Mexico

Why nuclear bids were suspended

by Timothy Rush

On June 10, 1982, Mexico's foreign creditors killed the next phase of the Mexican nuclear program. The government announced that due to financial pressures, bidding for the next 2,400 MW of nuclear energy is being canceled.

The cancellation of the bidding sets back by a minimum of two years completion of the second reactor complex in Mexico—the first, Laguna Verde's 1,300 MW, is now due for completion in 1985-86—and makes it virtually impossible to meet Mexico's goal of 20,000 MW nuclear by the year 2000, as put forth in the 1980 National Energy Plan.

No technical problems, or domestic environmentalist opposition, killed off the program. It was Mexico's debt, which is heading toward $60 billion on public account and some $20 billion on private account, by the end of the year. Mexico is currently facing gross borrowing needs of $2 billion *per month;* except for a small portion that will go to meet a $2-$3 billion trade deficit, the rest is going into debt financing and re-financing. Mexico was told by its creditors that this minimum borrowing need would not be met unless it took a hatchet to its principal capital-intensive development programs, and nuclear was at the top of the list.

Three U.S. companies, General Electric, Westinghouse, and Combustion Engineering, had stood near the top of the ranks of the bidders. The immediate contract lost was worth some $2 billion to a contract-starved U.S. nuclear industry.

The bidding process for the now canceled 2,400 MW in new nuclear power was suddenly put in gear by President José López Portillo in a Sept. 22, 1981 cabinet meeting of his economic ministers, including the current president-elect, Miguel de la Madrid. It was a period of major decisions. The bottom had fallen out of the oil markets three months before. López Portillo wanted his cherished dream of a major Mexican nuclear energy program to move ahead while there was still a chance; and he wanted his chosen successor, de la Madrid, to be lined up behind it.

Malthusian enemies of Mexico's modernization drive, particularly the branch headquartered in the City of London financial district, immediately began agitating against the Mexican program, and took only three months of intense financial squeeze to force Mexico to give up its nuclear plans. In May, rumors began to circulate that a devastating maxi-devaluation of the peso would come just before the July 4 national elections. Mexico was simultaneously going into the market for a desperately needed "jumbo loan" of $2.5 billion. The pressure was unbearable for Mexico to make a substantial demonstration of its willingness to cut back its development efforts. On June 10, Finance Minister Jesus Silva Herzog made the announcement that the financial bids on the nuclear deal were being handed back to the bidders unopened, and the bidding put off indefinitely.

The only hope that the Mexican nuclear program can be revived in less than three to four years' time—at best—is if coordinated programs of debt relief are put through across the continent. *EIR* has received indications that some of the nuclear supplier companies are looking into possibilities of barter deals—oil for nuclear—with Mexico. This is a promising possibility if the overall debt pressure can be lifted.

Ibero-America's 1980 plan for nuclear power plants

Nuclear plants now completed or likely to be completed by 2000.

Nuclear plants planned, but which will *not* be built under present conditions.

Maps show nuclear-powered electric facilities planned by governments as of 1980 to be on-line in 2000. The symbols in the box are those not yet sited. Under fierce pressure from international bankers, these plans have been scaled down. Currently, only one plant is completed in Argentina and another in Brazil. Unless world economic conditions improve, *EIR* estimates that Mexico, Brazil, and Argentina will each manage to complete their single plant in advanced stages of construction, but will be forced to abandon the rest.