

that there is no longer any need to proceed with nuclear development, at least not for a decade.

The Mexico City daily *Uno Mas Uno* has placed Mexico's proven reserves — in figures reportedly to be revealed at the end of the year — at 40 billion barrels and "probable" reserves at 280 billion barrels! This would surpass Saudi Arabia's estimated reserves and place Mexico as the world's largest potential oil power.

But this London-based "energy turnaround" assessment has more objectives than just keeping Carter from moving to implement the Bonn nuclear commitment. It is an attempt to "judo" the widespread dissatisfaction with Schlesinger in U.S. industrial and oil quarters, to keep the U.S. energy industry from hooking into the world development arrangements emerging from Bonn and particularly the strategy of "nuplex" export, as outlined recently by U.S. Labor Party chairman Lyndon LaRouche.

At the same time, it is designed to bring Mexico into an anti-nuclear "oil pact" with the U.S. which, it is hoped, would pull Mexico out of its aggressive international coordination with the European-Japanese break toward a new monetary system. Finally, the sponsors of this "turnaround" are making no bones about their hope to turn Mexico's oil to account as a weapon against the Organization of Petroleum Exporting Countries (OPEC).

The Administration Takes Stock

The new Ad Hoc Committee, with representatives from the Department of Energy, State Department and National Science Foundation, will formulate a reply to

State Department Gives Green Light To Mexico Gas Talks

The State Department has authorized six U.S. gas companies to reinstate gas negotiations with Mexico's national oil company, Pemex, authoritative sources confirmed to NSIPS this week. State's green light can only mean willingness to accept Mexico's pricing formula, which currently works out to \$4.60 per thousand cubic feet. The talks collapsed last Dec. 20 when U.S. Energy Secretary Schlesinger called top Mexican officials to Washington to personally tell them that he was unalterably opposed to Mexico's price formula.

Mexico, however, has sent back a firm "not interested" reply. After Schlesinger brushed Mexico aside last winter, it adopted a strategy of absorbing the gas domestically and freeing additional amounts of oil for export at the high international price levels. This strategy, keyed to a national gas distribution grid which will establish multiple new industrial centers across the country, is now in the implementation stage and Mexico is showing no hurry to change its plans once again. As Pemex director Jorge Diaz Serrano told the *New York Times* at the beginning of the month, "They thought we were joking. We were not joking."

the Japanese offer by the end of July. A meeting to discuss details of an arrangement between the two countries is tentatively scheduled for late August.

Progress toward U.S.-Japan fusion collaboration follows reports from informed sources within the Department of Energy (DOE) that Energy Secretary Schlesinger, until now an opponent of fusion funding, has been persuaded to reverse his opposition and give support to broadbased recommendations within the DOE and from the scientific community that the DOE fusion budget not be cut from minimal funding levels.

Toward Breakeven

The DOE 1980 budget request for magnetic fusion is expected to be about \$365 million with funding for laser fusion at the \$130 million level. This minimal funding would provide sufficient funds to continue the major fusion research projects such as the Princeton TFTR upgrade, the Livermore Shiva-Nova laser upgrade and the Los Alamos breakeven Antares carbon dioxide laser, and keep alive a broadbased scientific research program in fusion and related plasma physics.

An Advisory Group commissioned by the White House Science and Technology Policy head Dr. Frank Press has issued a report calling for support of fusion development in anticipation of greater government emphasis on basic Research and Development. The report emphasizes streamlining research in advanced fossil fuels and fusion energy, warning that it is "unlikely that solar power stations can make a significant contribution to our energy needs before the turn of the century." The report concludes with a call for increased basic research, noting "the dearth of basic research is especially evident in the DOE's solar and fossil fuel programs," and recommending that "each Assistant Secretary should include a basic research category within his budget."

At the same time, reliable sources report that a top White House energy spokesman told a closed-door meeting of leading U.S. nuclear industry figures that the President is developing a more positive attitude toward nuclear energy development.

Iran-U.S. Deals

There are also indications that an agreement has been successfully negotiated by the U.S. State Department to finally clear the way for sales of at least eight nuclear reactors to Iran. After many months of talks, U.S. government sources report that the text of an agreement, under jurisdiction of the new U.S. Nuclear Nonproliferation Act, will go to Congress within days for approval.

A State Department source noted that the Iran agreement, the first under the new Percy-Glenn proliferation guidelines, was being worked out very carefully as a test case for the assertion by Percy that his law restricting export of nuclear fuels and technology is designed to *facilitate* continued U.S. export of reactors. If the way is cleared for the Iranian reactor purchases, the door would be open for substantial U.S. export of nuclear technology, despite the technical strictures of the Percy-Glenn legislation.