

SECRET

MAJOR POINTS OF INTEREST TO THE UNITED STATES

1. General Information and Hemisphere Relations

We desire to continue close working relations with Mexico both within and outside the OAS and the UN.

We hope Mexico will continue to use its key political and geographic position to help control Castro Communism. Mexico is very sensitive about publicizing its cooperation and we have carefully avoided any public comment on Mexican control measures.

Mexico has offered its assistance on Panama. Mexico is not aware of the role of President Orlich of Costa Rica in mediation efforts and we do not desire that this come to Mexico's attention. We welcome Mexico's assistance within an OAS context.

2. Red China

The coming visit of De Gaulle to Mexico and Brazil in March has prompted speculation that these two countries are about to recognize Red China. Lopez Mateos has given us secret assurances, through CIA channels, that he has no intention of recognizing Red China. We do not desire to raise this issue, but if Lopez Mateos raises it, we should let him know we are aware of his assurances.

3. Mexico's Role in the Alliance for Progress

Mexico's participation in the Alliance is essential to its success. Mexico has played a leading role in IA-ECOSOC and has named the Director General of the Bank of Mexico as its representative to CIAP. It has cooperated with us in providing extensive training facilities for Latin American technicians. We want to encourage Mexico to make a greater contribution. Mexico is making renewed efforts to promote private enterprise and we also want to encourage Mexico along this line. We should continue to cooperate with Mexico in maintaining financial stability and promoting economic development.

SECRET

Group 2

Exempted from automatic downgrading

By

*Robert M. Lape (Hem)*