

August 18, 1954

Mr. George S. Messersmith
Sierra Paracaima 1285
Lomas
Mexico 10, D.F., Mexico

Dear Mr. Messersmith:

Thank you very much for your long and interesting letter of August 3rd. It was most kind of you to have gone into the detail which you did to give me a clear picture.

Since receiving your letter I have been in touch with the Bank and have heard that they are "watching" very closely the liquid methane project about which I wrote to you. Everybody now is waiting for the first trial runs to be made before any definite steps are taken towards the possible exploitation of the transportation of natural gas in frozen liquid form.

I understand that there are many people who are interested in this scheme including the British Government who would buy natural gas in the Middle East, freeze it, pour it into the special tankers and transport it to the United Kingdom where it would be returned to its natural form. The British apparently feel that it would be cheaper to use this Middle East natural gas than its own coal. The man I spoke to about liquid methane at the World Bank was an Englishman. He told me the above, saying that the British Government is really interested in this matter and, although it could mean closing down some coal mines in England, they would nevertheless keep these in working order in case war should prevent the importation of the Middle East natural gas.

There seems little doubt that if natural gas could be liquefied and transported on barges and tankers, the fuel situation in fuel poor countries would be quite changed. Of course, one of the requirements would be contracts to supply very large amounts of natural gas. The McGraw Hill letter, a copy of which I sent you, mentioned that W. L. Morrison, the inventor of the liquid methane, whom Prince is sponsoring, was in Mexico to see whether he could obtain long-term gas contracts. Should you hear at a later date that there is anything to the conversations between Morrison and Pemex, I would, as you know, very much appreciate hearing from you.

I believe the family is still in Switzerland. I hear that they have opened a "little Sofina" on the Burgenstock, and that the Swiss telephone monopoly is doing well. I heard that mother and Edna plan to return here on the "Nieuw Amsterdam" which sails in about ten days.

Nat is due in Chicago this evening from B.A. after stopovers at Montevideo and Rio. It is useless for me to tell you the little I know of the results of the Ex-Im Bank mission to Argentina since Nat will have very much more information. As you probably know, the mission was exceedingly well received. The government did not seem too happy at the thought that the money they want for steel was tied up with a loan to Cade. The government expressed the opinion that, since any money from the Ex-Im Bank for the purchase of equipment for Cade does not belong to Cade, this new equipment should belong to the government. I believe it was pointed out to the government that that kind of thinking was not happy.

Cade has given a letter of intent to Westinghouse covering the purchase of two 100,000 KW units with the accompanying equipment from Westinghouse if certain conditions are met, i.e., rates, etc. I also heard that there might be a rapprochement between the Argentine Government and the American Foreign Power. When Nat arrives in New York from Chicago I shall, of course, be able to give you more news. I expect that Nat will go back to Brussels, but I do not know for sure.

I was very pleased to read in your letter that you and Mrs. Messersmith are both feeling so well and that you are enjoying your Mexico City and Cuernavaca homes. It seems almost impossible that it has been some 10 1/2 months since I saw you both in Mexico. During the board meetings in Toronto, Draper said something about sending us all invitations to attend the inauguration of the Patla plant. I hope I will be among the "all".

You probably have heard that Arthur Dean returned from Spain for Barcelona a short while ago. I read the report and some letters that he wrote on his return dealing with his conversations with the ministers, and with Franco. The general tenor of these communications is optimistic.

I was disappointed to read, although I did not really expect anything else, that Mexlight is not receiving immediately the rates which it should have. It is a shame that Mexlight seems to be the last organization that is ever taken into account when some rectification is required. I cannot help but feel that if the adequate rates had been given to Mexlight shortly after the devaluation, when everybody was expecting an increase, the matter would by now have been forgotten by the general public, and Mexlight's position would be very much more secure. It seems

strange that the government does not realize to what extent Mexlight is tied in to the country's credit position.

With kindest regards to you and to Mrs. Messersmith,
and with all good wishes,

Very sincerely yours,

JHH: pm

P.S. Please give my best to Mrs. Czitrom who, I see, typed your last letter to me.