

# JAPAN TO EXPAND TRADE WITH MEXICO

Oil and Iron Barter Believed  
Likely as Aftermath of U. S.  
Treaty Expiration

## WEST COAST PORT NEEDED

Improvement of Salina Cruz Is  
Expected to Be Part of Aid  
Financed by Tokyo

MEXICO CITY, Jan. 27 (AP)—Reliable sources reported today that expiration of the Japanese-United States commercial treaty already had resulted in an intensive drive by Japan to expand her trade with Mexico—particularly in oil.

Japan now obtains most of the oil needed to run her vast industrial and war machines from California wells, but was said to be making preparations to obtain Mexican oil in case of a United States embargo.

A secondary consideration, these sources said, was the exploitation of Mexico's iron resources.

Mexico, holding nearly 18,000,000 barrels of thus far unsalable oil and willing to negotiate a barter

pact, has been receptive to Japanese representatives now here. One responsible government official asserted:

"We would do business with the devil if he wanted oil and could pay for it."

Japanese delegations, well-informed quarters indicated, had obtained new oil-well drilling permits. Informed foreign sources said the Japanese also were studying means of assisting the Mexican Government in dredging Salina Cruz, Pacific Coast port, and improving petroleum storage facilities there.

At present it is almost impossible to ship Mexican oil from a Pacific Coast port. This is a serious consideration because Japan is reluctant to make the more expensive and time-consuming voyage to Mexico's east coast ports and also loath to have her line of supply pass through the United States-controlled Panama Canal.

The basis of expanded trade between Japan and Mexico would be barter after an original investment of Japanese capital, informed persons said, because Mexico does not have the resources to make extensive purchases in Japan. Mexico

was said to be willing to take Japan's low-priced manufactures in return for her oil and iron.

The director of the Vera Cruz Petroleum Company, which is reported to be controlled by Japan's vast Mitsui interests, has announced that company engineers were preparing to drill thirty new wells. More than 500 tons of new equipment and substantial Japanese capital were said to have been placed at the company's disposal.

Among the Japanese representatives in Mexico are Koiti Teriniti, secretary of the Department of Commerce and Industry of Japan, and Isamu Ohya, representative of Japan's railroads and government tourist office.

28 FEB '40



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