and to refute the arguments of the opposition.

In these appearances before the Chamber of Deputies in 1979 and in 1980, in his speech on the Anniversary of the Mexican Revolution, where he represented the three branches of the Federal Government, Miguel de la Madrid confirmed the characteristics that define his political outlook.

It was his effectiveness as a public official, his political and personal qualities, and the nature of the country's mounting problems, dovetailing as they do with his professional expertise, that led the Institutional Revolutionary Party, on October 11, 1981, to choose Miguel de la Madrid as its candidate for the 1982-1988 term. The rise to the Presidency of Mexico, in such a complex political system, is in itself a proof of political talent; his subsequent campaign confirmed it.

The Campaign

In a matter of hours after being nominated by the PRI as its candidate for President, Miguel de la Madrid was to experience a radical change in his political role. It was a crucial moment in the Mexican political system; he became the center of attention and a new point of reference for all the forces in the country.

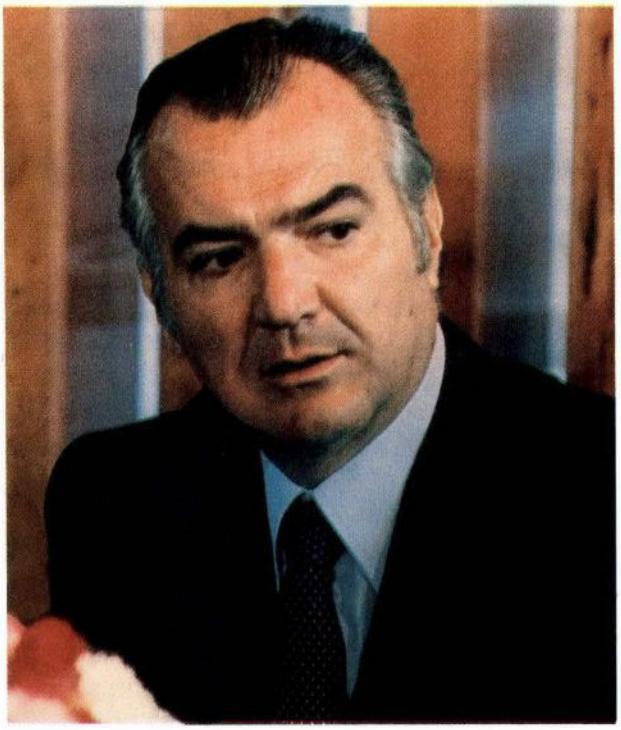
His first decision upon accepting his nomination was to confirm his commitment to the principles of the Mexican Revolution and to his party's organization. In his own words he declared, "I have my own ideology, but my program will be the result of consulting public opinion during my campaign".

On October 11, 1981, he delivered his formal acceptance speech as candidate of the Institutional Revolutionary Party before an audience of 30,000 people.

From the outset the campaign strategy was designed to allow widespread popular participation and a direct contact between the candidate and the people. Using this new strategy the candidate proceeded to campaign throughout the entire country. Thus, by the final phase of the campaign, the party's grassroots organization had been mobilized, voting had been promoted intensely through the mass media and all sectors had joined forces behind de la Madrid's candidacy.

Throughout the entire campaign there remained one overall strategy and direction, the one set by the candidate.

During the early months of the campaign the candidate travelled extensively, making exhausting trips from one town to another,



attending rallies and meetings, in which he came in contact with campesinos, teachers, college students, intellectuals, businessmen. He held public meeting and visited production areas, factories, workshops, low-income urban districts and housing developments. He also held interviews with provincial, national and international newspapers, magazines, and radio and television commentators.

The campaign was full of innovations especially in the organization of the meetings

The popular support gained by Miguel de la Madrid has no precedent in the history of Mexico. In spite of six other candidates to the presidency, 74.4% of the citizenry voted freely for him.

Sharing experiences with representatives of all social classes, especially with workers and peasants, Miguel de la Madrid travelled over 114,000 kilometers throughout his exhausting campaign.

designed to gather public opinion, known as the **consulta popular,** and in the national priority tours which examined the major issues of national development in different regions of the country. All of this reflected and complemented through new methods of organization and communication. The **consulta popular** meetings allowed the Party to gather the opinions of the PRI's labor, **campesino** and middle class sectors, of specialists and of ordinary citizens, about Mexico's main problems and their possible solutions. A series of preparatory and follow up meetings helped enrich this process.

Another important contribution was provided by the meetings on strengthening the municipal government, which stressed the need for reform and for new vigor at the level of government that most directly affects the daily life of Mexico's population. Thus, there were important innovations in the type of topics dealt with, in the way meetings were organized and in the scope of public participation.

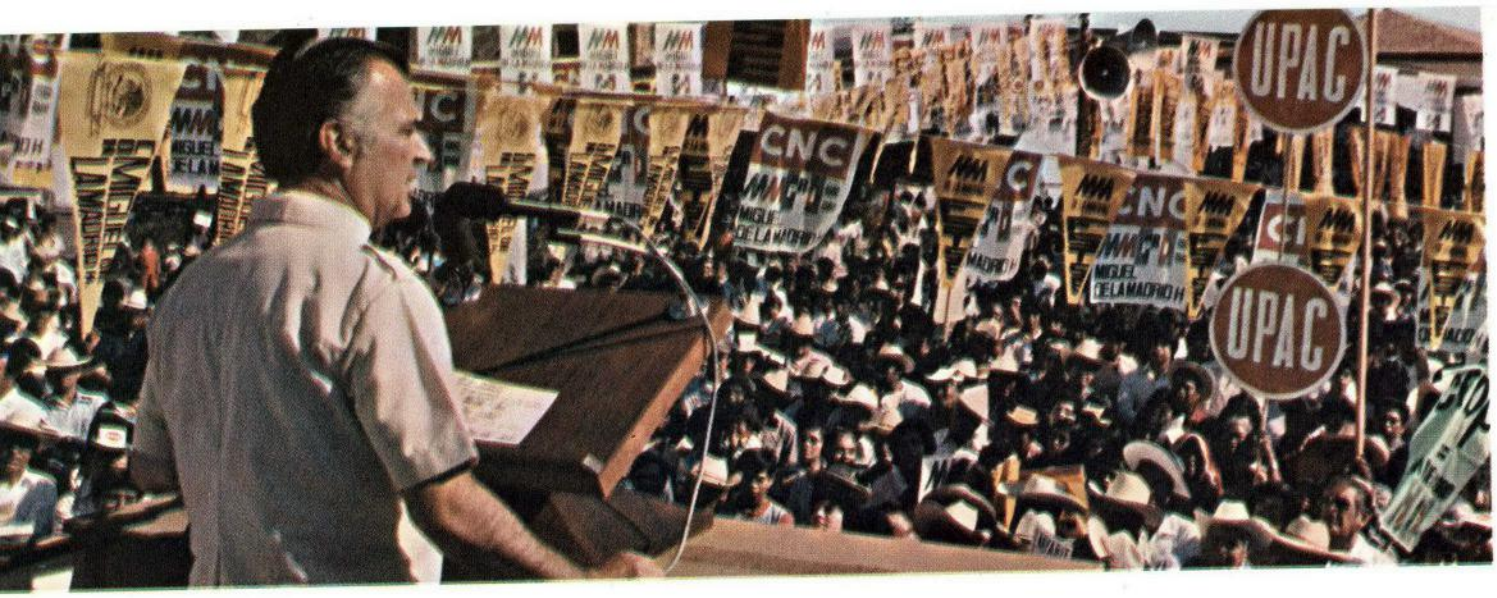
This **consulta popular** was both extensive and intensive. It was a nation-wide mobilization of people and resources with a clearly democratic purpose to find and deal with the problems that troubled the population most, to allow the people and their organizations to voice a wide variety of viewpoints, and to seek practical solutions for their problems.

This consultation process was open to all groups, even those not formally represented in the Party, such as intellectuals, artists, entrepreneurs, journalists, students.

The **consulta popular** showed that the problems which most concern the population are inflation, corruption, excessive centralization, social inequalities and the glaring contrast between the rich and the poor.

Confronted by these problems, which were exacerbated by the devaluation of the peso and its subsequent economic difficulties, Miguel de la Madrid proved his political stature. Instead of diverting attention to less controversial subjects, he responded with the seven political criteria previously described which have been translated into very specific commitments. It was a new style of campaigning; speaking in plain and vigorous language, Miguel de la Madrid said exactly what he intends to do, without giving himself wide margins for later backtracking.

At a time when pessimism associated with the economic situation was growing, he offered the country an effective leadership and the political will to guide the nation. The population became aware that Miguel de la Madrid is a man who says what he thinks and will do what he proposes. During the last month before the election, de la



Madrid followed a vote promotion strategy which consisted of whirlwind trips covering two states a day in order to address special messages appropriate for each region's needs and concerns, make direct electoral commitments and revitalize the Party's grassroots organization. An orderly mobilization of the people was being carried out; this culminated in a huge public rally which brought the campaign to a close in Mexico City's Zócalo or central plaza on June 27, 1982. More than one million people attended. In order to appreciate the extent and penetration of the campaign, we need only to say that the Presidential candidate traveled a total of 114,000 kilometers and came into direct contact with some ten million Mexicans. Also, 95 percent of the Mexican people had access to the campaign through the mass media.

Regionally and nationally, television was incorporated and used intensively throughout the electoral battle, both by the PRI and by the other parties competing for votes. Instead of the traditional, short public messages, longer low-key talks or chats were introduced into Mexican homes on the subjects of greatest concern for the citizens. Miguel de la Madrid appeared on more than one hundred occasions either in direct talks or interviews of different types.

The success of the campaign has two main dimensions. It enabled the country's main sectors to join together in support of Miguel de la Madrid, in spite of the difficult economic situation, and above all, it generated a sincere enthusiasm and a sense of responsibility on the part of the citizenry, who turned out to vote as it never had. An honest and competitive election was assured through the participation of eight opposition parties in the electoral process.

The young student who took part in university politics, who joined the ranks of the PRI as a young man, who had always defended the Mexican Government, who had succeeded in establishing good rapport and inspiring the confidence of his Party's popular organizations, was put to the test by a difficult political situation as the condition to guide Mexico's destiny. Clearly, he succeeded.

Miguel de la Madrid and Mexico's Potential

Miguel de la Madrid represents a new generation. He was born in the mid-1930s, whereas the last two Presidents of Mexico were born in the previous decade.

His educational background, administrative and international experience and his political training and behavior during the campaign have all helped to make Miguel de la Madrid a modern politician.

Miguel de la Madrid personally designed the strategy of his campaign to allow a widespread popular participation and a direct communication between himself and the population. During his travels around the country, the candidate established direct contact with over 10 million Mexicans.

Miguel de la Madrid's victory in the July 4th elections represents a turnaround in the abstensionist trend of recent electoral contests. Nearly 75% of the citizens voted, giving de la Madrid almost 17 million votes.

He now possesses the main elements for successfully assuming the Presidency of Mexico - full legitimacy and a program that has won the consensus of the people of Mexico.

The program of the next President of Mexico is a realistic one. His previous experience has always constituted a clear example of efficiency in applying the mechanisms of development. His political skills and abilities have been shown in the campaign. With his strong, balanced personality, respectful of the rule of law, economic and political realism is assured.

Miguel de la Madrid's personality and training, together with the flexibility and unity of the political system, will facilitate the adoption of a viable economic and political program.

The nation that Miguel de la Madrid will govern faces serious short-term economic problems, but seen in the long term perspective, it is a nation with a great potential for consolidating its position as an intermediate power of growing importance in the world.

In the historical perspective, Mexico has been recognized as having one of the world's most flexible political systems. This has allowed the nation to face the challenges of economic development while at the same time providing increasing social benefits, political guarantees and freedom. Mexico has succeeded in promoting a real rate of growth averaging 6% annually over the past four decades while simultaneously keeping pace with the dynamics of the international economy.

During that period the country's physionomy has been transformed on all levels:

- Over the past forty years Mexico's population has grown from 19 to 72 million. The present economically active population amounts to 23 million people.

- Mexico's sectoral structure was transformed, as evidenced by the fact that 65 percent of the total population lived in rural areas in 1940, whereas 67 percent lives in urban areas today.

- In the past ten years the number of children enrolled in primary school has increased by 60 percent, and in the past twenty years, the number of students in higher education has tripled. There are now 24 million Mexicans attending different educational programs.

- In the past decade per capita domestic production has increased by 36 percent, consumption by 32 percent, and investment by 59 percent, in real terms.

- Mexico has increased the value of its human capital through the training of high-

Over one million Mexicans gathered at the Plaza de la Constitución, in Mexico City, in order to reiterate their support for the candidate de la Madrid, on the day he closed his campaign.

level technicians and professionals, as well as mid-level technicians, skilled workers, farmers, and teachers with different degrees of specialization.

- The country now has more than 210,000 kilometers of highways.

- Mexico ranks fourth in the world in oil reserves, with a reserves-production ratio of more than 60 years, compared to the 17 years it had confirmed in 1976. It also possesses abundant mineral, marine and agricultural resources.

- Today Mexico's manufacturing sector is, in absolute terms, larger than that of many developed countries such as the Netherlands, Sweden, Belgium, Denmark and Norway. It is 14 times larger than Singapore's, 11 times larger than Chile's, 5 times larger than South Korea's, and twice as large as Argentina's and India's manufacturing sectors.

Miguel de la Madrid represents a new generational style; he is a man who is well acquainted with the world of international politics and economics; one who will take measures to ratify Mexico's regional and international responsibilities, in accordance with the traditional principles that have guided the nation's foreign policy: the right to self-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17 DICIEMBRE 1981
EL MOVIMIENTO COOPERATIVISTA EN MEXICO
REPRESENTA UN PILAR FUNDAMENTAL
EN EL SECTOR SOCIAL DE NUESTRA ECONOMIA

An important innovation in Miguel de la Madrid's political campaign was the series of meetings held to gather society's wide spectrum of political opinions (Consulta Popular) and the meetings on national priorities, in which the most important topics of Mexico's development were analyzed, in different regions of the country, with the participation of workers, intellectuals, peasants and businessmen.

determination of individuals and nations, non-intervention, peaceful solution of conflicts, judicial equality of states, international cooperation for building world peace, and the construction of a more just world order.

It is Miguel de la Madrid's belief that foreign policy should coincide with the national objectives of greater equality, improved democracy and freedom. From this follows the concept that foreign policy should lend support to the task of internal development as well as to the practice of international solidarity.

In few areas of our national life can we find such a broad consensus as in the area of foreign policy. Mexico has the moral stature to defend its principles, and thereby to contribute to world peace and to the simultaneous prosperity of nations.

Miguel de la Madrid has clearly stressed his recognition of the major initiatives for peaceful and orderly co-existence in the world community and his steadfast opposition to any military or forcible intervention for resolving political problems, which frequently originate from socioeconomic problems.

International security must be based on respect and the right of each nation to have the form of government and economic and social system of its choice. This is the cornerstone on which international political pluralism must rest, so as to eradicate the remnants of the Cold War and the ideological manipulation that seeks to divide the world into two mutually antagonistic blocks.

Miguel de la Madrid has said that if he could establish a hierarchy of priorities in international affairs, Latin America would doubtless be near the top, as would Spain, because of historical and cultural considerations.

Miguel de la Madrid believes that our strong ties with the countries of Central America and the Caribbean basin are the result not only of geographical proximity but also of the bonds of our common culture, blood and history. We are also tied by our shared desire to achieve higher standards of living and welfare for our people. Mexico's destiny as a sovereign and independent nation is indissolubly linked to what occurs in the entire region.

The next President of Mexico has declared that his country will not intervene in the internal affairs of its sister republics of Central America, but that he is committed to collaborate in regional efforts to achieve their economic and social development and the distention of their political conflicts.

Born in the small state of Colima, the next President of Mexico is married to Mrs. Paloma Cordero de De la Madrid. They have five children: Margarita, Miguel, Enrique, Federico and Gerardo.

Miguel de la Madrid believes that Mexico should maintain cordial and friendly relations with the United States, based on mutual dignity and respect, and that its relations with Canada should expand. He will continue Mexico's traditional and serene position towards Cuba and Central America and sustain its policy of opposing interference by any outside force in Central America and the Caribbean region. De la Madrid will seek the friendship of all peoples and the diversification of Mexico's relations with all the nations of the world.

The significance of the fact that the people have bestowed unprecedented confidence upon Miguel de la Madrid as the PRI's candidate for President of Mexico can be summed up as follows:

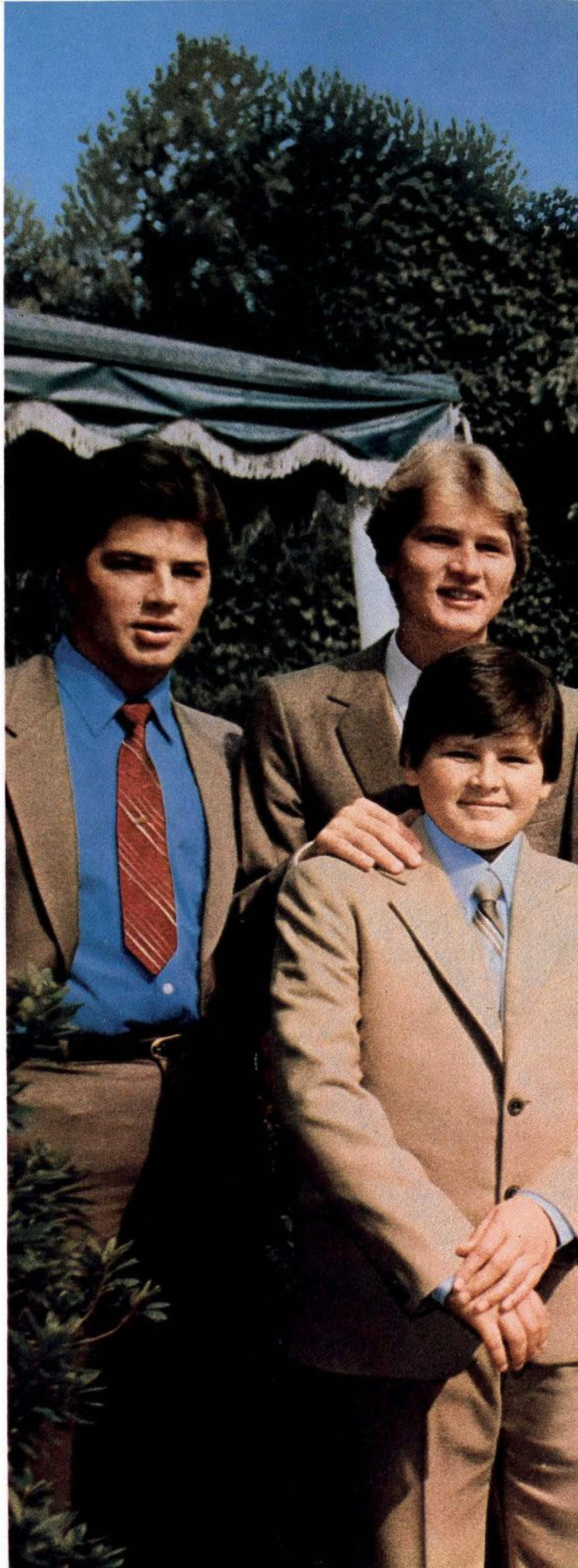
1. It confirms the Mexican political system's flexibility and its capacity to respond to the complex problems of a society undergoing dynamic changes.

2. It strengthens the political and social foundations needed to confront and to overcome the economic crisis that Mexico now faces.

3. It establishes a social consensus around an economic program based on economic and political realism and in the basic ideology of the Mexican Revolution: nationalism, liberty, democracy and social justice.

4. It confirms the validity of the principles and initiatives that guide Mexico's foreign policy.

5. It bolsters the nation's confidence in its capacity to overcome the short-term economic situation and to reorient its economic strategy so as to achieve greater efficiency and social equality, based upon Mexico's strength and enormous development potential.



Communications & Public Affairs Office of The President-Elect of Mexico
Francisco Sosa No. 202-A Delegación Coyoacán
04000 México, D.F.

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THE WORLD BANK
Washington, D. C. 20433
U. S. A.

A. W. CLAUSEN
President

April 27, 1982

Dear Lic. Gonzales Hinojosa:

Just recently your generous gift of ceramic dinnerware arrived at the Bank. It is quite lovely and certainly a very special remembrance of you, our visit to the ceramic factory and Guadalajara.

We thoroughly enjoyed our brief stay in Guadalajara and hope that there will be an opportunity to return soon.

Warm regards.

Sincerely,

Lic. Tomas Gonzales Hinojosa
Director, PAI
Dinamarca 88
Mexico D.F., Mexico

March 25, 1982

Dear Mrs. Clark:

I thank you and your staff for your many kindnesses during my recent visit to DIF. It was fascinating to learn of your work. DIF has an important role to play in mother-child health and family development; I was impressed by the dedication of your staff and the results you are achieving. I wish you and your colleagues continued success.

Warm regards,

Sincerely,

(Mrs. A. W. Clausen)

Mrs. Patricia Clark de Flores
Sistema Nacional para el Desarrollo
Integral de la Familia
Emiliano Zapata 340
Colonia Portales 03300
Mexico, D.F., Mexico

VDFreeman:ou

Note - Mrs. Clausen wrote to Mrs. Clark but it may not be this identical letter which went out - H

March 25, 1982

Dear Olga:

I thank you for your hospitality during our recent visit to Mexico. The flowers you sent brightened the hotel room and helped us feel at home. The necklace you presented is beautiful, a true example of an art for which Mexico is famous.

Your were especially kind in taking me on the tour of DIF and Mexico City. I enjoyed the trip, especially your company, and I am grateful you took the time off your busy schedule.

Tom and I had a delightful stay in Mexico and renewed many old friendships.

Warm regards,

Sincerely,

(Mrs. A. W. Clausen)

Mrs. Olga Carona de Ibarra
Canada 184
Colonia Las Aguilas
Mexico, D.F., Mexico

VDFreeman:ou

Mrs. Clausen wrote to Mrs. Ibarra but may not have been this identical letter — H

March 25, 1982

Dear Silvia:

Thank you for accompanying me on my recent tour of Guadalajara and Tlaquepaque. I appreciate your kindness and enjoyed your company. You are fortunate to live in such a pleasant and attractive city.

Warm regards,

Sincerely,

(Mrs. A. W. Clausen)

Mrs. Silvia Levy de Fernandez de Castro
Amapolas 188
Rancho Contento
Guadalajara, Jalisco,
Mexico

VDFreeman:ou

Mrs. Clausen wrote to Mrs. Levy but it may not have been this identical letter. H

THE WORLD BANK
Washington, D. C. 20433
U. S. A.

A. W. CLAUSEN
President

April 12, 1982

Dear Varel:

Just a brief and belated note of appreciation for the assistance you provided Peggy and me during our recent visit in Mexico.

It was a most interesting and informative trip and we especially enjoyed seeing the various projects in which The World Bank is involved.

Again--our thanks for your helpfulness.

Sincerely,

T

Mr. Varel D. Freeman
Latin America and Caribbean
Regional Office
A-919

THE WORLD BANK
Washington, D. C. 20433
U. S. A.

A. W. CLAUSEN
President

April 12, 1982

Dear D. B.:

Many thanks for the fine assistance you provided us during our recent visit in Mexico. All the plans seemed to go smoothly, but I know there was a great deal done behind the scenes to make that happen.

Our program of calls was good and I hope that we will see beneficial results for The World Bank in the months ahead.

Warm regards.

Sincerely,

Mr. Devbrat Dutt
Division Chief-Mexico
Latin America Caribbean
Regional Office
B-913

Trip File

THE WORLD BANK
Washington, D. C. 20433
U. S. A.

A. W. CLAUSEN
President

April 7, 1982

Dear Juan:

This is a belated note of thanks and appreciation for the excellent care you and Beatriz took of Peggy and me while we were in Mexico. We enjoyed your company very much.

It was an interesting and fruitful few days for us and I hope our contacts, in time, will prove beneficial to the Bank.

Warm regards.

Sincerely,

AT

Mr. Juan Foncerrada
Office of the Executive
Director, Mexico
F-1315

March 30, 1982

Dear Nicolas:

Sorry to be late in writing this note of thanks for the great collection of photographs you sent. They are wonderful to have and recall good memories of a delightful visit in Latin America.

You're a good photographer--while you managed to capture some of our shortcomings, you also politely managed to avoid some others!

Warm regards.

Sincerely,

A.W. Clausen

Mr. Nicolas Ardito-Barletta
Vice President
Latin America and the Caribbean
Regional Office
The World Bank
Washington, D.C.

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

I'll respond but so often have been "special" moments - A

March 19, 1982

Mr. A. W. Clausen

Tom,

Among the many pictures of the trip you will receive, here are samples of mine. They may not be the best, but they are the first. You will recognize the places where they were taken throughout the three countries. Some of the Carajas are all together. The very last one, taken in Carajas, I have entitled "Man Between Light and Darkness". I hope you will enjoy them. I could also provide a few to Benjenk for his collection.

Best regards,

NB

Nicolas Ardito Barletta

While he's a good photographer - he managed to capture some of our silent moments - he probably managed to avoid some others!

R/

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

Mr. A. W. Clausen

Tom,

Again, let me tell you how much my colleagues and I enjoyed travelling with you in Mexico, Colombia and Brazil. Your participation with our clients has already been helpful in the development of our on-going programs and working relations, and it has served to project very vividly the image of the Bank in our Region.

We hope you enjoyed the trip as much as we did and derived some useful information from your direct contacts in the terrain.

With best wishes,

Nicolas

Nicolas Ardito Barletta

March 16, 1982

March 22, 1982

Dear Antonio:

Since seeing you in Mexico, I have been traveling in Colombia and Brazil and have returned to Washington last week.

It was good to see you again after so many years. Peggy and I have pleasant memories of our first meeting when you escorted us through Cancun.

The presentation of PEMEX program and the drive through the Cangrajera petrochemical complex were of great interest to me and my associates. Before reaching Cangrajera, we visited several ejidos and were impressed by the change in scale of the respective operations under the two equally important development programs of your Government. PEMEX is to be congratulated on its achievements. You have not only the oil but also a dedicated and determined group to exploit the opportunities for building up the Mexican economy.

Many thanks to you and your colleagues for the delightful lunch you hosted for us. We were happy to have the chance to visit with all of yourand found our discussions extremely helpful. We were pleased to learn from you of the market response to the recent Eurodollar borrowings of PEMEX.

Please convey my warm regards to Lic. Julio Rodolfo Moctezuma Cid. He has every reason to be proud of his associates.

Warm regards.

Sincerely,

A. W. Clausen

Lic. Antonio Enriquez Savignac
Director (Finance)
Petroleos Mexicanos (PEMEX)
Marina Nacional 329, Edif. 1810, Piso 12
Mexico 17, D.F., Mexico

bcc: Messrs. Stern, Barletta, Lari, van der Meer

DDutt:HHiggins:ml

file

March 19, 1982

His Excellency
Jose Lopez Portillo
President
United Mexican States
Mexico City, D.F.
Mexico

Dear Mr. President,

Since meeting you on March 5, 1982, I have been to Colombia and Brazil and returned this week to Washington.

The Hacienda and the Banco de Mexico had organized a most interesting program for Mrs. Clausen, my associates and me. I found the visits to ejidos in the State of Tabasco, to PEMEX installations at Cangrajera and to the small enterprises in Guadalajara fascinating. We were much impressed by what we saw.

Our meetings in Mexico City with your top aides reinforced my confidence in the economic leaders of your country. You, Mr. President, can be rightfully proud of the achievements of the last five years. Few countries can claim to have achieved such high growth rates, or have created so many jobs, in this depressed state of the world economy. Even the bounties of the Virgin of Guadalupe can be exploited only with strong leadership, dedication and able management! Modern Mexico is in the making, and you have made a major contribution in this effort. I wish to congratulate you on the many successes already achieved.

As I stated during our meeting, the recent setback for the Mexican economy is bound to be transient, and we will be happy to be of assistance during the consolidation process. Also, I wish to reiterate that Mexico is not going to be graduated from the Bank in the near future and we have an active program for Mexico for the coming years.

I have taken note of your wishes, and we shall continue our cooperation not only with your Administration, but also with that of your successor.

Mr. President, I was much encouraged with the warmth with which you accepted my invitation to intercede with the Heads of important donor states in favor of IDA-6. On its funding depends our capacity to provide development assistance to the poorest of our member countries. Through Mr. Huns, the Executive Director in the Bank for Mexico, we have provided to Hacienda our suggestions for these approaches. I shall be grateful if your message is heard by the key donors before the meeting of IDA Deputies scheduled to be held in Washington on April 5 and 6.

Warm regards and renewed thanks,

Sincerely,

A. W. Clausen
President

bcc: Messrs. Stern (o/r)
Ardito Barletta
Lari, LC1
van der Meer, LCP

DDutt:crm

file

March 25, 1982

Dear Gustavo:

After writing you on my return from Mexico, I learned of your resignation from Bank of Mexico.

You have had a most distinguished career in public service, representing your country in Japan and then providing leadership to Nacional Financiera and Bank of Mexico through some of the most exciting periods of their growth. You may be very proud of your many contributions to your country.

Peggy and I have fond memories of our association with Leonor and you--personally as well as professionally. We value your friendship and look forward to keeping in touch with you both.

Please let us know when you plan to be in Washington. We would love to see you.

Warm regards.

Sincerely,

A. W. Clausen

Lic Gustavo Romero Kolbeck
Avenida de las Fuentes, 297
Jardines del Pedregal
Mexico 20, D.F.
Mexico

DDutt:HHiggins:ml

March 15, 1982

Dear Gustavo:

I have just returned to Washington since seeing you in Mexico where we had a delightful visit.

Our discussions of March 4 were very enjoyable and of great interest to me and my associates. We support the economic measures you are taking at this sensitive time and we wish you and your colleagues in the Bank every success in their implementation. With respect to the agricultural credit project, Nicolas and his staff will be in touch with you.

Peggy joins me in thanking you and Leonor for your warm hospitality, including the plane you put at our disposal from Miami. Without it we could not have seen so many of your development projects. We also appreciate the excellent dinner you hosted in the very beautiful private dining quarters of Banco de Mexico.

We look forward to seeing you at the Development Committee meeting in Helsinki as well as at the International Monetary Conference in Vancouver.

Warm regards.

Sincerely,

A.W. Clausen

Lic. Gustavo Romero Kolbeck
Director General
Banco de Mexico, S.A.
Avenida 5 de Mayo 2, 5° piso
Mexico 1, D.F. Mexico

bc: Messrs. Baum/Stern o/r
Ardito Barletta
Lari, LC1
van der Meer, LCP

DDutt/--:bli

file

THE WORLD BANK
Washington, D. C. 20433
U.S.A.

A. W. CLAUSEN
President

March 25, 1982

Dear David:

After writing you upon our return from Mexico earlier this month, Peggy and I learned of your resignation.

You had a long and distinguished career with your Government and leave behind a high standard of achievements, of incisive wisdom and a tradition difficult to equal. In whatever you choose to do for the future, we wish you the very best.

Peggy and I value our friendship with Olga and you. We hope there will be many occasions in the future for us to see one another. Whenever you plan a trip to Washington, please let us know.

Warm regards and best wishes.

Sincerely,

T

Lic. David Ibarra Munoz
Canada 184, Colonia Las Aguilas
Mexico 20, D. F.
Mexico

file

March 15, 1982

His Excellency
Lic. David Ibarra Munoz
Secretary of Finance and Public Credit
Palacio Nacional
Mexico City, D.F. Mexico

Dear David:

I have just today returned to Washington from a fascinating trip through Mexico, Colombia and Brazil and I wish to thank you and your colleagues first off for arranging a most interesting and hospitable program for us in Mexico.

Soon after entering your executive jet at Miami, Jose Luis Flores gave me your warm letter of welcome. That contained an advance notice of the development projects on our agenda. The field visits exceeded our expectations and we are most pleased with what we saw. The urban and rural development programs are timely indeed and address some of the critical social and economic needs of your people, as do the FIRA and the dynamic PAI programs. I am glad that you have found the assistance from The World Bank useful and all of us look forward to our continued association in important areas of mutual interest.

I was also impressed by the confident and self-reliant stance of your PEMEX staff. You not only have the oil, but also a dedicated and determined group to exploit the opportunities for building up the Mexican economy.

Our discussions in Mexico City with you and your colleagues were most useful and informative. We have genuine admiration for the quality of Mexican economic management in these difficult times and broadly support the efforts you are trying to make.

I am particularly grateful for your support in persuading President Lopez Portillo to take a leading role in trying to strengthen funding for IDA-6. We shall be discussing this subject with your colleagues in the next several days so that your President's message can be heard before the IDA Deputies meet here in Washington on April 5 and 6. We are grateful for your offer to follow through on the diplomatic initiatives of the President.

Finally, David, let me express our thanks for the very excellent dinner you hosted for us at Hacienda de los Morales on our last night in Mexico City. The opportunity to visit with so many of our friends in government in a relaxed and cordial environment was much appreciated by all of us in the Bank, Peggy included.

We shall look forward to seeing you and Olga in Helsinki this May...if not before!

Warm regards.

Sincerely,

A.W. Clausen
President

bc: Messrs. Baum/Stern o/r
Ardito Barletta
Lari, LC1
van der Meer, LCP

DDutt/--:bli

file

March 15, 1982

Dear Governor Rovirosa:

Since seeing you in Mexico I have been traveling in Colombia and Brazil and just returned to Washington.

My colleagues and I enjoyed our discussion on the economy of the region and were impressed by the serious planning efforts of the State officials. Your team, led by Pedro Rodriguez, who accompanied us on the field visits, did an outstanding job. Please extend to them my appreciation for a job well done. I am especially grateful to Mr. Rodriguez who insisted on being with us in spite of the loss of his father the day before.

Congratulations to you and your associates for the impressive execution of the PIDER and other development programs in the State.

Mrs. Clausen joins me in thanking you and Mrs. Rovirosa for your hospitality during our visit in Tabasco. We especially enjoyed La Venta Museum and Park. The Olmecs must have been a remarkable people to leave their imprint on history in such indelible terms. Thank you also for the lovely handmade hammock. It is a fine memento of our first visit to your beautiful State.

With renewed thanks and warm regards.

Sincerely,

A.W. Clausen
TC

His Excellency Leandro Rovirosa Wade
Governor of the State of Tabasco
Villahermosa, Tabasco
Mexico

cc: Messrs. Baum/Stern o/r
Ardito Barletta
Lari, LCl
van der Meer, LCP

DDutt/--:bli

March 15, 1982

Dear Pedro:

I was very saddened to learn of your father's death and, once again, express to you my deepest sympathy. The loss of a parent creates a great void within a family and one which can never be filled. You are experiencing a difficult period now but, hopefully, time and the knowledge that your friends share in your sorrow will help ease your burden.

You were most kind to follow through and accompany me to the ejidos in spite of your bereavement. My colleagues and I benefited much from your explanation of the state development programs and we wish you every success in your tasks.

Again, my thanks and warm regards.

Sincerely,

A.W. Clausen

Mr. Pedro Rodriguez Sierra
Delegado de SPP
Paseo del Malecon 1897, 3er piso
Villahermosa, Tabasco
Mexico

cc: Messrs. Baum/Stern o/r
Ardito Barletta
Lari, LCl
van der Meer, LCP

DDutt/--:bli

March 15, 1982

Dear Mr. Tamayo:

My colleagues and I greatly enjoyed our discussions with your associates who have made the PAI program so popular in Mexico. We found our session very informative and helpful.

Mrs. Clausen and I thank you for the dinner you hosted in Guadalajara. It was a very enjoyable evening and we were thrilled to have the opportunity to hear Guadalajara's famed Mariachis. They were excellent and Guadalajara can be very proud of them.

My best wishes for continued success.

Sincerely,

(Signed) A. W. Clausen

Lic. Jorge Tamayo Lopez Portillo
Subdirector General de Empresas Filiales
y Sideicomisos de Fomento
Nacional Financiera, S.A.
Bolivar 38B - Octavo piso
Centro Cuauhtemoc 06008
Mexico, D.F., Mexico

cc: Messrs. Baum/Stern o/r
Ardito Barletta
Lari, LC1
van der Meer, LCP

DDutt/--:bli

file

March 15, 1982

Dear Victor,

Nicolas and my other colleagues from the World Bank join me in thanking you for the excellent luncheon discussion that you had organized for us on March 5. I greatly enjoyed talking to my fellow bankers from Mexico. They showed good understanding of the economic situation of the country and we benefited much from those discussions.

With best wishes,

Sincerely,

TC

A. W. Clausen

Mr. Victor Manuel Herrera
President, Asociacion de Banqueros, and
Director, BANCOMER
Av. Universidad 1200
Centro BANCOMER, Apartado Postal 9 BIS
Mexico 20 (D.F.), Mexico

cc: Messrs. Stern (o/r)
Ardito Barletta
Lari, LC1
van der Meer, LCP

DDutt:crm

FORM NO. 27 - OCR
(11-78)

WORLD BANK OUTGOING MESSAGE FORM (Telegram, Cable, Telex)

IMPORTANT (PLEASE READ INSTRUCTIONS BELOW BEFORE TYPING FORM.)

Class of Service: TELEX Date: MARCH 19, 1982

Telex No.: Originators Ext: 75921

START HERE

TO: MR. MIGUEL MANCERA AGUAYO, DIRECTOR GENERAL, BANCO DE MEXICO,S.A.

CITY/COUNTRY: MEXICO 1, D.F., MEXICO.

MESSAGE NO: MY HEARTIEST CONGRATULATIONS ON YOUR APPOINTMENT AS DIRECTOR GENERAL OF THE BANCO DE MEXICO. YOU HAVE MADE SUBSTANTIAL CONTRIBUTIONS TO THE SOUNDNESS OF MEXICO'S MONETARY MANAGEMENT AND I AM CONFIDENT THAT YOU WILL PROVIDE STRONG LEADERSHIP DURING A DIFFICULT PERIOD. YOUR FRIENDS IN THE BANK JOIN ME IN WISHING YOU EVERY SUCCESS IN YOUR NEW RESPONSIBILITIES. WARM REGARDS, A. W. CLAUSEN, PRESIDENT, INTBAFRAD.

END OF TEXT

NOT TO BE TRANSMITTED

SUBJECT:

DRAFTED BY: VDFreeman:cac

CLEARANCES AND COPY DISTRIBUTION:

cc: Messrs. Baum/Stern
Ardito Barletta
Lari, LC1
Dutt, LC1A (o/r)

AUTHORIZED BY (Name and Signature): A.W.Clausen, President

DEPARTMENT:

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WASHINGTON DC

DISTRIBUTION: WG
Mr.Ardito-Barletta
Mr. Clausen
MR Rotberg

ATTENTION A W CLAUSEP
PRESIDENT

WE ARE PLEASED TO ADVISE YOU THAT, IN VIEW OF THE RETIREMENT OF MR. GUETAVO ROMERO KOLBECK AS OF THE 17TH OF MARCH, OUR BOARF OF DIRECTORS HAS APPOINTED MR. MIGUEL MANCERA AS DIRECTOR GENERAL OF BANCO DE MEXICO. MR MANCERA WAS FORMERLY DEPUTY DIRECTOY GENERALLOF THIS INSTITUTION. REGARDS

BANCO DE MEXICO S A

⊕
248423 WORLDBANKLLLL

March 15, 1982

Dear Mr. Mayor:

Since seeing you in Mexico City, I have been to Colombia and Brazil and just returned to Washington.

Thank you for the excellent presentation you made to us on the problems of managing the Federal District. You have a truly challenging task. I am extremely impressed by the energy and professionalism with which you have dealt with a most difficult set of problems. Congratulations on your achievements! I hope that the World Bank can be of assistance to you perhaps even beyond the programs I explained in the meeting.

Mrs. Clausen, Mr. Ardito Barletta and my other colleagues join me in thanking you for the very pleasant lunch which you and Mr. Silva Herzog hosted for us. It was a delightful affair and we enjoyed it immensely.

Warm regards.

Sincerely,

Prof. Carlos Hank Gonzalez
Jefe del Departamento del Distrito
Zocalo
Mexico City, D.F.1, Mexico

cc: Messrs. Baum/Stern o/r
Ardito Barletta
Lari, LC1
van der Meer, LCP

DDutt/--:bli

1 1 72544

Ex Silva Herzog

LIC. ANTONIO ENRIQUEZ SAVIGNAC,

SUBSECRETARIO DE HACIENDA Y CREDITO PUBLICO, PALACIO NACIONAL 3ER PISO DESPACHO 3039 MEXICO 1, D.F., MEXICO

MY HEARTIEST CONGRATULATIONS. I WISH YOU ALL SUCCESS IN THIS CHALLENGING TASK. A. W. CLAUSEN, PRESIDENT INTERAMERAD

LT

March 26, 1982

MEXICO: General

DDutt:crm

cc: Messrs. Stern
Ardito Barletta
Lari, LCL

A. W. Clausen, President

March 30, 1982

Dear Nicolas:

Sorry to be late in writing this note of thanks for the great collection of photographs you sent. They are wonderful to have and recall good memories of a delightful visit in Latin America.

You're a good photographer--while you managed to capture some of our shortcomings, you also politely managed to avoid some others!

Warm regards.

Sincerely,

A.W. Clausen

Mr. Nicolas Ardito-Barletta
Vice President
Latin America and the Caribbean
Regional Office
The World Bank
Washington, D.C.

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

March 19, 1982

Mr. A. W. Clausen

Tom,

Among the many pictures of the trip you will receive, here are samples of mine. They may not be the best, but they are the first. You will recognize the places where they were taken throughout the three countries. Some of the Carajas are all together. The very last one, taken in Carajas, I have entitled "Man Between Light and Darkness". I hope you will enjoy them. I could also provide a few to Benjenk for his collection.

Best regards,

Nicolas Ardito Barletta

while he's a good photographer - he managed to capture some of our client meetings - he politely managed to avoid some others!

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

Mr. A. W. Clausen

Tom,

Again, let me tell you how much my colleagues and I enjoyed travelling with you in Mexico, Colombia and Brazil. Your participation with our clients has already been helpful in the development of our on-going programs and working relations, and it has served to project very vividly the image of the Bank in our Region.

We hope you enjoyed the trip as much as we did and derived some useful information from your direct contacts in the terrain.

With best wishes,

Nicolas

Nicolas Ardito Barletta

March 16, 1982

Ciro Gamarra
Information & Public Affairs
January, 1982

MEXICO -- INFORMATION MEDIA

The Mexican information media comprise one of the largest networks in Latin America and among the developing countries. They include about 616 periodical publications -- with an estimated circulation of more than 23 million copies -- and a network of 750 radio stations and about 100 television stations commanding audiences of more than 50 million and 20 million respectively.

The press remains the most important medium in the country, but radio is now commanding a wider audience: about 80% of the 64.2 million Mexicans. Television is growing in importance, but it still reaches only about 30% of the population.

The printed media have a long-standing tradition that goes back to the Spanish colony. Since the 17th century, Mexico City has been one of the main cultural centers in Latin America and is still one of the important editorial centers of the region.

The State of the Mexican Press

Although the Mexican print media has lost some ground to radio and television, it still plays an important role in shaping Government and national opinion, even though it is still far from being considered completely free from Government manipulation.

The Mexican press has been traditionally subjected to indirect pressures, Government and public agencies' advertising and the allocation of newsprint (controlled by a state monopoly) being used as editorial leverage. It is also well known that Mexican journalists often receive subsidies or other benefits from Government or private sector. For those reasons, the quality of Mexican press cannot be compared favorably with the press in other Latin American countries -- e.g., Brazil, Colombia, or Venequela.

On the whole, the Mexican news media have been supportive of the World Bank. They have usually given extensive coverage to the World Development Report and the Annual Reports. Some newspapers like Excelsior, Uno mas Uno or El Nacional (the Government official paper in Mexico City) have printed adverse commentaries in their editorial pages but they have continued giving wide space to straight news stories on the Bank. Their criticism centers upon the Bank's alleged intervention in Mexican internal affairs, unjust loan conditions, support to oppressive regimes, and for being a channel for American Imperialism.

/...

The Diversity of the Press

At the end of 1978, 303 daily and 58 non-daily newspapers were being published in Mexico, with a total circulation of 8.7 million copies. About 130 general-interest magazines and 126 specialized magazines, with approximately 14.8 million sales, were also printed in the country. With very few exceptions all the periodicals are published in Spanish.

Mexico City's 11.5 million residents can enjoy 35 newspapers, including 28 dailies, with a total circulation of about 3 million copies a day. Most of the 250 or so consumer and special interest Mexican magazines are also printed in the Federal District of Mexico.

By far the largest newspaper organization in the country is El Sol de Mexico, which in 1976 was acquired by the President Luis Echeverria Alvarez.

Radio

Over 95% of the radio transmitters belong to privately owned commercial stations. There are 718 commercial stations operating around the capital and throughout all states of the country. In Mexico City alone there are 50 commercial radio stations. Many of the commercial stations are affiliated to large networks, with headquarters in the Mexican capital.

Television

A private monopoly controls most of the commercial stations in Mexico. Telesistema Mexicano operates four commercial networks, each with a main station in Mexico City, and microwave links bringing at least one-channel coverage to most of the main population centers. The four networks include about 80 stations plus 12 retransmitters all over the country. Among the owners of Telesistema are the Novedades' O'Farril family and former President Miguel Aleman's family. In 1972, Telesistema merged with another network, Television Independiente de Mexico, to form the present corporation also known as Televisa.

MEXICO: Political Situation

1. The Partido Revolucionario Institucional (PRI) dominates the political scene of Mexico, although in the last two years the system has been liberalized to enable participation of parties both at the extreme left and right in the political process. The leftist parties made a bold effort to form a coalition against PRI for the forthcoming Presidential elections but failed; it is still far too fragmented to cause concern. On July 4, 1982, election of the PRI candidate is not in doubt, but voter turnout and the proportion of electorate indicating positive support for Miguel de la Madrid would be watched with interest.

2. PRI counts on the full cooperation of: (a) the CTM (the Confederation of Labor Unions) with the aging Don Fidel Velasco at its head; (b) the organized industry and commerce; and (c) the national peasants' organization. Practically all important elected offices are still held by PRI members.

3. In the short run, the PRI does not face any real challenge. The country is presently passing through the euphoria of 8 percent annual GDP growth, along with 4.2 percent employment growth, in a world beset with stagflation. Accelerated inflation, the effects of which are more sharply felt by the poor; a tendency toward a higher capital intensity of production; still limited employment opportunities for semi-skilled and unskilled labor, and conspicuous consumption of the urban elite, partly satisfied from imports, may be considered as the factors exacerbating the hitherto dormant dangers to social stability. Internal tensions could also be heightened by socio-political developments south of the border, in Central America. The issue is: will Mexico's leadership be able to keep pace with the rising expectations, and avoid a situation where too few social benefits accrue to the masses too late. Equally important is avoidance of policies that may squander the nation's new wealth on inadequately prepared or poorly implemented programs and projects.

4. Mexico has an able set of senior administrators. They are aware of the dangers of an expanding frustration gap (expectations from an oil supported economy exceeding the realities of the distribution process) and are launching massive programs targeted to benefit the poor. We doubt not their objectives--these are in line with those discussed with the Bank over a decade--but are skeptical about several of the instruments and details of these programs. Resource waste, inefficient and unaccountable subsidies and consequent increase in inflation and growing inequality of incomes could seriously challenge the leadership in its course of modernizing Mexico. Moreover, the Confederation of Labor Unions, the staunchest supporter of the ruling party, is increasingly being contested by the smaller but dynamic trade unions, and will have to

cope with a change in its aging leadership at the top. Vocal groups in the Universities are already challenging the present establishment as too conservative for the changing needs of the country, the student riot of 1968 is a grim reminder of this latent danger; youth, while proud of the recent achievements, is critical of the management for the perceived inefficiencies.

5. Since the forceful Presidency of Cardenas (1934-1940), the defense forces in Mexico have observed a low profile. Their equipment is obsolete and generally they have been kept on an austerity budget. In recent years attention has been devoted to improving their training and equipment. They are increasingly called upon to police the territorial waters and participate in disaster relief operations. The 1981 budget increased defense appropriations by 68 percent over 1980, but even after this increase defense expenditure is equivalent to 0.5 percent of GDP, or 2.3 percent of total Federal Government expenditure. Unlike several Latin American countries, the armed forces are expected to remain outside politics in Mexico.

6. Miguel de la Madrid is expected to continue the present President's foreign and domestic policies. In his formal acceptance of the nomination, de la Madrid devoted a large part of his speech to reaffirming his party's and his own identification with the aspirations of the peasants and the working people. His recent campaign speeches contain strong commitment for a clean administration. In the meantime Lopez Portillo, in reply to a correspondent, stated that from December 1982 "I intend to let my beard grow, paint, write my memoirs and nothing else".

7. US-Mexican relations have never been easy, and for the present the two Presidents seem to have established a relationship of mutual respect and restraint, that permits both parties to "agree to disagree" on issues such as Central America, immigration, or fishing relations. Trade exchanges between US and Mexico exceeded $28 billion in 1980 and are predicted by Ambassador Brock to reach $80 billion in 1985. US firms, with estimated $6 billion by end 1980, account for bulk of the private foreign investment in Mexico. Given the importance of bilateral interdependence, Mexico and the United States will probably isolate their foreign policy differences as much as possible from other aspects of their relations.

Mexico Division
February 16, 1982

Exchange Rate: US$1 = Mex$26.9 (Feb.17)
= Mex$37.7 (Feb. 18)

MEXICO
Development Issues

General

Mexico's development strategy has been shaped by three main factors: wide disparities in resource distribution - both geographically and in terms of ownership - a high rate of population growth, and the need to preserve and consolidate the social consensus achieved at the end of the Revolutionary period (1910-1920). Although the main force behind the rapid industrialization of the country has been the dynamism of the new entrepreneurial class, the public sector has had to play an unusually sensitive role in trying to reconcile the private sector's needs and the demands of the social justice.

On the whole, it has done so with great ingenuity and a remarkable degree of success: it has provided investment in infrastructure, communications and power, allowing the economy to stay on a path of rapid growth; while at the same time it has attempted to distribute the benefits of growth more evenly across the population. The result has been, not only an impressive record of continuing economic progress, but also a degree of political stability without precedent in its history.

The difficulties inherent to such a development strategy - a tendency to high inflation and the recurrence of balance-of-payments crises - are well-known: they were at the root of the 1976 devaluation, and have surfaced again in recent months. The Mexican administration has always been aware of them, and this explains the success of some of its policies - the high rate of mobilization of private savings by the financial system being the prime example. Often, however, political constraints have been allowed to prevail over the dictates of prudent fiscal management; but there is evidence that an increasingly competent economic administration is gaining weight in the process of decision-making, so that economic policy, rather than following the political cycle, is making progress in correcting the economy's basic disequilibria.

Economic

Rich new oil/gas fields discovered in mid-1970s. Proven reserves now estimated at 72 billion barrels and potential reserves at 200 billion barrels. This places Mexico among the first four largest potential producers in the world.

Following the 1976 devaluation and the 1977 stabilization program, the pace of economic growth resumed vigorously, with annual growth rates above 7% between 1978 and 1981. This expansion has been made possible by (a) a reduced foreign exchange constraint, as a result of oil discoveries, which has enabled the country to expand imports (mostly of capital and intermediate goods) at more than 30% annually in real terms; (b) the restored confidence of the private sector which has been increasing its investment at about 15% annually in real terms, and (c) an equally fast increase in public investment.

The acceleration in the level of economic activity has resulted in a strong rise in employment which has been growing at 4% per annum, i.e. faster than the rate of increase of the labor force (3.7% per annum). Unfortunately, during this same period, rising inflationary pressures developed, essentially the result of continued overheating of the economy due to excessive increase in domestic demand - fueled by excessive government spending and by international oil sales (about US$15 billion in 1981) - and to supply rigidities (bottlenecks in the railways and port system, lack of construction materials, shortage of skilled labor, etc.). Prices in 1981, rose by about 28%, compared to an average of 24% in the previous two years and are expected to increase by at least a similar amount by the end of 1982.

(i) Short-Term Issues

Public Sector Savings. Present financial disequilibria are due to a large extent to excessive government spending, with the overall deficit of public sector attaining 14% of GDP in 1981. Public sector savings, excluding oil, remain negative (1.2% of GDP in 1980) as the combined result of a still low tax burden and increasing subsidies. The decision, last summer, to cut public expenditure by 4% reflects the Government's concern for the inflationary implications of its current policies as well as the expected short-fall in oil revenues (see Balance of Payments below).

Subsidies. Direct subsidies to cover deficit of public enterprises, to support producer prices and to maintain low consumer prices for basic consumption commodities amounted in 1980 to about 3% of GDP, while the

implicit subsidy on oil products - based on international prices - was about US$10 billion or 6% of GDP. The price of gasoline was increased recently from 2.8 to 5 pesos/liter, and diesel from 1 to 2.50, showing the growing concern of the government on the subsidies issue. Increase in prices of public goods and services remains a critical measure to improve the financial picture but it faces serious political obstacles.

1/ Exchange Rate. The continued differential between the rate of inflation in Mexico and in its major trading partners has made the need for an exchange rate adjustment an urgent one, in view of the impact of the decline in the real exchange rate on competitiveness of Mexican exports, especially manufactures and tourist services. A policy of gradual devaluation was adopted as of the end of 1980 - implying an adjustment of about 13% during 1981. A more substantial adjustment was needed given the existing differentials between the Mexican and international inflation rates, and the Mexican peso is currently being devalued at an annual rate of 18 to 20%. This is probably enough to avoid further overvaluation of the peso but would not take care of the overvaluation accumulated over the last two years, which is estimated at around 25%.

1/ Imports. The decline in the real exchange rate made imports increasingly cheap thus affecting domestic productive structure. A decision was made in 1981 to move a substantial number of products (about 800) back into the licensing system as a temporary means to avoid excessive foreign exchange spending and distortions in the economy. It is hoped that this is really a temporary measure and that it does not reflect a turning back in Mexico's protection policy.

Balance of Payments. In 1981 there was a substantial shortfall in oil revenues (from expected US$19 billion to about 15 billion) as a result of oil price reduction and difficulties in carrying out contracts with some countries. This, together with high import growth, pushed up the current account deficit to about US$12 billion and increased the foreign borrowing requirements and the debt service ratio, which in 1981 was 43%.

(ii) Long-Term Issues

Poverty. Income distribution in Mexico, basically highly unequal, did not improve substantially between 1968 and 1977. While no hard data are available for the 1977-81 period, it would seem that the rapid increase in employment, accompanied by an increased mobility in the labor force, might have improved the income distribution picture. The significant decrease in the rate of population growth (from 3.5% per annum in the mid-1970s to 2.9% by 1980), the longer term prospects are good even though the labor force will continue to increase at rates of about 3.5% per annum throughout the 80s and 90s. Critical to the improvement of the living standards of the poor segment of the population would be a desirable - advocated by the Bank - shift in the emphasis of the Government social strategy from subsidies to investment in the social sectors and human resources as a way of creating a more permanent basis for social progress.

1/ As of February 18, 1982 the Bank of Mexico withdrew from the foreign exchange market. The peso dropped sharply, by about 40% against the US dollar, in one day. As the stabilization program is unfolded, an updating note will be prepared prior to Mr. Clausen's visit.

Unemployment. A family planning program started in 1972 has helped reduce population growth from 3.5% in the mid-seventies to 2.9% in 1980. The stated goal of the President to reduce it to 2.5% by 1982 seems attainable.

Open and hidden unemployment is estimated around 45% of the labor force and will remain a major problem. Around 750,000 new workers (equivalent to 3.7% of the labor force) are entering the job market every year! While the high growth rates of the recent years created new jobs at the annual rate of 4% to 4.2%, with slower growth the employment situation is bound to cause serious concern to the Government.

Agriculture. The Mexican Government is aware that improving the living conditions in the rural areas calls for a shift of emphasis away from large and costly irrigation schemes towards rainfed agriculture and rural development and for significant changes in the land tenure system. New legislation in this area, together with the launching of a Mexican Food Plan (SAM), aimed at a major overhaul of the subsidy, credit and pricing system, are important steps towards improvement. But SAM raises questions on rationale and effectiveness of heavy reliance on subsidies; the costs of inefficiency in resource allocation may be very high.

Urban-Regional. Increasing urbanization and regional imbalances are two critical spatial problems in Mexico, with pollution, congestion and high cost of providing basic infrastructure in the large cities (especially in Mexico City which could reach a population of 22 million in 1990) and continuation of large poverty pockets in the regions outside the Central Plateau. Government has taken action to discourage further expansion of activities in Mexico City, improve basic infrastructure in medium-sized cities and provide incentives for decentralization of economic activities away from the Mexico City, Monterrey, Guadalajara Triangle. Sharper differentiation of incentive schemes among different priority zones, greater reliance on improving general infrastructure in "target" regions as a means to attract private investment, and strengthening of "satellite" cities around Mexico City as a way to slow down its growth, remain critical aspects.

Government Actions

As indicated above, a number of measures have been taken to solve the short-term problems (cut in public expenditure in 1981, the recent increase in the price of gasoline and some basic foods, no real increase in the budget for 1982 and greater flexibility in the exchange rate policy), tighter money policy and the longer term ones (SAM and decentralization incentives). However, actions with respect to reduction of the public sector deficit, public pricing (for appropriate resource allocation and control of effective demand), import tariffs (reducing also the scope of the quota system), investment in the social sectors (as alternative to subsidies for the poor) and cost-effectiveness of agricultural programs (irrigation vs. rainfed and incentives to producers) remain the most urgent ones. Such policy changes this year could help reduce the significant disequilibrium which, if unchecked, would undermine the Mexican economy by 1983.

Mexico Division
February 23, 1982

As on February 25, 1982

ITINERARY AND PROGRAM OUTLINE

VISIT TO MEXICO - MARCH 2 to 6, 1982

DATE	TIME		REMARKS
March 2 (Tuesday)	1:00 p.m.	Leave Washington (National Airport) - Flight No. PA 331	
	3:24 p.m.	Arrive Miami Transfer to Government of Mexico Jet	Mexican officials will meet at Miami airport and accompany to Villahermosa
	4:45 p.m.	Leave Miami	
	5:30 p.m.	Arrive Villahermosa (Tabasco State) Brief arrival statement to Press (to be simultaneously released in Mexico City)	In Central Time Zone
	6:00 p.m.	Arrival at Governor's Mansion "Quinta Grijalva"	Mr. & Mrs. Clausen will be Governor's house guests
	7:30 p.m.	Visit La Venta (Olmec) Museum and Park	
	8:30 p.m.	Informal Dinner with the Governor and State Development Officers; Explanation of the Development Problems/ Programs of the State (Oil Impact on Regional Development)	
	10:30 p.m.	Retire to suite	

Press Conf. on way out.

DATE	TIME		REMARKS
March 3 (Wednesday)	7:30 a.m.	Private breakfast	
	9:00 a.m.	Leave Governor's Mansion	By Governor's Bus
	9:15 a.m.	Arrive at Meat Plant in the Industrial Estate	
		Explanation of the agro-industrial plant by staff of the cooperative owning the plant financed by FIRA from proceeds of a Bank loan.	
	9:45 a.m.	Leave Industrial Estate	By Governor's Bus
	9:50 a.m. - 10:45 a.m.	Visit Urban Development sites in Villahermosa	
	10:45 a.m.	Departure for the Sierra region	By helicopter (Mrs. Clausen's program in her itinerary)
	11:15 a.m. - 12:15 p.m.	Visit ejidos in the Sierra region (Aquiles Sardan and Zuna-Patastal)	
	12:15 p.m.	Leave for Tropical Agricultural College (CSAT)	By helicopter
	12:45 p.m.	Arrive at CSAT; review of Rainfed Agricultural Development Program	
	1:15 p.m.	Leave with PEMEX officials (overflight of installations)	By helicopter
	2:30 p.m.	Arrive Pajaritos	

DATE	TIME		
March 3 (Wednesday) (Cont'd)	2:40 p.m. - 4:00 p.m.	Luncheon with PEMEX officials	
	4:00 p.m. - 5:00 p.m.	Visit PEMEX installations	Bus and walking
	5:10 p.m.	Depart for heliport	
	5:35 p.m.	Depart heliport, overflight of industrial development	
	6:05 p.m.	Arrive Minatitlan Airport; transfer to Government jet	(Mrs. Clausen will board jet in Villahermosa)
	6:25 p.m.	Depart Minatitlan	
	7:45 p.m.	Arrive Guadalajara Airport	
	8:15 p.m.	Arrive at Camino Real Hotel	
	9:00 p.m.	Informal dinner (The State Governor will be present) Guadalajara	
	11:00 p.m.	Retire to suite	

DATE	TIME		REMARKS
March 4 (Thursday)	7:30 a.m.	Private Breakfast	
	9:00 a.m.	Leave Hotel	By Bus
	9:30 a.m.	Arrive at office of PAI (Organization for promoting small/medium industries)	(Mrs. Clausen's program in her itinerary)
	9:30 a.m.- 10:40 a.m.	Presentation of the Program and discussion with officials and participating bankers.	
	11:00 a.m.- 11:15 a.m.	Visit plant of Modulos Fabril (Office Furniture) financed by PAI	By Bus
	11:15 a.m. - 11:30 a.m.	Travel to Second Plant	By Bus
	11:30 a.m.- 12:00 noon	Visit ceramic factory financed by PAI	
	12:00 noon	Depart for airport	By Bus
	12:30 p.m.	Leave for Mexico City	(Mrs. Clausen will join at the Airport) By Government Airplane
	1:30 p.m.	Arrive at Mexico City Airport	
	2:00 p.m.	Arrive at Hotel Camino Real	
	2:30 p.m.- 4:30 p.m.	Luncheon meeting with about 10 industrialists (in the Hotel) we are guests	
	6:30 p.m.	Leave Hotel for Palacio Nacional	
	7:00 p.m.	Arrive at Palacio Nacional	
	7:00 p.m.- 8:00 p.m.	Meeting with Messrs. Ibarra, Romero Kolbeck and Espinosa de los Reyes	
	8:30 p.m.	Dinner (Private) with Mr. and Mrs. Romero Kolbeck at Bank of Mexico Building	(Mrs. Clausen will be escorted separately from the Hotel to Bank of Mexico)

DATE	TIME		REMARKS
March 5 (Friday)	8:30 a.m.	Breakfast with Bank staff	
	9:30 a.m.	Leave for Los Pinos	
	10:00 a.m.	Meeting with President Jose Lopez Portillo	
	11:00 a.m.	Leave Los Pinos	
	11:30 a.m.	Arrive at Secretariat of Agriculture (SARH)	
	11:30 a.m.-12:15 p.m.	Meeting with Secretary of Agriculture	
	12:15 p.m.	Depart SARH offices.	
	1:00 p.m.-2:00 p.m.	Meeting with Secretary of Programming and Budget at Palacio Nacional	
	2:30 p.m.-4:00 p.m.	Luncheon discussion with private bankers.	
	4:00 p.m.	Leave for Hotel	
	4:30 p.m.	Arrive at Hotel	
	6:15 p.m.-7:00 p.m.	Press Conference (in the Hotel complex, Salon Oaxaca)	Mr. Resendez of Secretariat of Finance will moderate; he will accompany Mr. Clausen on earlier field visits as well.
	8:15 p.m.	Leave Hotel for State Banquet	
	8:30 p.m.-10:30 p.m.	State Banquet hosted by the Minister for Finance (At the Hacienda de los Morales)	50 people

DATE	TIME		REMARKS
March 6 (Saturday)	Morning	* Meeting with Presidential Candidate, Miguel de la Madrid Visit urban slums in Mexico City metropolitan area. Visit archeological sites in the center of the city (if time permits) Private Lunch (Palacio Nacional)	
	2:30 p.m.	Arrive Mexico City International Airport	A brief meeting with Press could be scheduled if needed.
	3:00 p.m.	Leave Mexico City International Airport for Bogota - Flight No. RG873 Varig	By commercial flight.
	8:30 p.m.	Arrive Bogota, Colombia	

* The exact time of the meeting with the Presidential Candidate has not yet been settled. On finalization of this part of the program, Mr. Clausen's visit to the urban slums and/or archeological sites will be scheduled for the time available.

NOTE: Mr. and Mrs. Clausen would be requested to hand over their baggage by the time they leave their hotel for the first program on March 6.

MR. A.W. CLAUSEN

ITINERARY AND PROGRAM OUTLINE

VISIT TO MEXICO - MARCH 2 to 6, 1 9 8 2

TUESDAY, MARCH 2, 1982

TIME		REMARKS
1:00 P.M.	Leave Washington (National Airport)Flight No. PA 331	
3:24 P.M.	Arrive Miami	Mexican officials will meet at Miami airport and accompany to Villahermos
	Transfer to Government of Mexico Jet	
4:45 P.M.	Leave Miami	
5:30 P.M.	Arrive Villahermosa (Tabasco State)	In Central Time Zon Governor Rovirosa will receive at Airport
5:45 P.M.	Brief arrival statement to Press (to be simultaneously released in Mexico City)	
6:00 P.M.	Leave airport for Governor's Mansion "Quinta Grijalva"	
6:30 P.M.	Arrival at Governor's Mansion	Mr. and Mrs. Clause will be Governor's house guests
7:20 P.M.	Depart Governor's Mansion	
7:30 P.M.	Visit La Venta (Olmec)Museum and Park	
8:30 P.M.	Depart for Governor's Mansion	
8:45 P.M.	Informal Dinner with the Governor and State Development Officer:	
	Discussion of the Development Problems/ Programs of the State	
11:00 P.M.	Retire to suite	

WEDNESDAY, MARCH 3, 1982

TIME		REMARKS
7:30 A.M.	Private breakfast	
9:00 A.M.	Leave Governor's Mansion	By Governor's Bus Mrs. Clausen will accompany Mr. Claus until 10:50 A.M.
9:15 A.M.	Arrive at Meat Plant	
	Explanation of the plant and cooperative by members, bankers and FIRA staff.	
9:45 A.M.	Leave Meat Plant	By Governor's bus
10:00 A.M.	Visit urban development site Ciudad Industrial	
10:20 A.M.	Leave Ciudad Industrial	
10:30 A.M.	Visit urban development sites El Espejo and "Tabasco 2000"	By helicopter (Mrs. Clausen's program in her itinerary)
10:50 A.M.	Depart heliport at "Tabasco 2000"	
11:15 A.M.	Arrive at ejido Aquiles Serdan; discussion of the PIDER program	
11:35 A.M.	Depart Aquiles Serdan	By helicopter
11:50 A.M.	Arrive at ejido Zunu-Patastal; discussion of PIDER program	
12:15 P.M.	Leave for Huimanguillo	By helicopter
12:45 P.M.	Arrive at Huimanguillo and visit PRODERITH Research Center (Tropical Agriculture Development)	
1:15 P.M.	Leave for Coatzacoalcos	By helicopter
1:45 P.M.	Arrive Coatzacoalcos	
2:00 P.M.	Luncheon discussion with PEMEX officials	
3:15 P.M.	Rest period	
3:40 P.M.	Explanation of port and petrochemical development in Coatzacoalcos area	

4:10 P.M.	Visit PEMEX facilities	Bus and walking.
5:00 P.M.	Depart heliport, overflight of industrial development	by helicopter
5:30 P.M.	Arrive Minatitlan Airport; transfer to government jet	Mrs. Claussen will arrive in jet from Villahermosa
6:00 P.M.	Depart Minatitlan	
7:20 P.M.	Arrive Guadalajara Airport	
7:45 P.M.	Arrive at Camino Real Hotel	
9:00 P.M.	Informal dinner in Hotel's Salón Inglés (the State Governor likely to be present)	
11:00 P.M.	Retire	

THURSDAY, MARCH 4, 1982

TIME		REMARKS
7:30 A.M.	Private breakfast	
9:00 A.M.	Leave Hotel	By bus
9:15 A.M.	Arrive at PAI offices (Organization for promoting small/medium industries)	
9:20 A.M.	Presentation of the Program and discussion with officials and participating bankers	
10:30 A.M.	Depart Offices	By bus
10:50 A.M.	Visit plant of Modulo Fabril (office furniture financed by PAI)	
11:15 A.M.	Depart Modulo Fabril	
11:30 A.M.	Visit to "Cerámica Contemporánea Noe Zuro" financed by PAI	Mrs. Clausen will join at plant
12:00 P.M.	Depart for airport	By bus
12:30 P.M.	Leave for Mexico City	
1:30 P.M.	Arrive at Mexico City Airport	
2:00 P.M.	Arrive at Camino Real Hotel	
2:30 P.M.	Luncheon meeting with about 10 industrialists (in the Hotel Industrialist's Club)	
4:30 P.M.	Rest Period	
6:30 P.M.	Leave Hotel for Palacio Nacional	
7:00 P.M.	Meeting with Messrs. Ibarra, Romero Kolbeck and Espinosa de los Reyes	
8:30 P.M.	Leave for private Dinner with Mr. and Mrs. Romero Kolbeck at Bank of Mexico offices	Mrs. Clausen will be escorted separate from the Hotel to Bank of Mexico
11:00	Retire	

6109

Priorities / w/B.

Subsidies?

Exports.

Reduce Tariffs LIQUIDITY
& Increasing

outflow.

Developing Committee

Let's make it work.

FRIDAY, MARCH 5, 1982

TIME		REMARKS
8:30 A.M.	Breakfast with Bank staff	
9:30 A.M.	Leave for "Palacio Nacional"	
10:00 A.M.	Meeting with Secretary of Programming and Budget (SPP) Ramón Aguirre	
11:00 A.M.	Depart SPP offices	
12:30 P.M.	Meeting with President José López Portillo	
1:00 P.M.	Leave "Los Pinos"	
1:30 P.M.	Meeting with Secretary of Agriculture (SARH) offices	
2:00 P.M.	Depart SARH offices	
2:30 P.M.	Luncheon discussion with private bankers (BANCOMER center)	
4:00 P.M.	Leave for Hotel	
4:30 P.M.	Arrive at Hotel	
6:15 P.M.	Press Conference (in the hotel Salón Oaxaca)	Mr. Resendiz of Ministry of Finance will moderate
8:15 P.M.	Leave Hotel for State Banquet	
8:30 P.M.	State Banquet hosted by the Minister for Finance at La Hacienda de los Morales	
10:30 P.M.	Retire	

CONGRATS.

GOOD PERFORMANCE SYRS

COURAGEOUS STEP - DEVALUATION

IDA Thanks.

MITTERAND'

FRIDAY, MARCH 5, 1982

TIME		REMARKS
8:30 A.M.	Breakfast with Bank staff	
9:30 A.M.	Leave for Los Pinos (Presidential Residence)	
10:00 A.M.	Meeting with President José López Portillo	
11:00 A.M.	Leave Los Pinos	
11:30 A.M.	Arrive at Secretariat of Agriculture (SARH) offices	
11:30 A.M.	Meeting with Secretary of Agriculture Francisco Merino Rábago	
12:15 P.M.	Depart SARH offices	
1:00 P.M.	Meeting with Secretary of Programming and Budget (SPP) Ramón Aguirre	
2:00 P.M.	Depart SPP offices	
2:30 P.M.	Luncheon discussion with private bankers (BANCOMER center)	
4:00 P.M.	Leave for Hotel	
4:30 P.M.	Arrive at Hotel	
6:15 P.M. 7:00 P.M.	Press Conference (in the hotel Salón Oaxaca)	Mr. Resendiz of Ministry of Financ will moderate
8:15 P.M.	Leave Hotel for State Banquet	
8:30 P.M.	State Banquet hosted by the Minister for Finance at La Hacienda de los Morales	
10:30 P.M.	Retire	

As on February 19, 1982

ITINERARY AND PROGRAM OUTLINE

VISIT TO MEXICO - MARCH 2 to 6, 1982

For Mrs. Clausen

Same as that of Mr. Clausen excepting as indicated below:

March 3, 1982
(Wednesday)

10:15 a.m.	Leave Villahermosa heliport
10:45 a.m.	Arrive at Palenque Visit the archeological excavations, temples Luncheon and rest at the local hotel
4:00 p.m.	Leave Palenque
4:30 p.m.	Arrive Villahermosa airport and transfer to a private jet
5:00 p.m.	Arrive at Minatitlan airport

March 4, 1982
(Thursday)

8:30 a.m.	Leave Hotel
9:00 a.m. - 10:30 a.m.	Visit the center of Guadalajara and Urbano Hospicio Cabanas (the famous murals by Orozco)
10:30 a.m. - 12:00 noon	Visit the Center for Artisans
12:15 p.m.	Leave for Guadalajara airport
Afternoon of March 4 and March 5	The detailed program is being prepared and includes visits to family health/family planning/child care programs; Luncheon with some of the leading ladies in Mexico City; Visit the anthropological museums and archeological sites and churches in and around Mexico City.

COLOMBIA

Itinerary for Mrs. Clausen's Visit

(March 6-9, 1982)

Vee ESSNEU

Saturday, March 6

8:30 p.m.	Arrival in Bogota (Varig flight No. 873, dinner served on board before landing in Bogota). Messrs. Wiesner, Garcia-Parra and Bank staff will meet Mr. and Mrs. Clausen at airport.
10:00 p.m.	Arrival and check-in at Hilton Hotel. (Resident Mission will make hotel reservations and assure proper accommodations).

Sunday, March 7

7:45 a.m.	Departure for airport.
8:30 a.m.	Departure for Medellin on private plane (breakfast served on board). Party will be composed of Mr. and Mrs. Clausen, and Messrs. Wiesner (Min. Finance), Nieto (Chief, Natl. Planning Dept.), Garcia-Parra (E.D., IBRD), Rodado (Min. Mines & Energy), Anzola (Director, DRI/PAN), Ardito-Barletta, Favilla and Gutierrez. (Mesdames Wiesner, Rodado, Garcia-Parra and Gutierrez may join the party.)*
9:15 a.m.	Arrival in Medellin airport.
9:30 a.m.	Transfer to Helicopter. Flight to San Carlos Hydroelectric Project sit. Original party to be joined by Messrs. Duque (Governor of Antioquia), Nicholls, Mayor of Medellin, Calle (EPM) and Jaramillo (ISA).
10:15 a.m. - 12:15 p.m.	Arrival and tour of San Carlos project site.
12:30 p.m. - 2:00 p.m.	Lunch at ISA Recreational Club near project site. (Casual dress; wives* expected to attend.)
2:15 p.m. - 4:00 p.m.	Helicopter flight and visit to DRI municipality. Other DRI/PAN staff to join the party.
4:00 p.m. - 4:30 p.m.	Return flight to Medellin airport.
5:00 p.m.	Departure for Bogota.
5:45 p.m.	Arrival in Bogota.

* Ladies' names listed in separate page.

6:30 p.m.	Arrival at Hilton Hotel.
8:30 p.m.	Dinner Alternatives: a) Private dinner with Mrs. Clausen b) Dinner with Mrs. Clausen and Bank staff: Messrs. Ardito-Barletta, Favilla, Gutierrez, Goldman and Mrs. Gutierrez.

Monday, March 8

9:45 a.m.	Leave hotel.
10:00 a.m. - 12:30 p.m.	Visit a social project, sponsored by Mrs. Nydia Turbay, the President's wife. Mrs. Wiesner will be your escort. (Morning dress.)
12:30 p.m. - 2:00 p.m.	Lunch at Banco de la Republica. Mrs. Turbay will be the hostess. (Mesdames Wiesner, Garcia-Parra, Gutierrez and several ministers' wives expected to attend.)
2:00 p.m. - 4:30 p.m.	Visit to Children's Rehabilitation Center. (A very topical project for Bogota's "gamines".)
4:30 p.m. - 6:00 p.m.	Visit to the Gold Museum (vaults of Banco de la Republica). An individually-guided tour to one of South America's best displays of pre-Columbian gold crafts, art pieces, and jewelry.
6:15 p.m.	Return to Hilton Hotel.
8:00 p.m.	Departure for Airport.
8:30 p.m.	Arrival at Airport.
9:30 p.m.	Departure for Brazil (Varig flight No. 873, dinner served on board after departure).

THURSDAY INDUSTRIALISTS

FRIDAY BANKERS

Prominent persons from the private sector Mr. Clausen is likely to meet during his trip in Mexico

1. Mr. Jose Porrero Lichtle, President CANACINTRA (National Federation of Chambers of Industry)

2. Mr. Jose Luis Ordonez, President CANACO (National Federation of Chambers of Commerce)

3. Mr. Victor Manuel Herrera, Chairman, Mexican Bankers' Association

4. Mr. Manuel Espinosa Iglesias, Head of BANCOMER

5. Mr. A. Legorreta, Chairman of Banamex

6. Mr. Carlos Abedrop, a prominent banker

7. Mr. Jose Corral, Representative of the Bank of America

8. Mr. Bernardo Quintana, President ICA, an important construction firm

9. Mr. Bernardo Garza Sada, a prominent industrialist from Monterrey

10. Mr. Miguel Aleman, a former President of the Republic and head of the National Tourism Council

11. Mr. Carlos Antmann Obregon, Head of Mexican Importers and Exporters Association

12. Mr. Alberto Bailleres, Head of Moctezuma Group

13. Mr. Cresencio Ballesteros, Head of MEXICANA Airlines, industrialist and contractor

Mexico Division
February 19, 1982

MEXICO

President	Licenciado Jose Lopez Portillo
Elected	July 5, 1976
Assumed Office	December 1, 1976
Term Ends	December 1, 1982

Cabinet Members

Secretary of the Interior	Prof. Enrique Olivares Santana
Secretary of Foreign Affairs	Lic. Jorge Castaneda de la Rosa
Secretary of Defense	Div. Gen. Felix Galvan Lopez
Secretary of the Navy	Adm. Ricardo Chazaro Lara
Secretary of the Treasury and Public Credit	Lic. David Ibarra Munoz
Secretary of Program and Budget	Lic. Ramon Aguirre Velazquez
Secretary of Government Properties and Industrial Development	Lic. Jose Andres de Oteyza Fernandez
Secretary of Commerce	Lic. Jorge de la Vega Dominguez
Secretary of Agriculture and Water Resources	Ing. Francisco Merino Rabago
Secretary of Communications and Transportation	Lic. Emilio Mujica Montoya
Secretary of Human Settlements and Public Works	Arq. Pedro Ramirez Vazquez
Secretary of Public Education	Lic. Fernando Solana Morales
Secretary of Health and Welfare	Dr. Mario Calles Lopez Negrete
Secretary of Labor and Social Welfare	Lic. Sergio Garcia Ramirez
Secretary of Agrarian Reform	Lic. Horacio Carvajal Moreno
Secretary of Tourism	Dra. Rosa Luz Alegria Escamilla
Secretary of Fisheries	Lic. Fernando Rafful Miguel

Chief, Department of the Federal District	Prof. Carlos Hank Gonzalez
Attorney General	Lic. Oscar Flores Sanchez
Attorney General of Justice of the Federal District	Lic. Agustin Alanis Fuentes

Mexico Division
February 16, 1982

MEXICO: Brief for Mr. Clausen

The papers are arranged in three folders, containing respectively notes for:

Folder I	General information
Folder II	Field visits
Folder III	Meetings in Mexico City

A note summarizing the latest developments, including the economic program in support of the new exchange rate policy is in preparation.

Mr. Clausen

VISIT TO MEXICO

(March 2-6, 1982)

Briefing Papers

Folder I - General Information

1. Itinerary
2. Arrival Statement
3. Map
4. State Department Note
5. Social Indicator Data Sheet
6. Cabinet Members
7. Biographical Sketches
8. Note on Information Media
9. Note on Political Situation
10. Note on Development Issues
11. Bank Activities in Mexico
12. IFC Activities in Mexico
13. Record of Mr. Clausen's Meeting with Mexican Delegation to 1981 Annual Meetings

Folder II - Field Visits

14.	Villahermosa (Tabasco State)	
	A. Airport Loan (Villahermosa Airport assisted by Bank)	March 2
	B. Regional Development Issues of Tabasco	"
	C. Urban Development Loan	March 3
15.	Agriculture Credit (FIRA) Projects and visit to Agro Industrial Unit	March 3
16.	Rural Development (PIDER) Projects, visit to ejidos	"
17.	Tropical Agriculture Project Loan, Rainfed Agriculture Development (PLANAT) Loan	"
18.	Industrial Ports Program	"
19.	Lunch with PEMEX - Oil Sector	"
20.	Industrial Credit Loans and visit to Small/Medium Industries	March 4

Folder III - Meetings in Mexico City

21.	Luncheon Meeting with Industrialists	March 4
22.	Meeting with Finance Minister and the Financial Team	"
23.	Meeting with President Lopez Portillo	March 5
24.	Meeting with Programming and Budget Minister	"
25.	Luncheon Meeting with Bankers	"
26.	Meeting with Presidential Candidate Miguel de la Madrid	March 6
27.	Meeting with Minister for Agriculture and Water Resources	March 5

MEXICO - SOCIAL INDICATORS DATA SHEET

	MEXICO			REFERENCE GROUPS (WEIGHTED AVERAGES - MOST RECENT ESTIMATE) /a	
	1960 /b	1970 /b	MOST RECENT ESTIMATE /b	MIDDLE INCOME LATIN AMERICA & CARIBBEAN	MIDDLE INCOME EUROPE
LAND AREA (THOUSAND SQ. KM.)					
TOTAL 1972.5					
AGRICULTURAL 977.2					
GNP PER CAPITA (US$)	400.0	750.0	1640.0 *	1616.2	2609.1
ENERGY CONSUMPTION PER CAPITA (KILOGRAMS OF COAL EQUIVALENT)	769.2	1141.0	1672.7	1324.1	2368.4
POPULATION AND VITAL STATISTICS					
POPULATION, MID-YEAR (THOUSANDS)	36369.0	50313.0	65509.0 *	.	.
URBAN POPULATION (PERCENT OF TOTAL)	50.8	59.0	65.9	64.2	53.2
POPULATION PROJECTIONS					
POPULATION IN YEAR 2000 (MILLIONS)			108.9	.	.
STATIONARY POPULATION (MILLIONS)			188.0	.	.
YEAR STATIONARY POPULATION IS REACHED			2075	.	.
POPULATION DENSITY					
PER SQ. KM.	18.4	25.5	33.2	34.3	80.6
PER SQ. KM. AGRICULTURAL LAND	36.0	52.0	65.1	94.5	133.9
POPULATION AGE STRUCTURE (PERCENT)					
0-14 YRS.	45.6	46.5	45.3	40.7	30.1
15-64 YRS.	51.0	50.0	51.2	55.3	61.5
65 YRS. AND ABOVE	3.4	3.5	3.5	4.0	8.3
POPULATION GROWTH RATE (PERCENT)					
TOTAL	3.1	3.2	2.9	2.4	1.5
URBAN	4.9	4.8	4.2	3.7	3.1
CRUDE BIRTH RATE (PER THOUSAND)	45.0	42.3	36.0	31.4	22.9
CRUDE DEATH RATE (PER THOUSAND)	12.0	9.0	7.3	8.4	9.1
GROSS REPRODUCTION RATE	3.4	3.2	2.6	2.3	1.6
FAMILY PLANNING					
ACCEPTORS, ANNUAL (THOUSANDS)	..	25.1	842.0	.	.
USERS (PERCENT OF MARRIED WOMEN)	..	..	40.0	..	..
FOOD AND NUTRITION					
INDEX OF FOOD PRODUCTION PER CAPITA (1969-71=100)	97.0	100.0	101.0	108.3	119.8
PER CAPITA SUPPLY OF					
CALORIES (PERCENT OF REQUIREMENTS)	110.0	112.0	114.0	107.6	125.7
PROTEINS (GRAMS PER DAY)	65.0	66.0	66.0	65.8	92.5
OF WHICH ANIMAL AND PULSE	27.0	27.0	27.0	34.0	39.7
CHILD (AGES 1-4) MORTALITY RATE	13.0	8.8	5.7	7.6	3.4
HEALTH					
LIFE EXPECTANCY AT BIRTH (YEARS)	58.3	62.4	66.0	64.1	68.9
INFANT MORTALITY RATE (PER THOUSAND)	78.0	74.0	60.0	70.9	25.2
ACCESS TO SAFE WATER (PERCENT OF POPULATION)					
TOTAL	23.5	54.0	62.0	65.7	..
URBAN	..	71.0	70.0	79.7	..
RURAL	..	29.0	49.0	43.9	..
ACCESS TO EXCRETA DISPOSAL (PERCENT OF POPULATION)					
TOTAL	..	..	..	59.9	..
URBAN	..	..	..	75.7	..
RURAL	..	13.0	14.0	30.4	..
POPULATION PER PHYSICIAN	1798.0	1480.6	1815.0	1728.2	973.3
POPULATION PER NURSING PERSON	..	1612.2	1398.0	1288.2	896.6
POPULATION PER HOSPITAL BED					
TOTAL	577.6	828.1	851.0	471.2	262.3
URBAN	..	1151.2	758.0	558.0	191.8
RURAL	..	1350.9	1077.0	..	..
ADMISSIONS PER HOSPITAL BED	..	..	..	..	18.2
HOUSING					
AVERAGE SIZE OF HOUSEHOLD					
TOTAL	5.4	5.7	..	..	..
URBAN	5.7	5.7	..	..	..
RURAL	5.2	5.6	..	..	..
AVERAGE NUMBER OF PERSONS PER ROOM					
TOTAL	2.9	2.5	..	..	..
URBAN	2.6	2.2	..	..	..
RURAL	3.4	3.2	..	..	..
ACCESS TO ELECTRICITY (PERCENT OF DWELLINGS)					
TOTAL	..	58.9	..	..	..
URBAN	..	80.7	..	..	..
RURAL	..	27.8	..	..	..

MEXICO - SOCIAL INDICATORS DATA SHEET

	MEXICO			REFERENCE GROUPS (WEIGHTED AVERAGES - MOST RECENT ESTIMATE) /a	
	1960 /b	1970 /b	MOST RECENT ESTIMATE /b	MIDDLE INCOME LATIN AMERICA & CARIBBEAN	MIDDLE INCOME EUROPE
EDUCATION					
ADJUSTED ENROLLMENT RATIOS					
PRIMARY: TOTAL	80.0	104.0	116.0	101.7	105.9
MALE	82.0	107.0	119.0	103.0	109.6
FEMALE	77.0	102.0	114.0	101.5	102.2
SECONDARY: TOTAL	11.0	22.0	39.0	35.3	66.3
MALE	14.0	27.0	42.0	34.9	73.2
FEMALE	8.0	17.0	36.0	35.6	59.5
VOCATIONAL ENROL. (% OF SECONDARY)	24.0	27.0	9.0	30.1	28.4
PUPIL-TEACHER RATIO					
PRIMARY	44.0	46.0	41.0	29.6	26.8
SECONDARY	13.0	14.0	17.0	15.7	23.6
ADULT LITERACY RATE (PERCENT)	65.0	74.2	82.4	80.0	75.4
CONSUMPTION					
PASSENGER CARS PER THOUSAND POPULATION	14.0	24.5	42.4	42.6	83.9
RADIO RECEIVERS PER THOUSAND POPULATION	90.7	278.4	306.0	215.0	181.6
TV RECEIVERS PER THOUSAND POPULATION	17.9	59.5	88.7	89.0	131.1
NEWSPAPER ("DAILY GENERAL INTEREST") CIRCULATION PER THOUSAND POPULATION	79.0	..	66.6	62.8	123.8
CINEMA ANNUAL ATTENDANCE PER CAPITA	10.0	5.0	4.2	3.2	5.7
LABOR FORCE					
TOTAL LABOR FORCE (THOUSANDS)	10990.9	14488.8	18965.4	.	.
FEMALE (PERCENT)	15.2	17.4	19.3	22.6	32.9
AGRICULTURE (PERCENT)	55.1	45.0	36.8	35.0	34.0
INDUSTRY (PERCENT)	19.5	23.0	25.7	23.2	28.7
PARTICIPATION RATE (PERCENT)					
TOTAL	30.2	28.8	29.0	31.8	42.3
MALE	51.1	47.4	46.5	49.0	56.5
FEMALE	9.2	10.1	11.2	14.6	28.5
ECONOMIC DEPENDENCY RATIO	1.6	1.7	1.7	1.4	0.9
INCOME DISTRIBUTION					
PERCENT OF PRIVATE INCOME RECEIVED BY					
HIGHEST 5 PERCENT OF HOUSEHOLDS	..	..	..	..	..
HIGHEST 20 PERCENT OF HOUSEHOLDS	61.1/c	60.7	57.7	..	..
LOWEST 20 PERCENT OF HOUSEHOLDS	3.4/c	3.3	2.9	..	..
LOWEST 40 PERCENT OF HOUSEHOLDS	9.8/c	9.9	9.9	..	..
POVERTY TARGET GROUPS					
ESTIMATED ABSOLUTE POVERTY INCOME LEVEL (US$ PER CAPITA)					
URBAN	..	..	270.0	..	..
RURAL	..	..	216.0	187.6	..
ESTIMATED RELATIVE POVERTY INCOME LEVEL (US$ PER CAPITA)					
URBAN	..	..	471.0	513.9	..
RURAL	..	..	471.0	362.2	385.1
ESTIMATED POPULATION BELOW ABSOLUTE POVERTY INCOME LEVEL (PERCENT)					
URBAN	..	..	..	..	..
RURAL	..	..	..	..	..

.. Not available
. Not applicable.

NOTES

/a The group averages for each indicator are population-weighted arithmetic means. Coverage of countries among the indicators depends on availability of data and is not uniform.

/b Unless otherwise noted, data for 1960 refer to any year between 1959 and 1961; for 1970, between 1969 and 1971; and for Most Recent Estimate, between 1976 and 1979.

/c 1963.

* The updated 1980 GNP per capita and population estimates to be shown in the 1981 World Bank Atlas are $2,130.0 (at 1978-80 prices) and 67,458 thousand.

May, 1981

DEFINITIONS OF SOCIAL INDICATORS

Notes: Although the data are drawn from sources generally judged the most authoritative and reliable, it should also be noted that they may not be internationally comparable because of the lack of standardized definitions and concepts used by different countries in collecting the data. The data are, nonetheless, useful to describe orders of magnitude, indicate trends, and characterize certain major differences between countries.

The reference groups are (1) the same country group of the subject country and (2) a country group with somewhat higher average income than the country group of the subject country (except for "Capital Surplus Oil Exporters" group where "Middle Income North Africa and Middle East" is chosen because of stronger socio-cultural affinities). In the reference group data the averages are population weighted arithmetic means for each indicator and shown only when majority of the countries in a group has data for that indicator. Since the coverage of countries among the indicators depends on the availability of data and is not uniform, caution must be exercised in relating averages of one indicator to another. These averages are only useful in comparing the value of one indicator at a time among the country and reference groups.

LAND AREA (thousand sq.km.)
Total - Total surface area comprising land area and inland waters.
Agricultural - Estimate of agricultural area used temporarily or permanently for crops, pastures, market and kitchen gardens or to lie fallow; 1978 data.

GNP PER CAPITA (US$) - GNP per capita estimates at current market prices, calculated by same conversion method as World Bank Atlas (1977-79 basis); 1960, 1970, and 1979 data.

ENERGY CONSUMPTION PER CAPITA - Annual consumption of commercial energy (coal and lignite, petroleum, natural gas and hydro-, nuclear and geothermal electricity) in kilograms of coal equivalent per capita; 1960, 1970, and 1979 data.

POPULATION AND VITAL STATISTICS
Total Population, Mid-Year (thousands) - As of July 1; 1960, 1970, and 1979 data.
Urban Population (percent of total) - Ratio of urban to total population; different definitions of urban areas may affect comparability of data among countries; 1960, 1970, and 1979 data.
Population Projections
Population in year 2000 - Current population projections are based on 1980 total population by age and sex and their mortality and fertility rates. Projection parameters for mortality rates comprise of three levels assuming life expectancy at birth increasing with country's per capita income level, and female life expectancy stabilizing at 77.5 years. The parameters for fertility rate also have three levels assuming decline in fertility according to income level and past family planning performance. Each country is then assigned one of these nine combinations of mortality and fertility trends for projection purposes.
Stationary population - In a stationary population there is no growth since the birth rate is equal to the death rate, and also the age structure remains constant. This is achieved only after fertility rates decline to the replacement level of unit net reproduction rate, when each generation of women replaces itself exactly. The stationary population size was estimated on the basis of the projected characteristics of the population in the year 2000, and the rate of decline of fertility rate to replacement level.
Year stationary population is reached - The year when stationary population size has been reached.
Population Density
Per sq. km. - Mid-year population per square kilometer (100 hectares) of total area; 1960, 1970 and 1979 data.
Per sq. km. agricultural land - Computed as above for agricultural land only; 1960, 1970 and 1979 data.
Population Age Structure (percent) - Children (0-14 years), working-age (15-64 years), and retired (65 years and over) as percentages of mid-year population; 1960, 1970, and 1979 data.
Population Growth Rate (percent) - total - Annual growth rates of total mid-year populations for 1950-60, 1960-70, and 1970-79.
Population Growth Rate (percent) - urban - Annual growth rates of urban populations for 1950-60, 1960-70, and 1970-79.
Crude Birth Rate (per thousand) - Annual live births per thousand of mid-year populations; 1960, 1970, and 1979 data.
Crude Death Rate (per thousand) - Annual deaths per thousands of mid-year population; 1960, 1970, and 1979 data.
Gross Reproduction Rate - Average number of daughters a woman will bear in her normal reproductive period if she experiences present age-specific fertility rates; usually five-year averages ending in 1960, 1970, and 1979.
Family Planning - Acceptors, Annual (thousands) - Annual number of acceptors of birth-control devices under auspices of national family planning program.
Family Planning - Users (percent of married women) - Percentage of married women of child-bearing age (15-44 years) who use birth-control devices to all married women in same age group.

FOOD AND NUTRITION
Index of Food Production per Capita (1969-71=100) - Index of per capita annual production of all food commodities. Production excludes seed and feed and is on calendar year basis. Commodities cover primary goods (e.g. sugarcane instead of sugar) which are edible and contain nutrients (e.g. coffee and tea are excluded). Aggregate production of each country is based on national average producer price weights; 1961-65, 1970, and 1979 data.
Per capita supply of calories (percent of requirements) - Computed from energy equivalent of net food supplies available in country per capita per day. Available supplies comprise domestic production, imports less exports, and changes in stock. Net supplies exclude animal feed, seeds, quantities used in food processing, and losses in distribution. Requirements were estimated by FAO based on physiological needs for normal activity and health considering environmental temperature, body weights, age and sex distribution of population, and allowing 10 percent for waste at household level; 1961-65, 1970, and 1977 data.
Per capita supply of protein (grams per day) - Protein content of per capita net supply of food per day. Net supply of food is defined as above. Requirements for all countries established by USDA provide for minimum allowance of 60 grams of total protein per day and 20 grams of animal and pulse protein, of which 10 grams should be animal protein. These standards are lower than those of 75 grams of total protein and 23 grams of animal protein as an average for the world, proposed by FAO in the Third World Food Survey; 1961-65, 1970 and 1977 data.
Per capita protein supply from animal and pulse - Protein supply of food derived from animals and pulses in grams per day; 1961-65, 1970 and 1977 data.
Child (ages 1-4) Mortality Rate (per thousand) - Annual deaths per thousand in age group 1-4 years, to children in this age group; for most developing countries data derived from life tables; 1960, 1970 and 1979 data.

HEALTH
Life Expectancy at Birth (years) - Average number of years of life remaining at birth; 1960, 1970 and 1979 data.
Infant Mortality Rate (per thousand) - Annual deaths of infants under one year of age per thousand live births.
Access to Safe Water (percent of population) - total, urban, and rural - Number of people (total, urban, and rural) with reasonable access to safe water supply (includes treated surface waters or untreated but uncontaminated water such as that from protected boreholes, springs, and sanitary wells) as percentages of their respective populations. In an urban area a public fountain or standpost located not more than 200 meters from a house may be considered as being within reasonable access of that house. In rural areas reasonable access would imply that the housewife or members of the household do not have to spend a disproportionate part of the day in fetching the family's water needs.
Access to Excreta Disposal (percent of population - total, urban, and rural - Number of people (total, urban, and rural) served by excreta disposal as percentages of their respective populations. Excreta disposal may include the collection and disposal, with or without treatment, of human excreta and waste-water by water-borne systems or the use of pit privies and similar installations.
Population per Physician - Population divided by number of practicing physicians qualified from a medical school at university level.
Population per Nursing Person - Population divided by number of practicing male and female graduate nurses, practical nurses, and assistant nurses.
Population per Hospital Bed - total, urban, and rural - Population (total, urban, and rural) divided by thier respective number of hospital beds available in public and private general and specialized hospital and rehabilitation centers. Hospitals are establishments permanently staffed by at least one physician. Establishments providing principally custodial care are not included. Rural hospitals, however, include health and medical centers not permanently staffed by a physician (but by a medical assistant, nurse, midwife, etc.) which offer in-patient accommodation and provide a limited range of medical facilities. For statistical purposes urban hospitals include WHO's principal/general hospitals, and rural hospitals, local or rural hospitals and medical and maternity centers. Specialized hospitals are included only under total.
Admissions per Hospital Bed - Total number of admissions to or discharges from hospitals divided by the number of beds.

HOUSING
Average Size of Household (persons per household) - total, urban, and rural - A household consists of a group of individuals who share living quaters and their main meals. A boarder or lodger may or may not be included in the household for statistical purposes.
Average number of persons per room - total, urban, and rural - Average number of persons per room in all urban, and rural occupied conventional dwellings, respectively. Dwellings exclude non-permanent structures and unoccupied parts.
Access to Electricity (percent of dwellings) - total, urban, and rural - Conventional dwellings with electricity in living quarters as percentage of total, urban, and rural dwellings respectively.

EDUCATION
Adjusted Enrollment Ratios
Primary school - total, male and female - Gross total, male and female enrollment of all ages at the primary level as percentages of respective primary school-age populations; normally includes children aged 6-11 years but adjusted for different lengths of primary education; for countries with universal education enrollment may exceed 100 percent since some pupils are below or above the official school age.
Secondary school - total, male and female - Computed as above; secondary education requires at least four years of approved primary instruction; provides general, vocational, or teacher training instructions for pupils usually of 12 to 17 years of age; correspondence courses are generally excluded.
Vocational enrollment (percent of secondary) - Vocational institutions include technical, industrial, or other programs which operate independently or as departments of secondary institutions.
Pupil-teacher ratio - primary, and secondary - Total students enrolled in primary and secondary levels divided by numbers of teachers in the corresponding levels.
Adult literacy rate (percent) - Literate adults (able to read and write) as a percentage of total adult population aged 15 years and over.

CONSUMPTION
Passenger Cars (per thousand population) - Passenger cars comprise motor cars seating less than eight persons; excludes ambulances, hearses and military vehicles.
Radio Receivers (per thousand population) - All types of receivers for radio broadcasts to general public per thousand of population; excludes unlicensed receivers in countries and in years when registration of radio sets was in effect; data for recent years may not be comparable since most countries abolished licensing.
TV Receivers (per thousand population) - TV receivers for broadcast to general public per thousand population; excludes unlicensed TV receivers in countries and in years when registration of TV sets was in effect.
Newspaper Circulation (per thousand population) - Shows the average circulation of "daily general interest newspaper", defined as a periodical publication devoted primarily to recording general news. It is considered to be "daily" if it appears at least four times a week.
Cinema Annual Attendance per Capita per Year - Based on the number of tickets sold during the year, including admissions to drive-in cinemas and mobile units.

LABOR FORCE
Total Labor Force (thousands) - Economically active persons, including armed forces and unemployed but excluding housewives, students, etc., covering population of all ages. Definitions in various countries are not comparable; 1960, 1970 and 1979 data.
Female (percent) - Female labor force as percentage of total labor force.
Agriculture (percent) - Labor force in farming, forestry, hunting and fishing as percentage of total labor force; 1960, 1970 and 1979 data.
Industry (percent) - Labor force in mining, construction, manufacturing and electricity, water and gas as percentage of total labor force; 1960, 1970 and 1979 data.
Participation Rate (percent) - total, male, and female - Participation or activity rates are computed as total, male, and female labor force as percentages of total, male and female population of all ages respectively; 1960, 1970, and 1979 data. These are based on ILO's participation rates reflecting age-sex structure of the population, and long time trend. A few estimates are from national sources.
Economic Dependency Ratio - Ratio of population under 15 and 65 and over to the total labor force.

INCOME DISTRIBUTION
Percentage of Private Income (both in cash and kind) - Received by richest 5 percent, richest 20 percent, poorest 20 percent, and poorest 40 percent of households.

POVERTY TARGET GROUPS
The following estimates are very approximate measures of poverty levels, and should be interpreted with considerable caution.
Estimated Absolute Poverty Income Level (US$ per capita) - urban and rural - Absolute poverty income level is that income level below which a minimal nutritionally adequate diet plus essential non-food requirements is not affordable.
Estimated Relative Poverty Income Level (US$ per capita) - urban and rural - Rural relative poverty income level is one-third of average per capita personal income of the country. Urban level is derived from the rural level with adjustment for higher cost of living in urban areas.
Estimated Population Below Absolute Poverty Income Level (percent) - urban and rural - Percent of population (urban and rural) who are "absolute poor".

Economic and Social Data Division
Economic Analysis and Projections Department
May 1981

MEXICO

Recent parity adjustment, stabilization measures and short-term prospects

Background

1. Since 1978, Mexico has experienced a rate of domestic inflation consistently higher than that of its major trading partners; consequently, the peso has been subjected to steady downward pressure. The authorities responded by allowing the exchange rate to move slightly against the dollar (by 2 percent in 1979 and in 1980, by 13 percent in 1981); It was recognized that this could not by itself reduce the gap, but three considerations prevented the float from proceeding at a faster pace: first, it was feared that a faster devaluation would have inflationary effects; second, the need to preserve a substantial differential in yields between domestic and foreign savings instruments was forcing domestic interest rates to rise as the rate of exchange fell; third, it was hoped that lower domestic inflation would eventually help close the gap, avoiding the need for a major exchange rate adjustment.

2. During the second half of 1981, the official position became increasingly difficult: a shortfall in oil revenues had forced the Administration to increase its borrowing abroad; the external sector was responding to the overvaluation of the peso with stagnating industrial exports and rapidly growing imports; the balance of tourism showed signs of becoming negative. The authorities decided to accelerate the float, bringing it to an annual rate of 20 percent during the last two months of 1981. With a strict budget for 1982, which was approved at the end of November, and with a general expectation of lower growth, there were hopes for a lower rate of inflation and an improved current account balance; but public opinion was aware that the success of economic management in 1982 depended essentially on oil sales and on the behavior of the domestic price level.

Recent Developments

3. In January 1982, the prospects of oil sales deteriorated visibly, both in volume and in price; furthermore, PEMEX seemed to be facing transitory difficulties in processing its heavier crude and in sending it abroad. On the other hand, preliminary figures for the consumer price index in January showed an increase of 5.5 percent, which led to expectations of an annual rate exceeding 30 percent for 1982. Public knowledge of these events seems to have triggered substantial capital flights, thus making the authorities' support of the peso untenable. Hence, on February 17, the Central Bank announced its withdrawal from

the exchange market. On February 18, the market opened at 36 pesos to the dollar (a 34 percent depreciation); it soon reached 38.5 to close at 37.7 (a 40.1 percent depreciation); individual buyers of foreign exchange encountered difficulties in completing their transactions, and trading in certain commodities was temporarily (and unofficially) suspended, but, on the whole, markets worked normally and the atmosphere was perfectly calm.

4. On the same day, the Cabinet met in order to approve the stabilization program prepared by the economic team. The figures supporting the program have not been made public, but the main points of the package are: an across-the-board reduction of 3 percent in the public expenditures budget; a pledge to help firms put into financial difficulties owing to their stock of dollar-denominated debt; a partial wage adjustment for public employees, which should serve as a guideline for the revision of wage agreements in the private sector; a commitment to the liberalization of essential imports, and the possibility--which has not been spelled out in detail--of introducing certain price controls to prevent excessive inflation and speculative gains.

Short-term Prospects

5. The combination of a sharp devaluation and a stabilization package will have the effects one may expect: first, it will lead to substantially higher inflation in 1982 (a figure of 40 percent is not unrealistic); second, GDP growth will be lower (probably between 4 and 5 percent); third, the commitment to free capital movements will lead to higher domestic interest rates (these will be, at least initially, above the 50 percent mark); fourth, it will result in slower growth of imports, and hence, very likely, in an improvement in the current account balance.

6. None of these mark a reversal of the pre-devaluation trends or a break with previous policies: lower growth was already expected (in the 5.5-6 percent range); inflation was expected to rise; interest rates had been rising continuously for the past months; and a modest improvement in the current account balance had been forecast for 1982. On the other hand, the Administration had already taken steps to reduce the public sector deficit, by freezing the size of the budget in real terms and by decreeing raises in the prices of oil fuels in December 1981. Rather, an acceleration of recent trends has forced the Administration to sharpen its stabilization policy and to take action earlier than it expected.

7. The coming months promise little relief for the authorities: unless the control of inflation--which will depend to some extent on the control of public expenditures--is effective, by the end of 1982 the situation may be very similar to that prevailing two months ago. But the chances of success are better than they look at first sight: on the one hand, the devaluation had been expected for some time, and

some of its effects may already have been discounted; on the other hand, the adoption of a more realistic parity removes one of the most significant distortions prevailing in the economy, and is a prerequisite for faster export growth. To summarize, the decision taken by the current Administration will leave a much healthier economy for the next President to take over. If economic management is moderately successful in 1982, substantial improvements, both in inflation and in growth, can be expected in 1983.

Summary

8. The current Administration faces difficult management problems, and it is essential that these be addressed with firmness, if the benefits of the recent parity adjustment are not to be quickly dissipated. The main issues are:

a) Control of inflation: there is a great risk of seeing the effects of the devaluation nullified by a jump in the domestic price level. The major role of the Government in this respect is twofold: first, it should persuade its own employees--and, indirectly, the private sector--to accept moderate wage increases; second, it should address the problem of speculative price increases either by imposing transitory price controls, with a well-defined time schedule, or by imposing transitory levies on those firms raising their prices without justification.

b) Control of public expenditures: the Administration will be assailed by demands for financial relief from all sectors. Since there is no time to design a system of detailed intervention, the Government should adopt the principle of resisting those demands; otherwise, an increase in the rate of inflation will not be avoided, and larger public borrowing abroad will, once more, have a negative effect on the international position of the peso.

c) Exchange rate policy: the Administration has announced its intention to let the peso float, even after the recent adjustment, to reflect the differential in rates of inflation. There will no doubt be pressures to maintain a stable parity; these should be resisted, in order to avoid a repetititon of last month's events. It must be emphasized that the crawling peg policy followed during the last year is both feasible and desirable for the economy, and that the only healthy way to stabilize the peso is to reduce domestic inflation, which cannot be done, without major disruptions, in the short run.

9. Mr. Clausen may wish to raise these issues in the course of his meeting with top Administration officials.

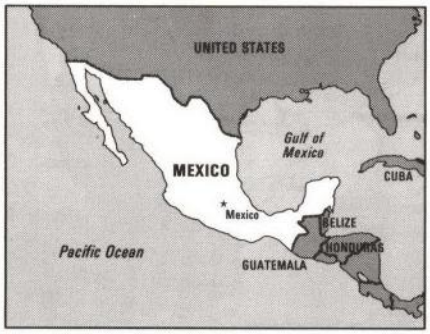
Mexico Division
February 25, 1982

background notes

Mexico

United States Department of State
Bureau of Public Affairs

April 1981



Official Name: The United Mexican States

PROFILE

People

POPULATION (1980 est.): 69 million. ANNUAL GROWTH RATE (Dec. 1980): 2.7%. ETHNIC GROUPS: Indian Spanish (mestizo) 60%, American Indian 30%, Caucasian 9%, other 1%. RELIGION: Roman Catholic 97%. LANGUAGE: Spanish. EDUCATION: *Years compulsory*—9. *Attendance*—above 65%. *Literacy*—74%. HEALTH: *Infant mortality rate*—49/1,000 (1975). *Life expectancy*—65 yrs. (1975).

Geography

AREA: 1.978 million sq. km. (764,000 sq. mi.). CITIES: *Capital*—Mexico City (Mexico, DF—pop. 15 million, 1980 est.). *Other*—Guadalajara (2.4 million), Monterrey (2 million), Ciudad Juárez (680,000), Puebla (600,000). TERRAIN: Varies from coastal lowlands to high mountains. CLIMATE: Varies from tropical to desert.

Government

TYPE: Federal republic. INDEPENDENCE: First proclaimed September 16, 1810; Republic established 1822. CONSTITUTION: February 5, 1917.

BRANCHES: *Executive*—President (Chief of State and Head of Government). *Legislative*—bicameral. *Judicial*—Supreme Court, local and federal systems.

POLITICAL PARTIES: Institutional Revolutionary Party (PRI), National Action Party (PAN), Popular Socialist Party (PPS), Authentic Party of the Revolution (PARM); three other parties—the Socialist Workers Party (PST), the Mexican Democratic Party (PDM), and the Mexican Communist Party (CPM), and four political associations registered. SUFFRAGE: Universal over age 18.

ADMINISTRATIVE SUBDIVISIONS: 31 States and the Federal District.

FLAG: Green, white, and red vertical bands. An eagle holding a snake in its beak and perching on a cactus is centered.

Economy

GDP (1980): $128 billion. PER CAPITA GDP: $1,800. ANNUAL GROWTH RATE (1980): 7.4%. INFLATION (1980): 28%.

NATURAL RESOURCES: Petroleum, silver, copper, gold, lead, zinc, natural gas, timber.

AGRICULTURE (10% of GDP): *Products*—corn, cotton, coffee, sugarcane, vegetables.

INDUSTRY (37% of GDP): *Types*—food processing, chemicals, basic metal and metal products, petroleum.

TRADE (1980): *Exports*—$15.3 billion (f.o.b.): petroleum, coffee, cotton, fruits and vegetables, sulfur. *Partners*—US 64%, EC, Japan. *Imports*—$18.6 billion (c.i.f.): grains, machinery, equipment, industrial vehicles, intermediate goods. *Partners*—US 65%, EC, Japan.

AVERAGE EXCHANGE RATE (1980): 23.5 pesos = US$1.

MEMBERSHIP IN INTERNATIONAL ORGANIZATIONS: UN, International Atomic Energy Agency (IAEA), International Civil Aviation (ICAO), Seabeds Committee, Inter-American Defense Board (IADB), Organization of American States (OAS), Latin American Free Trade Association (LAFTA), INTELSAT, and several others.

PEOPLE

Mexico is the most populous Spanish-speaking country in the world and second most populous country in Latin America (after Brazil). More than one-half of the people live in central Mexico. Many Mexicans emigrate from areas lacking in job opportunities—such as in the underdeveloped southern States and the crowded central plateau—to the industrializing urban centers and the developing border areas of the northern States. According to 1980 estimates, the urban population of Mexico City may have grown to as much as 15 million, which would make greater Mexico City the largest urban concentration in the world. The northwestern region also had a sharp rise. Guadalajara, Monterrey, and other urban areas also showed large increases.

Education in Mexico is decentralizing and expanding. A major attempt is underway to increase educational activity away from cities, and the increase in school enrollments over the past two decades has been dramatic. Education is mandatory from ages 6 through 14 or until the primary education is completed. Primary enrollment from 1970 through 1980 increased from less than 10 million to 16 million. In 1980, 86% of the population between ages 6 and 14 were in school. Enrollments at the middle education level have more than quintupled since 1955. Estimates of such increases suggest that enrollments will increase from 1.4 million in 1972 to as many as 3.4 million by 1981. Between 1959 and 1980, enrollments in institutions of higher learning increased from 62,000 to 770,000.

At the heart of Mexican cultural expression is its history and its quest for national identity. Contemporary artists, architects, writers, musicians, and dancers continue to draw for their inspiration upon a rich history of Indian civilization, colonial influence, revolution, and the development of the modern Mexican state. Artists and intellectuals alike emphasize the problems of social relations in a context of national and revolutionary traditions.

HISTORY

An advanced Indian civilization existed in Mexico before the Spanish conquest of the area. Major Indian cultures included the Olmec, the Maya, the Toltec, and the Aztec. Hernan Cortes conquered Mexico in 1519–21 and founded a Spanish colony which lasted nearly 300 years. Independence from Spain was proclaimed by Father Miguel Hidalgo on September 16, 1810, and the Republic was established on December 6, 1822. Prominent in the War for Independence were Father José María Morelos; Gen. Augustín de Iturbide, who vanquished the Spaniards and ruled as Emperor for a short period; and Gen. Antonio López de Santa Ana, who controlled Mexican politics from 1833 to 1855.

Santa Ana was Mexico's leader during the conflict with Texas, which declared itself independent from Mexico in 1836, and during the war with the United States, declared in 1846. The presidential terms of Benito Juárez (1858–71) were interrupted by the period of the Empire. Archduke Maximilian of

Austria, who was established as Emperor of Mexico in 1865 by Napoleon III of France, was deposed by Juárez and executed in 1867. Gen. Profirio Díaz was President during most of the period between 1877 and 1910.

Mexico's drastic social and economic problems finally erupted in the Revolution of 1910. Prominent leaders in this revolution – some were rivals for power – were Francisco I. Madero, Venustiano Carranza, Pancho Villa, Alvaro Obregon, and Emiliano Zapata. The Revolutionary Party, under various names and after a number of reorganizations (now known as the *Partido Revolucionario Institucional* – PRI), continues to be the most important political force in the nation.

GEOGRAPHY

The topography of Mexico ranges from low desert plains and jungle-like coastal strips to high plateaus and rugged mountains.

Beginning at the Isthmus of Tehuantepec in southern Mexico, an extension of a South American mountain range runs north almost to Mexico City, where it divides to form the coastal Occidental (west) and Oriental (east) Ranges of the Sierra Madre. Between these ranges lies the great central plateau, a rugged tableland 2,400 kilometers (1,500 mi.) long and as much as 800 kilometers (500 mi.) wide. From a low desert plain in the north, it rises to 2,400 meters (8,000 ft.) above sea level near Mexico City.

Mexico's climate is generally more closely related to altitude and rainfall than to latitude. Most of Mexico is dry; only about 12% of the total area receives adequate rainfall in all seasons, while about one-half is deficient in moisture throughout the year. Temperatures range from tropical in the coastal lowlands to cool in the higher elevations.

GOVERNMENT

The Constitution of 1917 provides for a federal republic with a separation of powers into independent executive, legislative, and judicial branches of government.

The executive branch is dominant. Executive power is vested in the President, who promulgates and executes the laws of the Congress. The President also legislates by executive decree in certain economic and financial fields, using powers delegated from the Congress. The President is elected by universal adult suffrage for a 6-year term and may not hold office a second time. There is no Vice President; in case of the removal or death of the President, a provisional President is elected by the Senate.

Congress is composed of a Senate and a Chamber of Deputies. Consecutive reelection to the Congress is prohibited. Sixty-six Senators (two from each State and the Federal District) are elected to 6-year terms.

Under Constitutional and legislative reforms adopted in 1977, the Chamber of Deputies was enlarged in the 1979 elections (from the former 237 members) to allow 300 Deputies to be elected in single-member districts by a plurality system favoring the majority party and up to 100 Deputies to be elected according to proportional representation from newly created multimember districts. This reform is intended to provide minority parties with greater representation in the Chamber of Deputies. Deputies serve 3-year terms. The Mexican Congress is empowered to legislate on all matters pertaining to the national government.

The judicial system consists of local and federal courts and a Supreme Court. Supreme Court Justices are appointed by the President and approved by the Senate.

Mexico has 32 States and a Federal District. Each State is headed by an elected Governor. Powers not expressly vested in the Federal Government are reserved to the States.

Principal Government Officials

President – José **López Portillo**

Ministers

Government (Interior) – Enrique **Olivares** Santana
Foreign Relations – Jorge **Castaneda** de la Rosa
National Defense – Gen. Félix **Galván** López
Navy – Adm. Ricardo **Chazaro** Lara
Finance – David **Ibarra** Munoz
Programing and Budget – Miguel **de la Madrid** Hurtado
Patrimony and Industrial Development – José Andrés **Oteyza** Fernandez

Photo courtesy Mexican National Tourist Council

Popolcatepetl Volcano. Small chapel and aguave cactus in the foreground.

Photo courtesy United Nations/J. Frank

Alameda Park, Mexico City

Commerce – Jorge **de la Vega** Domínguez
Agriculture and Water Resources – Francisco **Merino** Rábago
Communications and Transportation – Emilio **Múcjica** Montoya
Human Settlements and Public Works – Pedro **Ramirez** Vazquez
Public Education – Fernando **Solana** Morales
Health and Assistance – Dr. Mario **Calles** López Negrete
Labor and Social Welfare – Pedro **Ojeda** Paullada
Agrarian Reform – Javier **Garcia** Paniagua
Tourism – Rosa Luz **Alegria** Escamilla

Ambassador to the OAS – Rafael **de la Colina**
Ambassador to the U.N. – Porfirio **Muñoz** Ledo
Ambassador to the United States – Hugo B. **Margáin**

Mexico maintains an Embassy in the United States at 2829 - 16th Street NW., Washington, D.C. 20009 (tel. 202-234-6000). Consulates general are located at Los Angeles, San Francisco, Chicago, New Orleans, El Paso, New York, and San Antonio, and consulates (partial listing) at Denver, Miami, Boston, Detroit, St. Louis, Philadelphia, and Dallas.

POLITICAL CONDITIONS

Mexico's current President, José López Portillo, was elected in July 1976 and assumed office on December 1. López Portillo is a lawyer, university professor, and former Secretary of Finance.

The *Partido Revolucionario Institucional* (PRI) – Institutional Revolutionary Party – has been the dominant political force in Mexico since 1929; not only all of its presidential candidates but almost all of its candidates for congressional and State offices have been elected. The PRI's success at the polls generally is attributed to an effective grassroots political organization and an ability to identify itself with the aspirations of the Mexican people for economic and social progress. PRI membership is taken from labor, agrarian, and popular groups, from which candidates for elective office are selected. The PRI faces several opposition parties, but they are small and generally ineffective.

Significant political themes of the López Portillo administration have included reforms to broaden participation by opposition parties in the political system, guarantees to access and dissemination of information, a drive against corruption in government, and the granting of amnesty to persons charged with or convicted of politically motivated crimes.

ECONOMY

The economy of Mexico grew at an impressive rate – averaging 6% per year – during the 1950s and 1960s. However, during the early 1970s, the economy experienced difficulties largely as a result of an overly ambitious public expenditure program which could not be financed by domestic savings, causing the government to resort to untenable borrowing from abroad.

At the end of the Echeverría administration in late 1976, the government was forced to let [illegible] peso float downward from the r[illegible] [illegible]2.5 to the dollar (a rate which ha[illegible] [illegible]n the bedrock of confidence since 1954) to about 22.5 to the dollar. In early 1981 the exchange rate was about 23.9 pesos to the dollar.

Since the López Portillo administration began on December 1, 1976, confidence has been restored in the private business community. The growth rate has returned from its low level of 2% per year in 1976 and is now above the previous level of approximately 6%, reaching 7%-8%. The inflation rates have risen to close to 30% in 1979 and 1980. Unemployment and underemployment remain high and may total together about 50% of the work force. A major element in the restoration of con-

fidence has been the discovery of major petroleum deposits with a potential that could rival those in the Middle East. The López Portillo government has developed and implemented a global economic plan and several sectoral ones, including those for energy, industry, agriculture, transportation, employment, and urbanization.

Agriculture

Mexico has nearly completed the first phase of the agrarian reform begun more than 50 years ago, and almost all available land has been distributed. However, raising the productivity and living standards of subsistence farmers has proved difficult. About three-fourths of all crop sales are made by 15% of the farmers, with the rest of the farmers living on a subsistence level. The government is trying to encourage these subsistence farmers to form cooperatives in order to make better use of credit and extension services. Self-sufficiency in basic crops such as corn and beans is being stressed by the National Agricultural Plan, but emphasis is also given to export crops such as coffee, tomatoes, and winter vegetables. Mexico's agriculture is susceptible to adverse weather, and in poor years, significant amounts of corn and wheat must be imported.

Mineral and Energy Resources

Mexico is rich in mineral and energy resources, and mineral exports are an important element in foreign trade. A leading producer of silver, sulfur, lead, and zinc, Mexico also produces gold, copper, manganese, coal, and iron ore. The discovery of extensive new oil fields in the coastal regions along the Gulf of Mexico enabled Mexico to become self-sufficient in crude oil in 1974 and to export increasing amounts of petroleum. Recent estimates put Mexico's potential petroleum reserves near those of Saudi Arabia.

Manufacturing and Foreign Investment

Mexican industrial development has been led by advances in manufacturing, increases in output, and diversification and integration of processes. Manufactures now account for about one-fourth of the GDP. Important gains have been made in the production of cement, aluminum, artificial fibers, chemicals, fertilizers, petrochemicals, and paper. The chemical, fertilizer, petrochemical, pharmaceutical, and construction industries currently show the most rapid growth.

A new law governing direct foreign investment in Mexico entered into force on May 9, 1973. This law requires majority Mexican ownership in all new investments except those deemed to be in the national interest by a commission established by the law. In general, the law codifies the existing laws, decrees, and regulations which previously governed the role of foreign direct investment in Mexico. The government continues to welcome foreign private investment which complements domestic investment, especially when it brings needed new technology, helps increase exports or substitutes for imports, uses a high percentage of Mexican components, aids in the economic development of a depressed region of the country, or is labor intensive.

Trade and Development Aid

Another factor in Mexico's development has been its success in increasing and diversifying its exports. Minerals, especially petroleum and gas, are the leading export. Manufactures, including chemicals, transport equipment, textiles, shoes, iron and steel, and electric and electronic products make up about one-fourth of Mexico's exports. Other leading exports are agricultural. Imports are largely of capital and intermediary goods and grains.

Although internal savings are the principal source of gross investment, foreign financing has played a crucial supplemental role. The Mexican Government has received large credits from international lending agencies. A significant part of investment is also achieved by foreign borrowing.

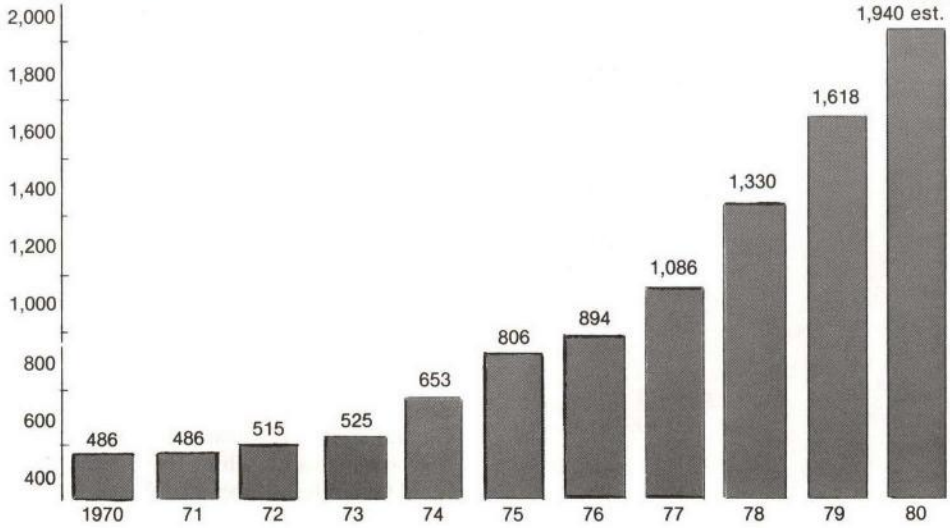
Transportation and Communications

Mexico's land transportation network is one of the most advanced in Latin America. The 32,000 kilometers (20,000 mi.) of railroads are government owned. Railways and ports lately have been bottlenecks to economic expansion. Tampico and Veracruz on the Gulf of Mexico are Mexico's two major ports, although the government is developing major ports on the Pacific. A number of international airlines service Mexico.

Mexico has a well-developed telecommunications system with about 109 television stations, 936 radio stations, 3 land satellite receiving stations, and 4.8 million telephones. Mexico is a member of the International Telecommunications Satellite Consortium (INTELSAT).

Mexican Petroleum Production[1]

(1,000 barrels per day)



[1]Includes crude, condensate, and liquids.

FOREIGN RELATIONS

Mexico bases its foreign policy on the principles of nonintervention, self-determination, the peaceful settlement of disputes, and the juridical equality of nations.

In the international economic field, President Echeverría proposed in May 1972 the idea of a Charter of Economic Rights and Duties of States which would define the relationships between developed and developing countries in the

Photo courtesy Mexican National Tourist Council

Giant stone warrior of Tula, the ancient Toltec capital

READING LIST

These titles are provided as a general indication of the material published on this country. The Department of State does not endorse unofficial publications.

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Simpson, Lesley Byrd. *Many Mexicos.* Berkeley: University of California Press, 1966.

fields of trade, investment, and financial and development assistance policy. The 1974 U.N. General Assembly approved this charter.

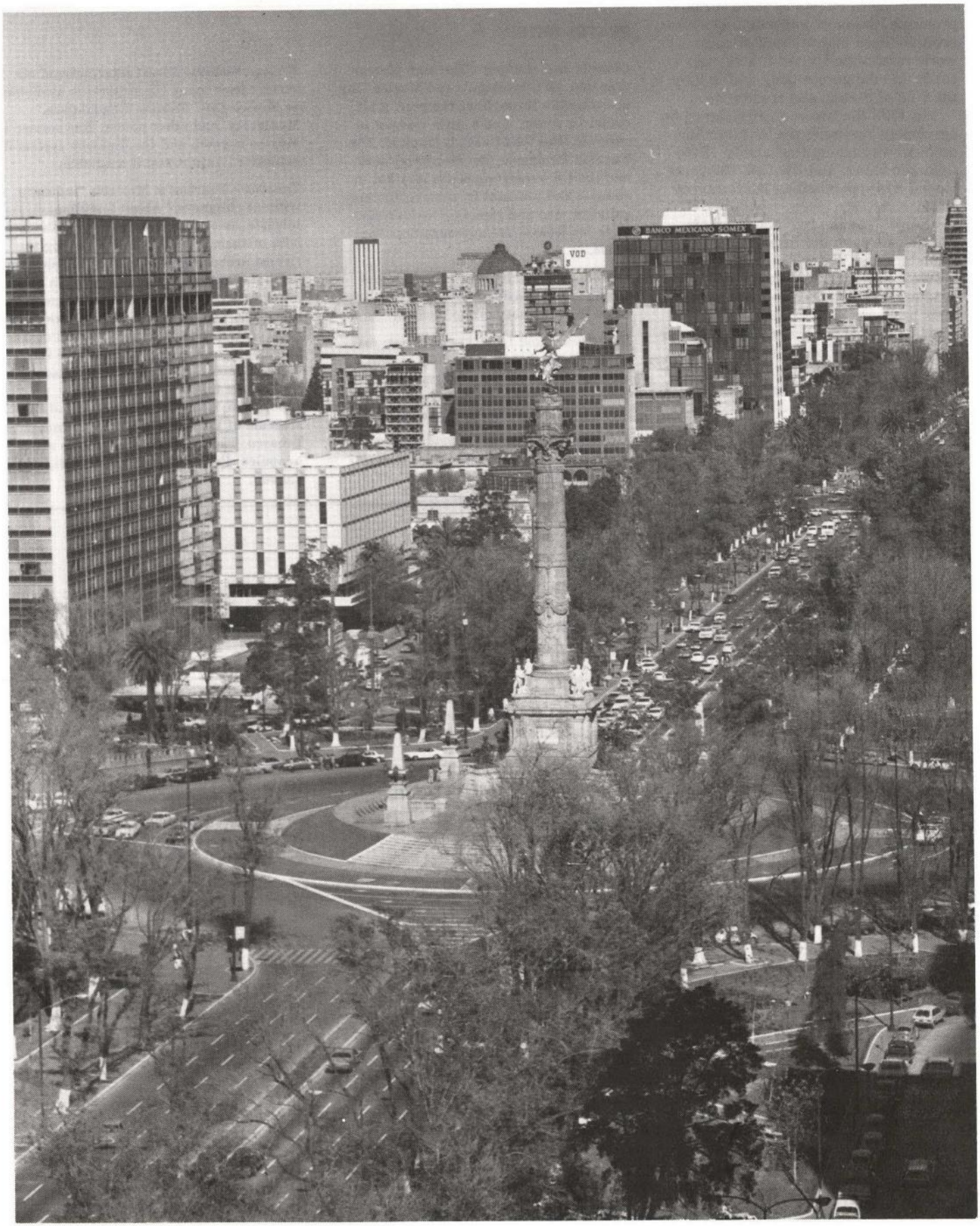
Mexico has played a leading role in the Latin American Free Trade Association (LAFTA)—an agreement between nine Latin American countries to lower tariff barriers among themselves. It also is interested in expanding its trade and investment with the Central American Common Market (CACM) members and with the Andean Group. With Venezuela, Mexico has formed a facility for oil sales to Central America and the Caribbean.

U.S.-MEXICAN RELATIONS

Mexico and the United States have maintained close and friendly relations since 1938, when a major confrontation over the expropriation of oil holdings was resolved.

The January 1981 meeting of Presidents Reagan and López Portillo in Ciudad Juárez illustrates the importance both countries attach to these relations.

The United States and Mexico are



Mexico City's famous "Angel" on the Paseo de la Reforma

cooperating in efforts to solve various problems, the most important of which are the illegal migration of Mexican workers into the United States, narcotics and dangerous drug traffic into the United States, and trade issues.

In 1973 the two countries signed an agreement resolving the longstanding problem concerning the salinity of the Colorado River, and the U.S. Congress passed the implementing legislation in 1974.

Since 1944 the two governments, working through the International Boundary and Water Commission (IBWC), have undertaken numerous joint programs for the settlement of their problems. The Commission is engaged in positive programs for conservation of water, flood control, water quality control, settlement of boundary disputes and uncertainties, and stabilization of the river boundaries. Recent accomplishments include an extradition treaty, a treaty for the return of stolen vehicles, a joint marine pollution contingency plan, a natural gas agreement, an agreement for cooperation against natural disasters, and a broadened civil aviation pact.

The United States includes the following objectives in its foreign policy toward Mexico: to maintain friendly relations and assure maximum cooperation between Mexico and the United States and to settle all differences in the spirit of mutual respect and neighborly understanding.

TRAVEL NOTES

***Climate and clothing*—The high plateau area around Guadalajara and Mexico City is springlike throughout the year, a bit cooler in winter, and a little warmer in summer. The Gulf Coast is tropical. The Yucatan Peninsula, the Monterrey area, and the US border areas are very hot in summer and pleasant in winter. Business suits for men and street dresses or pantsuits for women are appropriate in the cities.**

***Customs*—A tourist card is required. A smallpox vaccination is not required provided travel is not beyond Mexico.**

***Health*—Cooked food is safe to eat; raw vegetables and tapwater often are not. Medical facilities in the larger cities are good. A leisurely pace is recommended for the first few days in the higher altitudes.**

***Telecommunications*—Long-distance telephone and telegraph service to major cities is good.**

***Transportation*—Direct international air service from many US airports is available to Mexico City, Mérida, Guadalajara, Monterrey, and other points. Bus service in Mexico is good, and the highway system is extensive. Auto rental is available.**

***Tourism*—Tourism is Mexico's "industry without chimneys." About 3 million tourists visit Mexico annually and about 90% of them are US citizens. Among the richest archeological sites are Teotihuacan (with its famous pyramids) and Tula near Mexico City, Monte Alban and Palenque in the south, and Chichen Itza and Uxmal in the Yucatan. The National Museum of Anthropology in Mexico City is one of the world's finest. Other important museums include the Colonial Museum in Tepozotlan, Chapultepec Castle, and the Museum of La Venta at Villahermosa, Tabasco. The major coastal resorts are Acapulco, Puerto Vallarta, Cozumel, and Cancun.**

Principal U.S. Officials

Ambassador—Vacant
Minister Counselor—John A. Ferch
Counselor for Political Affairs—William T. Pryce
Counselor for Economic/Commercial Affairs—Stephen H. Rogers
Counselor for Public Affairs (USICA)—Stanley Zuckerman
Counselor of Embassy for Consular Affairs and Consul General—Ruth McLendon
Executive Counselor—Robert M. Miller

Consuls General

Guadalajara—J. Donald Blevins
Hermosillo—Terry D. Hansen
Monterrey—Frank Tucker
Tijuana—Robert E. Ezelle

Consuls

Ciudad Juárez—Franklyn E. Stevens
Matamoros—Wayne G. Griffith
Mazatlán—John H. St. Dennis
Mérida—David P. Matthews
Nuevo Laredo—Victor A. Abeyta

The U.S. Embassy in Mexico is located at Paseo de la Reforma 305, Mexico 5, D.F. (tel. 905-553-333). ■

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BIOGRAPHICAL SKETCHES

1. Lic. Jose Lopez Portillo

2. Lic. Miguel de la Madrid

3. Lic. David Ibarra, Secretary of Finance

4. Lic. Jose Andres de Oteyza, Secretary of Industry

5. Lic. Francisco Merino Rabago, Secretary of Agriculture

6. Lic. Ramon Aguirre Velazquez, SPP

7. Lic. Gustavo Romero Kolbeck, Head of Bank of Mexico

8. Lic. Jorge Espinosa de los Reyes, Head of NAFIN

9. Lic. Jesus Silva Herzog, Deputy Secretary of Finance

10. Lic. Rovirosa Wade, Governor of Tabasco

11. Dr. Octavio Hernandez, Director General of National Bank of Public Works (BANOBRAS)

12. List of other prominent persons Mr. Clausen is likely to meet

February 17, 1982

Lic. Jose LOPEZ PORTILLO, President of the United Mexican States
(wife: Sra. CARMEN ROMANO)

Mr. Jose Lopez Portillo attended school in Mexico City where he was born on June 16, 1920. He graduated from the National University of Mexico in 1946 with a law degree. In 1942, he took a special political science course at the University of Santiago with a Chilean Government scholarship. He and his wife, Mrs. Carmen Romano de Lopez Portillo, have three children: Jose Ramon, an economist; Carmen, an attorney; and Pauline, who studies history at the Universidad Ibero Americana.

Mr. Lopez Portillo practiced law until 1962, when he started his government service career as Director General of the Federal Community Improvement Boards of the National Patrimony Ministry, where he worked until 1965.

He served with the Ministry of the Presidency from 1965 to 1970, as Director General of the Legal Advisory Board; Coordinating Chairman of the Public Administration Commission; and, later, as Undersecretary of the Ministry in charge of federal government's planning and administrative reform.

He was Undersecretary of National Patrimony from 1970 to 1972, when he became Director of the Federal Electricity Commission. In the latter capacity he dealt with the Bank on some difficult issues, such as increase of tariffs; has lasting impressions of those negotiations.

Mr. Lopez Portillo was named Finance Minister in 1973, and remained in this post until 1975, when he was named presidential candidate of the Institutional Revolutionary Party (PRI). He was elected President on July 4, 1976, and was sworn in on December 1, 1976, for a six-year term.

During his academic activities (1947-1968), Mr. Lopez Portillo taught at the School of Law and the School of Political Science of the National University.

In 1961 and 1963, he also taught at the School of Business Administration of the National Polytechnical Institute. He is the author of textbooks that are still used at the National University.

He has published the following books:

Evaluation of the State
Genesis and General Theory of the Modern State
Quetzalcoatl
Don "Q".

The President has been an admirer of the Bank and developed good personal relations with Mr. McNamara. During his Presidency, the Bank has doubled its portfolio (to $5.3 billion in approved loans) in Mexico.

President Lopez Portillo is credited with winning back the confidence of the private investors and commercial banks (international as well as domestic) in the Mexican economy, and improving relations with the United States, particularly with President Reagan.

He is also a champion of the Third World problems. Some of the subjects close to him are:

- North-South dialogue: he was host for the Cancun Summit in October 1981;

- World energy program: he presented a comprehensive proposal to the United Nations in 1977, and in August 1980 launched (with Venezuela) an energy cooperation program for Central American and Caribbean countries (Mexico would be providing up to $350 million a year in soft loans to 9 eligible countries);

- Stabilization of Central American Republics: here his objectives are shared with the USA, though strong differences persist on the instruments for achieving them, particularly with respect to Nicaragua and El Salvador;

- Administrative and political reforms (substantial decentralization of administration has taken place during his tenure and the political system in Mexico opened to several parties of the left as well as the right).

Overall, his Presidency is rated highly as enhancing the position of Mexico in the international community and as one that reintroduced pragmatism in dealing with domestic structural problems. He shares with Mr. Clausen a vision for global interdependence and cooperation.

Lic. Miguel DE LA MADRID Hurtado, Presidential Candidate
(Married to: Paloma Delia Margarita Cordero)

Mr. Miguel de la Madrid was the Mexican Minister of National Planning and Budget until he was chosen to be the PRI candidate for the next President of Mexico.

The elections are scheduled for July 4, 1982, and inauguration of the next President for December 1, 1982. Mr. de la Madrid was born in Colima on December 12, 1934. He attended primary and secondary school in Mexico City. He received his law degree in 1957 from the National Autonomous University of Mexico with an honorable mention for his thesis "Economic Thought of the Constitution of 1857." He spent a year at the Littauer Centre of Harvard University in 1964-65 where he took a Master's Degree in Public Administration.

He has held the following positions:

- National Bank of Foreign Trade, Legal Department, from 1953 to 1957
- Advisor to the Management of the Bank of Mexico, 1963-1965
- Assistant Director General of Credit of the Ministry of the Treasury, 1965-1970
- Assistant Director of Finance of PEMEX, 1970-1972
- General Director of Credit of the Ministry of Treasury, 1972-1975
- Undersecretary of the Treasury and Public Credit, October 1975 to May 1979
- Secretary of Programming and Budget, May 1979 to September 1981.

He has been an advisor to the following organizations:

- Mexican Society of Industrial Credit
- Mexican Insurance Company
- Aeromexico
- National Bank of Foreign Commerce
- National Savings Bank
- National Cinematographic Bank
- National Sugar Financing Commission
- National Public Works Bank

Mr. de la Madrid has represented the Government of Mexico at various international conferences dealing with economic issues, including those of the International Monetary Fund, the World Bank, the Inter-American Development Bank and the Inter-American Economic and Social Council.

Mr. Miguel de la Madrid has worked very closely with the World Bank since 1972 and has a large group of admirers in our institution, many of whom are on "Miguel" terms with him. Actually, at one stage of the competition for Presidential candidacy, he was attacked by the leftists in Mexico as being uncomfortably committed to the international financial agencies. He knows the Bank well and during several critical periods supported us in resolving contentious issues between the Government and the Bank. We owe much to him for the health of the Bank's considerable portfolio in the country. Mr. de la Madrid is also widely known in the international banking community.

Lic. David IBARRA Munoz, Secretary of Finance and Public Credit
(Wife: Sra. Olga de Ibarra)

Mr. Ibarra studied economics at Stanford University where he specialized in National Accounts. He was a lecturer at the National University of Mexico (UNAM) and other universities for many years and he was with the Economic Commission for Latin America from 1961 to 1973 where he became Director of the Mexico Office of ECLA in 1970. He joined Nacional Financiera in 1972 and was made Deputy Director General in the Echeverria Administration. President Lopez Portillo made Mr. Ibarra Director General of Nacional Financiera when his Administration took office in December 1976 and Secretary of Finance and Public Credit in November 1977.

Mr. Ibarra can be characterized as a "structuralist" rather than a "monetarist". He has often expressed the view that the state no longer does, nor should, play a regulating role in the economics of Latin America, but should use its power and resources to participate with the private sector in the process of economic development to overcome structural obstacles to development. He can be expected to support increased direct Government participation in basic industries--steel, petroleum, petrochemicals--and to support the tripartite ownership formula, in which private Mexican investors, foreign investors and the Government participate in enterprises which are deemed to need the flexibility and/or technology which the private sector can offer.

Mr. Ibarra has been an active Governor of the Bank and was elected to be the Chairman of the Development Committee in September 1980.

Mr. Jose Andres de OTEYZA, Minister of Government Properties and Industrial Development

Mr. Jose Andres de Oteyza was born November 21, 1942 in Mexico City. He attended the National School of Economics of the National University, where he received a B.A. degree in economics in 1965. In 1968 he enrolled in King's College at Cambridge University, England, where he received an M.A. in economics in 1968. From 1968 to 1970 he worked half-time as a professor of economic theory, balance of payments and international liquidity at the National School of Economics. He also has served in editorial posts with various trade publications, and is the author of many works in his special field.

He has worked in different government agencies as an economist. In 1975, he served as coordinator of the consulting council of the Political, Economic and Social Studies Institute of the Institutional Revolutionary Party. He was appointed Minister of Government Properties and Industrial Development (SEPAFIN) on December 1, 1976.

Mr. Jose Andres de Oteyza is one of the more powerful members of the Lopez Portillo Cabinet, controlling - to the extent it is controllable - PEMEX and CFE, two of the largest public enterprises in Latin America.

His Ministry is also in charge of steel and fertilizer industries, for which the Bank has made three loans ($200 million total). The Bank also made a loan in 1980 for mining credit ($40 million) supporting small scale mining enterprises. Implementation of projects being supervised by his Ministry have been of mixed quality - the fertilizer plants have had problems and the mining credit is off to a slow start because of present depressed prices for minerals.

Politically, the Minister leans left to the center, and is much influenced by the economic philosophy of the Cambridge University.

Mr. Francisco MERINO Rabago, Minister of Agriculture and Hydraulic Resources
(Wife: Amorita W. de Merino Rabago)

Minister Merino Rabago was born in Irapuato, Guanajuato in 1920. He joined Banco Nacional de Credito Ejidal in 1938, a public bank created after the Mexican revolution to finance agricultural activities in ejidos (i.e. rural communities with group land tenure based on usufruct). In 1954, he was appointed Director of Credit, and has held various positions in the public banks operating rural credit, including that of the first president of the National Rural Credit Bank (BANRURAL). BANRURAL was formed by merger of three rural banks in 1975, is one of the largest banks in Mexico, with extensive borrowing operations in Europe and USA.

In December 1976, Mr. Merino Rabago was appointed Minister of Agriculture and Water Resources in President Lopez Portillo's cabinet. During his tenure, the Bank has extended loans aggregating $566 million for 7 projects being implemented by his ministry. Of these 4 are irrigation projects, 2 for rainfed agriculture and one for small scale agriculture infrastructure works. Agriculture projects, including credit operations through the Bank of Mexico, account for about one half of our loans to Mexico in recent years. We are particularly pleased with the rainfed agriculture development programs launched at the initiative of the minister. Several new projects of his ministry are presently being processed, two of which (requiring Bank loans of $300 million) have been appraised. Overall, the agricultural projects are being satisfactorily implemented.

Minister Merino Rabago was elected to be the Chairman of the World Food Program in 1981 and currently holds that position. He is an active participant in FAO.

Mr. Ramon AGUIRRE Velazquez.

Secretary, Secretariat of Programming & Budgeting

Born in 1935, married to Clara Luz.

He graduated in Public Accounting in 1962 at the School of Commerce and Administration, a department of the Universidad Autonoma de Mexico, and took post-graduate courses in Mexico and other countries on subjects related to Public Budget, Public Administration, Finances and Technical Marketing.

He also taught at the National School of Commerce and Administration of the U.N.A.M. and at the National Institute of Public Administration.

He held the following positions at the Ministry of Finance (Secretaria de Hacienda y Credito Publico):

- Auditor of Income Taxes.
- Chief Auditor of Income Taxes.
- Assistant Director of Public Expenditures.
- Director General of Public Expenditures.
- Undersecretary of Public Expenditures.

Between May 1979 and October 1981 he was Undersecretary of Budget in the Ministry of Programming and Budgeting. In October 1981 he replaced the PRI presidential candidate, Mr. Miguel de la Madrid, as Minister of Programming and Budgeting.

Mr. Gustavo ROMERO-KOLBECK, Director General of the Bank of Mexico
(Wife: Sra. Leonor Martinez)

Studied economics at George Washington University, Washington, D.C., and the Autonomous University of Mexico, where he taught for many years. In 1954, he founded the Mexican Academy of Human Sciences and has lectured in various Mexican and U.S. Universities. He has also been director of several business publications, including "Business Trends" and "Expansion". He was Mexican Ambassador to Japan from 1971 to 1973 and Director General of Nacional Financiera, S.A. from 1974 to 1976.

He has been head of the Central Bank since December 1976 and is widely known in the international financial community.

Lic. Jorge ESPINOSA DE LOS REYES, Director General of Nacional Financiera, S.A.

Mr. Espinosa de los Reyes was born in 1920 and is an economist, graduating from the National University of Mexico (UNAM) and did post graduate work at the London School of Economics and the University of Chile. He has lectured at UNAM, CEMLA and other centers of advanced studies.

He worked in the departments of economic studies of the Banco de Mexico and Nacional Financiera from 1942 to 1953 and in 1954 was named Chief of the economic studies unit at the then Secretaria de la Presidencia, now the Secretaria de Programacion y Presupuesto.

Between 1959 and 1976, Mr. Espinosa worked in the Ministry of Presidential Affairs and PEMEX.

In December 1976 he became Deputy to Mr. Romero Kolbeck in the Bank of Mexico and was promoted to his present post in November 1977, replacing Mr. David Ibarra.

Nacional Financiera (NAFINSA) is an unique Mexican institution with assets in the order of $13 billion and a staff of about 2,500. It is the principal instrument of the Federal Government for financing economic development in Mexico. It has 22 offices in Mexico and representative offices in USA, UK and Japan.

As a national development bank, NAFINSA provides long-term loans to Mexican entities and finances projects, that are of a longer term development nature than would usually be financed by private financial institutions. It provides loans ($10.5 billion by June 1981), loan guarantees ($2.5 billion), equity investment (in 114 companies) and administers 112 trust funds to promote specific activities (such as tourism, small/medium industries, mining).

NAFINSA is one of the major institutions of the Government for external borrowing, including from the World Bank. (Total external borrowings end June 1981: $6 billion, of which $1.48 billion from the World Bank.)

In response to our request, NAFINSA has recently borrowed $500 million from the market to supplement the World Bank in financing projects.

Lic. Jesus SILVA Herzog, Sub-Secretary of Finance

(Wife: Maria Teresa)

Born 1935, son of a distinguished historian and social scientist. M.A. in economics from Yale University. For some time Mr. Silva Herzog was a staff member of IDB. After holding several posts in the Bank of Mexico, he moved to the Ministry of Finance in 1971 as Director General of Credit. A year later, was transferred to INFONAVIT (National Housing Fund for Labor) as its head. In 1978, he moved back to Hacienda, to his old job as Director General of Credit, succeeding Mr. Miguel de la Madrid. In 1979 once again he followed in the footsteps of his close friend and boss, de la Madrid, as Sub-Secretary of Hacienda. The Mexican press has been speculating that he will be an important member of the Cabinet in the next Administration.

Chucho, as he is called by his friends, is widely known in the international financial community, including the Bank and is a politician of rare character. He has consistently fought for his convictions and does not hesitate to offer unpopular advice; tailoring opinion to please the powers that be is totally alien to him. In Chucho, the Bank has had a consistent and understanding friend.

Mr. Leandro ROVIROSA Wade
Governor of Tabasco (1976-1982)
(Wife: Dna. Celia de Rovirosa)

Ing. Rovirosa is 63 years old. He got his diploma as civil engineer from the Universidad Autonoma de Mexico. As a private contractor and head of a prominent firm he was involved in the construction of many dams. He was president of the Federation of Construction Industry.

In 1970, he was appointed Minister of Hydraulic Resources. During his 6 years term he developed the capacity of the ministry to design and construct water projects, and prepared the National Water Plan, co-sponsored by Mexico, the UNDP and the Bank. The Mexico City Water Supply and several irrigation loans made during his term added to Ing. Rovirosa's knowledge of the Bank.

In December 1976, he became Governor of Tabasco, where his efforts to develop the state have made him popular. He is interested in development issues and devotes considerable time to planning and implementation of programs, and has succeeded in establishing a coordinated and competent planning framework at the state level. Environmental and ecological problems of the state are of great concern to the Governor.

He is married to Dna. Celia de Rovirosa, who is interested in childhood health problems and works with many voluntary organizations to secure basic consumption goods at affordable prices for the poorer sections of the urban population.

Dr. Octavio HERNANDEZ, Director General of National Bank of Public Works (BANOBRAS)

Dr. Hernandez is in his mid-sixties. An injury in his childhood crippled him and he has made a valiant effort to overcome his physical handicap. He received his Doctorate in jurisprudence from the National University of Mexico. He is recognized as an eminent lawyer and politician and a good administrator. When the current Administration took office, he was appointed as Secretary of the Federal District (second highest position in the Federal District Government). Subsequently, he was appointed to his current post about two years ago.

BANOBRAS is a national development Bank specializing in loans for public and social works, e.g., sanitation, urban development, housing and transportation. It grants loans to federal, state and municipal governments and their agencies and it is financed by the Federal Government and through international borrowing. BANOBRAS is one of three financial institutions of the Government authorized to borrow from the Bank (the Nacional Financiera, BANPESCA (fisheries bank) being the other two). The Bank has made six loans to BANOBRAS, totalling US$615.5 million for water supply, highways, railways, and urban development. He does not speak English.

Some other prominent persons Mr. Clausen is likely to meet during his trip in Mexico

1. Mr. Bernardo Sepulveda, Chief of Staff for external relations of the Presidential candidate. Was formerly Director General (International Relations) in Hacienda. Participated in IDA-6 donors' meetings.

2. Mr. Mario Ramon Beteta, former minister of Finance and presently head of SOMEX, a mixed public-private bank providing industrial credit.

3. Mr. Rafael Izquierdo, Economic Adviser to President Lopez Portillo.

4. Mr. Adrian Lajous, former Executive Director of the World Bank (1970-1972) and now head of Bank for External Trade.

5. Mr. Eduardo Pesqueira (wife: Mercedes), former Executive Director of the World Bank (1976-78) and now Coordinator in the Ministry of Programming and Budget. He is in charge of Federal-State relations and also directs the PIDER rural development program.

6. Mr. Miguel Mancera, Deputy Governor of Bank of Mexico, close associate of Mr. Miguel de la Madrid.

7. Mr. Leopoldo Solis, Deputy Governor of Bank of Mexico, an eminent economist who has participated in several Bank-sponsored economic studies.

8. Mr. Jose Porrero Lichtle, President CANACINTRA (National Federation of Chambers of Industry)

9. Mr. Jose Luis Ordonez, President CANACO (National Federation of Chambers of Commerce)

10. Mr. Victor Manuel Herrera, Chairman, Mexican Bankers' Association

11. Mr. Manuel Espinosa Iglesias, Head of BANCOMER

12. Mr. A. Legorreta, Chairman of Banamex

13. Mr. Carlos Abedrop, a prominent banker

14. Mr. Jose Corral, Representative of the Bank of America

15. Mr. Bernardo Quintana, President ICA, an important construction firm

16. Mr. Bernardo Garza Sada, a prominent industrialist from Monterrey

17. Mr. Miguel Aleman, a former President of the Republic and head of the National Tourism Council

18. Mr. Carlos Antmann Obregon, Head of Mexican Importers and Exporters Association

19. Mr. Alberto Bailleres, Head of Moctezuma Group

20. Mr. Cresencio Ballesteros, Head of MEXICANA Airlines, industrialist and contractor

Mexico Division
February 19, 1982

MEXICO: Bank Activities

A. Operations

1. The Bank made its first loan to Mexico in 1949, to the national power company CFE. Over a 32 year period the Bank has supported 73 development projects in the country with loans totalling $5,218 million. The sectoral distribution of the portfolio is presented below:

	$ m
Agriculture and Rural Development	2,318
Industries	747
Power	624
Transport	830
Tourism	114
Urban Development and Water Supply	435
Education	90

2. Of these, 26 loans for $2,830 million were approved during the Lopez Portillo Presidency.

3. Of the 5.2 billion total lending referred to above, about $2.5 billion were for credit programs. The Government borrowed the latter amounts from the Bank, supplementing these with another $4-5 billions (of its own resources and borrowings) for lending to entrepreneurs investing in tourism, industries and agriculture.

4. The main objectives of Bank lending in Mexico have been to: (i) support policies and programs leading to a wider distribution of the benefits of economic growth; (ii) help finance projects that make, directly or indirectly, significant contributions to output and employment; (iii) help reduce Mexico's urban-regional imbalances; and (iv) help break bottlenecks preventing rapid growth.

5. Mexico has been, by and large, an efficient user of Bank loans. Over the years there have been dialogue on difficult issues, such as setting of electricity and water tariffs to earn adequate return on assets, unification of electricity frequency, adjustment of lending rates for programs summarized in para. 3 above. The officials have basically been sensitive to these issues and have generally preferred to take action prior to loan negotiations so that the documents avoid the impression of the Bank forcing the Government to take unpopular decisions. There have been a few instances where internal political pressures stood in the way of strict compliance with loan covenants; the Government and NAFIN have been quick to anticipate these difficulties and consult with the Bank in advance to prevent default. The latest such case occurred in mid-1981 and relates to Government's inability to increase lending rates for several agricultural and industrial credit programs. They consulted with the Bank and voluntarily froze use of Bank resources until the lending rates were finally adjusted to Bank's satisfaction in January 1982.

6. Several of the projects have been jointly evolved with the Bank to address to the pressing social problems faced in the country. PIDER (integrated rural development program), multi-sectoral urban development and employment creating small and medium industries (PAI) programs are some of the important recent examples.

7. As of January 1982, 41 loans had been fully disbursed, and 32 projects with $2 billion in undisbursed balance were under execution. Of late, annual disbursements have been around $450 million. (Disbursement statement is attached.)

8. The approved 5-year lending program (covering FYs82-86) includes 31 projects with $2,897 million in loans, or about $580 million a year on the average. This compares to an annual average of $510 million for the previous five FYs77-81.

9. The status of operations scheduled for FYs 82 and 83 is summarized below: 1/

MEXICO

SUMMARY of FY82 and FY83/FY84(S) LENDING PROGRAM

Project	Loan Amount (US$M)	Purpose	Status	FY
PIDER III	175	Rural Development	Approved	82
CONALEP	90	Technical Training	Approved	82
Rio Bravo/ Rio San Juan II	180	Irrigation Agriculture	Approval is expected March 82	82
San Fernando	120	Rainfed Agriculture (Project scope under review)	Negotiations expected April/ May 82	82
Capital Goods	150	Development of Capital Goods Industries	Negotiations expected March 82	82
Pollution Control	60	Credit and Technical Assistance for pollution control	Negotiations expected in March 82	82

NOTE:

1/ In the light of the recent change in foreign exchange policy and the expected complementary policy package, this program will have to be reviewed with the Government in the coming weeks.

D. Dutt
February 20, 1982

Project	Loan Amount (US$ m)	Purpose	Status	FY
Agricultural Marketing	60	Improvement in Infrastructure and services for storage, transport and sale of perishable agricultural products	Appraisal expected in March 82	83
Fisheries	25	Resource development	Appraisal March/ April 82.	83
FIFAPA	200	Medium Cities Water Supply	Appraisal expected in March 82	83
Mexico City Urban Engineering	15	Engineerineering loan for development of strategy and investment programs for the deconcentration of economic activity	Negotiations expected in April/May 1982	83(S)
Industrial Credit	60	Project scope under review; support to small and medium industries or export-oriented industries most likely	Appraisal expected in mid-June 82	83
Capital Goods	100	Installation of Foundry Forge	Decision to appraise expected by April 82	83
Water Pollution Control	15	Pilot project for treatment of wastewater in Lerma River Basin: follow-on to FY82 proj.	Appraisal expected in March/April 82	84(S)
Pujal Coy II	100	River Valley Development	Appraisal dependent on rate of implementation progress of ongoing project	84(S)

B. Co-Financing

10. Co-financing has taken place for (i) Las Truchas Steel Project (1974) (total cost $680 million, of which foreign $310 million, Bank loan $70 million and the residual foreign cost financed by IDB and bilateral credit agencies), (ii) Tourism Development Project (1978) (total program cost $573 million, foreign $172 million, Bank loan $50 million and Grindlay Brandts co-financing $40 million, the balance came from Government, commercial banks and investors), (iii) Fertilizer plant (1979), with total and foreign costs of $300 million and $125 million respectively, Bank loan $80 million, EXIM (USA) and commercial banks are providing the balance of the foreign funds, and (iv) Railways (1981) modernization, with total and foreign costs of $1525 million and $535 million respectively, Bank loan $150 million, balance of foreign costs being raised from EXIM (about $95 million) and commercial banks.

11. Since June 1981 we have agreed to a two-pronged approach to co-financing of projects assisted by the Bank:

(a) Some operations, such as capital goods and fisheries, would involve project specific co-financing. The co-financiers would be bilateral export credit agencies and private banks.

(b) In addition, the Government has borrowed $500 million (half in SDRs) to complement the Bank loans in financing projects.

C. Non-operational Activities

12. The Bank has had an active economic and sector work program in the country. Besides the periodic economic reports, the Bank has undertaken regional studies (on the national strategy, on the Isthmus Region, on Tabasco and Chiapas states), sectoral studies (of agriculture, industries, transport and tourism). In recent years the Government officials have joined the Bank staff in preparing some of the studies.

13. The Bank, along with UNDP, assisted the Government in 1972-1975 to prepare a National Water Plan.

14. The Economic Development Institute (EDI) has a program of assistance to CECADE (a Mexican institute in the Ministry of Programming and Budget) in organizing and delivering courses for senior development officials.

15. The Director General OED is consulted by the Mexican officials as well as by the Head of their General Accounting office on project monitoring and evaluation. As a matter of fact, Mr. Weiner is currently visiting Mexico at the Government's invitation.

16. Mexican officials take much interest in the activities of the Development Committee, and one of them (Alfredo Phillips) chairs the task force on non-concessional flows of resources.

17. The Government has cooperated with the Bank in providing opportunities to the international press, the Executive Directors, and prominent visitors from the USA to observe Bank's activities in the country.

Mexico Division
February 16, 1982

MEXICO

BALANCE OF BANK LOANS AS OF

December 31, 1981

Project Name	Loan No.	Loan Amount	Undisbursed Balance	Disbursements Cumulative Total	Disbursements Year to Date	Disbursements Present Month
		(US $ Thousands)				
41 Loans Fully Disbursed		2,238,648		2,238,648	22,194	
Rio Panuco Irrigation	969-ME	25,000	3,176	21,824	6,416	80
Rio Sinaloa Irrigation	970-ME	47,000	5,712	41,288	11,458	5,603
Airports Development	1022-ME	25,000	420	24,580	2,626	-
Papaloapan Integrated Rural Development	1053-ME	38,000	17,179	20,821	6,527	12
Seventh Irrigation	1111-ME	50,000	24,181	25,819	11,265	1,161
Fertilizer	1112-ME	50,000	61	49,939	5,115	239
Medium Cities Water Supply	1186-ME	40,000	12,502	27,498	9,084	265
Third Railway	1232-ME	100,000	235	99,765	36,449	1,031
Baja California Tourism	1420-ME	42,000	3,444	38,556	21,556	2,329
PIDER II	1462-ME	120,000	25,089	94,911	33,547	12,898
Tourism Development	1524-ME	50,000	-	50,000	7,683	83
Small-Medium Industry	1552-ME	47,000	980	46,020	11,341	670
Tropical Agriculture	1553-ME	56,000	37,462	18,538	8,099	3,759
Lazaro Cardenas Conurbation Development	1554-ME	16,500	11,239	5,261	2,013	-
Third Industrial Equipment Fund	1560-ME	100,000	5,997	94,003	26,245	6,817
Small-Scale Agricultural Infrastructure	1643-ME	60,000	52,199	7,801	6,086	674
Highway Sector	1671-ME	120,000	85,678	34,322	30,480	2,291
FERTIMEX II	1686-ME	80,000	38,320	41,680	12,070	926
Rio Fuerte/Rio Sinaloa Irrigation	1706-ME	92,000	84,132	7,868	5,830	769
Fourth Ind. Equip. Fund.	1712-ME	175,000	117,960	57,040	34,348	7,265
Small-Medium Mining	1820-ME	40,000	37,623	2,377	2,377	1,683
Apatzingan Irrigation	1858-ME	160,000	159,339	661	661	88
Second Small-Medium Industry	1881-ME	100,000	56,047	43,953	43,953	91
Seventh Agricultural Credit	1891-ME	325,000	263,717	61,283	61,283	-
Ocoroni Irrigation	1908-ME	23,000	21,463	1,537	1,537	540
Medium Cities Water Supply	1913-ME	125,000	121,989	3,011	3,011	3,011
Fourth Railway	1929-ME	150,000	122,910	27,090	27,090	159
Rainfed Agric. Development	1945-ME	280,000	270,339	9,661	9,661	8,388
Ports Development Preparation	1964-ME	14,000	14,000	-	-	-
Urban II*	1990-ME	164,000	164,000	-	-	-
Technical Training	2042-ME	90,000	90,000	-	-	-
PIDER III*	2043-ME	175,000	175,000	-	-	-
TOTAL		5,218,148	2,022,393	3,195,755	460,005	60,832

* Not yet effective

IFC IN MEXICO

IFC's operations in Mexico have grown rapidly in the last few years reflecting the economic expansion of the country and our close relationship with both the Government and the private sector. As of January 31, 1982, commitments held for IFC's own account in Mexico, at US$147.1 million, represented 8.4% of portfolio. On a gross basis, IFC's exposure totals US$493.0 million, or 17.5% of total.

As part of IFC's ongoing technical assistance to the Mexican Securities Commission, IFC has played an active role in advising the Mexican Government on the concept and structuring of the Mexico Fund. The Fund, a US$120 million closed-end investment trust giving foreign investors access to a broadly diversified portfolio of Mexican shares, was brought to market by Merrill Lynch. IFC has also held discussions with the Mexican authorities and InverMexico, a Mexican investment bank, on ways to promote the concept of venture capital in Mexico.

We expect to continue playing an important role in Mexico in two areas: major projects in industry, agroindustry and mining; and in helping prime Mexican corporate credits in gaining direct access to international capital markets. In FY1982 our program will consist of five projects, of which three are of particular interest:

Compañía Minera de Cananea, S.A. A US$1.1 billion expansion of an established copper mine. The Government has given very strong support to the project and to IFC's role in structuring it. We will shortly present to the Board a proposed commitment of US$550 million, including a US$500 million syndicated loan component. This would be the largest ever IFC commitment in terms of both our own funds and the syndicated portion. We are currently in the process of putting together the lead managers group. However, the timing of the syndication may be affected by current market uncertainty vis-a-vis Mexican paper.

VISA Eurobond Issue. In December 1981 the Board approved IFC's support, as a lead underwriter together with Morgan Stanley Inc. for US$25 million to US$40 million Euronotes issue by VISA, one of the major Mexican industrial groups. Morgan Stanley is to determine the appropriate timing for this issue.

Mezquital del Oro. A US$100 million expansion of an established and diversified agroindustrial group. IFC is considering a commmitment of about US$50 million including participants, and has played a crucial role in structuring the project. In this transaction, we have cooperated closely with FIRA, the major Mexican financial institution supporting the agricultural sector.

The recent devaluation of the Peso, which appears to be stabilizing at about Mex$38 to US$1 from a previous level of Mex$26, is expected to be beneficial to Mexican industry in the long run. However, initially a number of companies are likely to face liquidity problems because of their large US Dollar denominated debt. It is too early to assess the full impact of these factors on our portfolio. In the case of the Cananea project, the devaluation would have a favorable impact since copper is priced in US Dollar-equivalent terms.

GVacchelli:edec

IFC Activities in the Country

IFC Operations

As of September 30, 1981, IFC had made investment commitments in 23 companies in Mexico, for a total of US$551.2 million, of which US$402.0 million had been sold, repaid or cancelled. A summary statement of IFC investments is presented below.

STATEMENT OF IFC INVESTMENTS (as of September 30, 1981)

Fiscal Year	Obligor	Type of Business	US$ Million Loan	Equity	Total
1958/59	Industrias Perfect Circle, S.A. 1/	Industrial Equipment	0.8	--	0.8
1958	Bristol de Mexico, S.A. 1/	A.C. Engine Overhaul	0.5	--	0.5
1961	Acero Solar, S.A. 1/	Twist Drills	0.3	--	0.3
1962/65/ 66/68	Compania Fundidora Fierro y Acero de Monterrey, S.A.	Steel	2.3	21.4	23.7
1963	Tubos de Acero de Mexico, S.A. 1/	Steel	0.9	0.1	1.0
1963	Quimica del Rey, S.A. 1/	Sodium Sulphate	0.7	--	0.7
1964/66	Industria del Hierro, S.A.1/	Construction Equipment	--	2.0	2.0
1970	Minera del Norte, S.A, 1/	Iron Ore Mining	1.5	--	1.5
1971	Celanese Mexicana, S.A.	Textiles	12.0	--	12.0
1972	Promotora de Papel Periodico, S.A. de C.V.1/	Pulp and Paper	2/	2/	2/
1973/79	Cemento Veracruz, S.A.	Cement	15.9	--	15.9
1974/81	Cancun Aristos Hotel	Tourism	1.0	0.3	1.3
1975/78	Mexinox, S.A.	Steel	12.0	3.2	15.2
1978/81	Papeles Ponderosa, S.A.	Pulp and Paper	9.0	3.5	12.5
1978	Tereftalatos Mexicanos, S.A.	Petrochemicals	19.0	--	19.0
1979	Cementos Tolteca, S.A. 3/	Cement	100.0	--	100.0
1979/81	Hotel Camino Real Ixtapa, S.A.	Tourism	--	3.1	3.1
1979	Conductores Monterrey, S.A. 3/	Electrical Wire and Cable	18.0	--	18.0
1980	Industrias Resistol, S.A. 3/	Particleboard	25.0	--	25.0
1980	Vidrio Plano de Mexico S.A.3/	Flat Glass	114.9	--	114.9
1980	Minera Real de Angeles, S.A. de C.V. 3/	Mining	110.0	--	110.0
1981	Celulosicos Centauro S.A. 3/	Pulp and Paper	59.5	--	59.5
1981	Corporacion Agroindustrial, S.A.	Agri-Business	11.3	3.0	14.3
	Total Gross Commitments		514.6	36.6	551.2
	Less Cancellations, Terminations, Repayment and Sales		379.9	22.1	402.0
	Total Commitments Now Held by IFC		134.7	14.5	149.2
	Total undisbursed (including participants)		94.2	1.5	95.7

1/ Investments which have been fully cancelled, terminated, written off, sold, redeemed or repaid.

2/ US$25,000.

3/ Gross commitment including amounts sold to participants.

Memorandum for the Record

October 20, 1981

Devbrat Dutt, Division Chief, LACIA

MEXICO: Meeting with the Mexican Delegation with Mr. Clausen on Sunday, September 27, 1981 at the 1981 Annual Meetings - Summary Record

Delegation

Mr. Gustavo Romero Kolbeck, Director General, Banco de Mexico
Mr. Jorge Espinosa de los Ryes, Director General, NAFIN
Ms. Rosa Olivia Villa, Adviser to Finance Minister
Mr. Salvador Arriola, Director General (International Relations, Ministry of Finance)
Mr. Jose Angel Gurria, Director of Credit, Ministry of Finance
Mr. Francisco Suarez, Director, NAFIN
Mr. Pedro Galicia Estrada, General Manager (International Relations, NAFIN)
Mr. Alfredo Phillips, General Manager (International Relations, Bank of Mexico)

Bank

Mr. A. W. Clausen
Mr. Nicolas Ardito Barletta
Mr. Eugenio F. Lari, Director, LC1
Mr. Olivier Lafourcade, Personal Assistant to the President
Mr. Devbrat Dutt, Chief, Mexico Division

1. Mr. Romero Kolbeck conveyed to Mr. Clausen appreciation of the Government of the latest Economic Report and handed a letter from Mr. David Ibarra, the Minister of Finance, who could not participate in the Annual Meetings.

2. Level of Bank Lending: The Delegation expressed concern at possible graduation of Mexico and requested that annual level of lending be maintained around $650-700 million a year in real terms. Mr. Clausen explained the resource constraint of the Bank Group, complimented Mexico on its achievements and success in attracting capital from the market and stated that the ball park figure is likely to be $600-650 million a year. Mr. Clausen added that it was the goal of the Bank to assist countries to accelerate their development process for final graduation. In fact, graduation was the best indication of both country and Bank success. Because of the rising cost of Bank loans, the potential loss (of grant element) to Mexico would not be as great as it would have been in the past. Mr. Clausen assured the Delegation that, at the same time, there was no intention of giving a wrong signal to the world and a lending relation of $600-650 million a year would be maintained for the near future.

3. Co-financing: Mr. Clausen stressed the importance of co-financing in this situation. The Mexicans agreed to consider specific cases of co-financing, adding that infrastructure and agriculture projects would not be suitable for such financing, while industrial projects (such as capital goods, petrochemicals) could possibly be co-financed. Mr. Ardito Barletta requested the Government to consider some general co-financing, and the Delegation, without a final commitment, agreed to study the possibilities.

4. Overall Support for the Bank Group: The Delegation referred to assistance provided by Mexico to Central America and the Caribbean countries under the San Jose Agreement. Mr. Clausen suggested co-operative effort in fora such as the forthcoming Cancun Summit meeting, for IDA and additional resources for the Bank.

5. Mr. Clausen was invited to visit Mexico and, tentatively, a visit in the first half of 1982 was envisaged.

Cleared with Mr. Lari, LC1

cc: Messrs. Stern
Ardito Barletta
van der Meer, LCP
Quijano, LCNVP
Pfeffermann, LCNVP
Nowicki, LC1
Lafourcade, EXC

DDutt:crm